JDI Japan Display Inc.

Notice Concerning the Issuance of Stock Options (Stock Acquisition Rights)

TOKYO, Japan, June 23, 2015 – Japan Display Inc. (“JDI”) today announced that at a meeting held the company's Board of Directors established the terms regarding the distribution stock acquisition rights as stock options to Directors (excluding outside Directors) pursuant to articles 236, 238 and 240 of the Companies Act of Japan.

Details about the established terms appear below.

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1. Reason for issuing stock acquisition rights as stock options

The purpose of issuing the stock acquisition rights as stock options is to give Direcotrs further incentive to improve JDI’s performance and increase JDI’s corporate value. The stock acquisition rights will be issued to Directors as stock options.

2. Terms and conditions of issuance of the stock acquisition rights

(1) Name of stock acquisition rights

Japan Display Inc. No. 8 Stock Acquisition Rights

(2) Eligible persons and number of stock acquisition rights to be allotted per person:

Directors: Two; 5,000 stock acquisition rights

(3) Class and number of shares to be delivered upon exercise of the stock acquisition rights

Up to 500,000 shares of JDI's common stock.

The class of share to be issued upon the exercise of stock acquisition rights shall be JDI’s common stock, and the number of shares to be issued per stock acquisition right (hereafter, the “Number of Shares Granted”) shall be 100.

Also, if subsequent to the date on which this proposal was approved (the “Issue Resolution Date”) JDI conducts a stock split (including issuance of shares through gratis allotment of shares; the same definition applies to stock splits described below) or stock consolidation, the Number of Shares Granted will be adjusted according to the formula below. However, this adjustment will only apply to the Number of Shares Granted in relation to the stock acquisition rights that have not yet been exercised up to that time. Fractional shares resulting from this adjustment shall be discarded.

Adjusted No. of shares = Pre-adjustment No. of shares × ratio of stock split or stock consolidation

Furthermore, if subsequent to the Issue Resolution Date JDI conducts a capital decrease, merger, company split, share exchange or any other event occurs necessitating adjustment of the Number of Shares Granted, JDI can make a reasonable adjustment of the Number of Shares Granted taking into account the terms and conditions of the capital decrease, merger, company split, share exchange or other event.

(4) Allotment Date of stock acquisition rights

July 10, 2015

(5) Total number of stock acquisition rights to be issued

Up to 5,000 stock acquisition rights.

The number of stock acquisition rights above and the number of allotted stock acquisition rights shown in sub-section (2) above are the total planned allotment determined on the Issue Resolution Date. The total fair value of the stock acquisition rights allotted to Directors will be based among other factors on the share price on the Allotment Date and is payable based on JDI's remuneration amount of 100 million yen approved by resolution at the 13th Annual General Shareholders Meeting but may be adjusted downward.

(6) Stock acquisition right pay-in amount

The amount to be paid in for each stock acquisition right will be the fair price as calculated on the date on which the stock acquisition right is allotted (the "Allotment Date") using the Black-Scholes model. In lieu of payment of the pay-in amount, the person to whom the stock acquisition right will be allotted will set off his/her payment obligation against his/her claims for his/her remuneration against JDI.

(7) Value of assets contributed upon exercise of stock acquisition right and method for calculating that value

The value of assets to be contributed upon the exercise of a stock acquisition right is the amount obtained by multiplying (a) the pay-in amount (the "Strike Price") per one share of stock that may be received through the exercise of the stock acquisition right by (b) the Number of Shares Granted.

The Strike Price is the amount obtained by multiplying (a) the average value of the closing price in regular trading (the "Closing Price") of common shares of JDI on the Tokyo Stock Exchange on all days (excluding any day on which no such shares were traded) during the month prior to the month in which the Allotment Date falls by (b) 1.05 (rounded up to the nearest whole yen); provided, however, that if the amount obtained is less than the Closing Price on the Allotment Date (if there is no Closing price on that day, then the Closing Price on the immediately preceding trading day), then the Strike Price will be the Closing Price on the Allotment Date.

If subsequent to the Allotment Date any of the below events occur the Strike Price will be adjusted in accordance with the below relevant formulas. Further, the Strike Price will be rounded up to the nearest whole yen.

(i) In the event JDI undergoes a stock split or stock consolidation

$$\text{Adjusted Strike Price} = \text{Pre-adjustment Strike Price} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

(ii) In the even JDI offers shares at a price lower than the market price (including the disposal of treasury shares or the exercise of stock acquisition rights [which includes bonds with stock acquisition rights] but excluding the issuance of new shares at a fair price or the conversion of convertible securities into JDI's common shares)

$$\text{Adjusted Strike Price} = \text{Pre-adjustment Strike Price} \times \frac{\text{No. of already issued shares} + \dfrac{\text{No. of newly issued shares} \times \text{pay-in price per share}}{\text{Share price prior to new issuance}}}{\text{No. of already issued shares} + \text{No. of newly issued shares}}$$

"No. of shares already issued" in the above formula means the number of shares already issued by JDI less the number of treasury shares. If treasury shares are disposed of “No. of newly issued shares” will be replaced with "No. of disposed shares" and "amount paid in per share" replaced with "disposal amount per share."

(iii) In the case of a capital decrease by JDI, merger, company split, share exchange or any other event that necessitates adjustment of the Strike Price, JDI can make a reasonable adjustment of the Strike Price taking into account the terms and conditions of the capital decrease, merger, company split, share exchange or other event.

(8) Period during which the stock acquisition rights may be exercised

The exercise period shall be from June 24, 2017 until June 23, 2025 (if the ending date is not a business day for JDI, then the immediately preceding business day).

(9) Conditions for exercise of the stock acquisition rights

(i) If the holder of the stock acquisition rights was subject to a disciplinary discharge, requested to resign or was otherwise subject to an equivalent disciplinary measure or sanction by JDI or one of its subsidiaries, the holder may not exercise any of the stock acquisition right in his/her possession. However, this restriction will not apply if the exercise of the stock acquisition rights is expressly approved by a resolution of the Board of Directors.

(ii) If the holder of the stock acquisition rights becomes an employee or officer of a company which is substantially in competition with JDI, the holder may not exercise his/her stock acquisition rights without the prior written consent of JDI.

(iii) Other conditions affecting the stock acquisition rights will be stipulated in a stock acquisition right allotment agreement entered into by JDI and the holders of the stock acquisition rights.

Also, in regard to conditions of the exercise of the stock acquisition rights the below matters will be stipulated in the stock acquisition right allotment agreement:

The stock acquisition rights issued to the holders of the stock acquisition rights will become vested in five installments as specified in the table below. However, even if all or part of the stock acquisition rights have been vested, they will not be exercised unless the conditions for their exercise are satisfied and they are exercised within the period established for the exercise of the stock acquisition rights.

Vesting date	April 1, 2016	April 1, 2017	April 1, 2018	April 1, 2019	April 1, 2020
Vesting installment number	First	Second	Third	Fourth	Fifth
Vesting percentage	20%	20%	20%	20%	20%

(10) Matters related to the increase in stated capital and capital reserve when shares are issued through the exercise of stock acquisition rights

The amount of capital increase when shares are issued through the exercise of the stock acquisition rights shall be one half of the Increase Limit of Stated Capital, Etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies (rounded up to the nearest whole yen) and the remainder will be allocated to capital reserve.

(11) Restriction on transfer of stock acquisition rights

Acquisition of the stock acquisition rights through a transfer must be approved by JDI's Board of Directors.

(12) Acquisition of stock acquisition rights by JDI

JDI can acquire free of charge some or all of the stock acquisition rights on a date separately specified by the Board of Directors. If only some of the stock acquisition rights are to be acquired, the portion to be acquired shall be determined by a resolution of JDI's Board of Directors.

(13) Treatment of stock acquisition rights in the event of a merger, absorption-type company split, incorporation-type company split, share exchange or share transfer

If JDI is to engage in a merger (limited to cases when JDI is to be dissolved due to a merger), absorption-type company split or incorporation-type company split (both limited to cases when JDI is to be separated) or a share exchange or share transfer (both limited to cases when JDI is to become a wholly owned subsidiary)[hereafter collectively referred to as the "Organizational Restructuring"], in each respective case stock acquisition rights in the entity as stipulated in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act of Japan (such entity is hereafter referred to as the "Restructured Company") are, in accordance with the applicable items numbered below, to be granted to holders of stock acquisition rights that remain (hereafter, the "Remaining Stock Acquisition Rights") in effect immediately prior to the time of the Organizational Restructuring.

Provided, however, that this shall be limited to cases whereby the granting of stock acquisition rights of the Restructured Company in accordance with the items below is specified in the merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, share exchange agreement or a share transfer plan.

(i) The number of Remaining Stock Acquisition Rights

Each Remaining Stock Acquisition Right to be granted in place of stock acquisition rights shall be equal to one stock acquisition right.

(ii) Class and number of shares of the Restructured Company to be issued for the purpose of issuing Remaining Stock Acquisition Rights

(a) The class of shares of the Restructured Company to be issued for the purpose of issuing Remaining Stock Acquisition Rights shall be common stock.

(b) The number of shares of the Restructured Company to be issued for the purpose of issuing Remaining Stock Acquisition Rights is to be set to a rationally adjusted quantity in regards to the number of shares stipulated in (3) above (if adjusted, the number of shares after the adjustment) based on a consideration of, among other factors, the terms of the Organizational Restructuring. However, fractional shares resulting from the adjustment shall be discarded.

(iii) Value of assets contributed upon exercise of the Remaining Stock Acquisition Rights.

Value of assets contributed upon the exercise of the Remaining Stock Acquisition Rights shall be determined by setting a rationally adjusted value with respect to the Strike Price stipulated in (7) above (if adjusted, the Strike Price after the adjustment) based on a consideration of, among other factors, the terms of the Organizational Restructuring and multiplying this value by, as indicated in (ii)(b), the number of shares to be issued for the purpose of issuing Remaining Stock Acquisition Rights.

(iv) Period during which the Remaining Stock Acquisition Rights may be exercised

The Remaining Stock Acquisition Rights are exercisable over the period that begins on a) the first day of the execution period specified in (8) above or b) the effective date of the Organizational Restructuring, whichever is later, and ends on the last day the stock acquisition rights are exercisable as specified in (8) above.

(v) Matters related to the increase in stated capital and capital reserve when shares are issued through the exercise of Stock Acquisition Rights

Determined according to (10) above.

(vi) Restrictions on the acquisition of Remaining Stock Acquisition Rights by transfer

An acquisition of Remaining Stock Acquisition Rights by way of transfer shall require the approval of the Board of Directors of the Restructured Company.

(vii) Conditions for the exercise of and provisions for the acquisition of Remaining Stock Acquisition Rights

Conditions for the exercise of and provisions for the acquisition of Remaining Stock Acquisition Rights are determined according to (9) and (12) above.

(14) Fractional shares arising from the exercise of stock acquisition rights

Fractions of shares to be granted to the holders of stock acquisition rights who have exercised stock acquisition rights shall be discarded.

(15) Matters related to stock acquisition rights certificates

No stock acquisition rights certificates will be issued for the stock acquisition rights.

(16) Other matters concerning stock acquisition rights

Other details relevant to the stock acquisition rights will be stipulated in a stock acquisition right allotment agreement entered into by JDI and the holders of the stock acquisition rights.

About JDI

Japan Display Inc. (JDI) is the leading global manufacturer of advanced small- and medium-sized LTPS LCD panels. By leveraging its advanced technologies and the world's largest LTPS production capacity, JDI provides high resolution, low power consumption and ultrathin displays for smartphones, tablets, automotive electronics, digital cameras, medical equipment and other electronic devices. JDI, which commenced operations in April 2012, was formed through the consolidation of the display panel businesses of Sony, Hitachi and Toshiba. The company listed its stock on the First Section of Tokyo Stock Exchange in March 2014 under the trading code of 6740. Visit http://www.j-display.com/english/ for more information.