Japan Display Inc. to Close Fukaya Plant and Record Extraordinary Loss

TOKYO, Japan, October 15, 2014 – Japan Display Inc. (JDI) today announced that the company decided at a meeting of the board of directors held today to close its Fukaya Plant located in Saitama Prefecture. With the closure of the plant JDI expects to record an extraordinary loss in the second half of the FY 2014 consolidated accounting period (October 1, 2014 to March 31, 2015). Details of the closure follow.

* * *

1. Reason for the Fukaya Plant closure

In recent years the increasing global use of smartphones and tablet devices has created continuous demand for small-medium displays. At the same time the competitive environment in the display market has grown more severe. Meeting the competitive challenge requires achieving higher levels of productivity and maximizing profitability.

Among its five manufacturing sites in Japan JDI operates LCD panel production lines that use mother glass substrates ranging from relatively small 3rd-generation (G3) (glass size: 550mm x 670mm) to 6th-generation (1,500mm x 1,850mm), the largest glass in the industry, in applications of low temperature poly-silicon (LTPS) technology. However, in light of the recent unfavorable productivity profile of the G3 LTPS LCD line glass operated at the Fukaya Plant, JDI has decided to close this manufacturing facility. JDI believes that together with other measures the company is taking the closure will lead to greater efficiencies and improvement in the company's competitive position.

JDI plans to reassign the employees of the Fukaya Plant to other company facilities.

2. Details of the Fukaya Plant

(1) Location: 1-9-2, Hatara-cho, Fukaya-shi, Saitama Prefecture, Japan
(2) Main business: Small-medium LCD panel manufacturing
(3) Planned completion of plant closure: April 2016

3. Outlook

As a result of the Fukaya Plant closure JDI expects to record an extraordinary loss of approximately seven billion yen in the second half of FY 2014 due mainly to an impairment of fixed assets associated with the plant closure. The estimated seven billion yen loss is based on information currently available to JDI. However due diligence may later result in a change in the actual loss amount.

A revised financial forecast for FY 2014 which factors in the extraordinary loss related to the plant closure is shown in a separate document released today by JDI titled "Japan Display Inc. Revises FY 2014 Earnings Forecast and Dividend Forecast."

Additionally, after the Fukaya Plant is closed JDI expects a reduction of approximately seven billion yen in annual fixed costs.

JDI seeks to achieve higher business efficiency and greater competitiveness by putting the company's resources into highly productive facilities.

###