

June 12, 2019

[English Translation]

**Notice Concerning Implementation of Structural Reforms through Downsizing of Mobile Business,  
Employee Reduction, Reduction of Executive Compensation, etc.,  
and Renovation of Executive Officer Structure**

Japan Display Inc. ("JDI") has deliberated on the specific details of structural reforms aimed at further reducing fixed costs as stated in the "Consolidated Financial Results for Fiscal Year 2018" dated May 15, 2019. JDI has resolved at the board of directors meeting held today to downsize the mobile business, which has no prospect for a significant recovery in demand in the future, together with suspending operations at the Hakusan Plant (Ishikawa-site, Hakusan-shi, Ishikawa Prefecture) and the closure of the back-end production line in the Mobara Plant (V2 line, Mobara-shi, Chiba Prefecture). Also, JDI has resolved to (i) reduce the number of employees, and executive compensation and employee salaries, etc., and (ii) renovate the executive officer structure. Details are as follows.

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**I. Suspension of operation at the Hakusan Plant and the closure of the back-end production line in the Mobara Plant associated with the downsizing of the mobile business**

**1. Reasons for suspension of operation at the Hakusan Plant and the closure of the back-end production line in the Mobara Plant**

In JDI's mobile business, which handles displays for smartphones and tablets and is our main business, the business environment surrounding us is becoming increasingly challenging due to intensifying price competition resulting from a rapid catch-up of technologies and the expansion of production capacity by Chinese competing display manufacturers as well as trade friction between the U.S. and China. In addition, demand for LCDs remains sluggish due to factors such as the growing adoption of OLED displays by smartphone manufacturers, who are our customers, the slowdown in the Chinese economy, and the slump in the smartphone market, which is partly due to the prolongation of the life cycle of smartphones. This has caused JDI's sluggish business performance.

Given these circumstances, JDI has decided that while continuing to strengthen automotive and non-mobile business, JDI will downsize its mobile business by integrating production and downscaling production equipment and manufacturing line in order to improve profitability. The Hakusan Plant, one of the production sites that produce displays for smartphones, will suspend its production. In addition, the closure of the back-end production line at the Mobara Plant and sale or disposal of production equipment will be carried out to shrink back-end production for the mobile business. With regard to the Hakusan Plant, JDI will decide whether or not to re-start production based on customer demand going forward by the end of September 2019.

## 2. Overview of the Hakusan Plant and back-end manufacturing line in the Mobara Plant

### (1) Hakusan Plant (Ishikawa-site)

- (i) Location: 2480-1 Takematsu-machi, Hakusan-shi, Ishikawa Prefecture
- (ii) Business description: Mainly front-end manufacturing of smartphone displays (LCD panel production using LTPS technology, G6 line)
- (iii) Suspension period: From July 2019 to September 2019 (planned)
- (iv) Book value: Approx. 100 billion yen (as of the end of May 2019)

### (2) Mobara Plant back-end production line (V2 line)

- (i) Location: 3300 Hayano, Mobara-shi, Chiba Prefecture
- (ii) Business description: LCD panel back-end production line for smartphone
- (iii) Closing date: September 2019 (planned)
- (iv) Book value: Approx. 300 million yen (as of the end of May 2019)

## II. Reduction of employees

### 1. Reason for reduction of employees

Amid the challenging business environment surrounding JDI, employee reduction will be implemented to further reduce fixed costs. In addition to the employee reductions in line with the above-mentioned downsizing of the mobile business, JDI will seek voluntary retirement in each domestic business location, downsize an overseas sales subsidiary, and transfer employees to its equity-method affiliate JOLED Inc. ("JOLED") in order to optimize its workforce.

JDI will make a proposal regarding the reduction of employees to its labor union after today, and the reduction of employees will be implemented through discussions with the labor union.

### 2. Details of reduction in employees

#### (1) Offering of voluntary early retirement in Japan

(i)	Number of employees expected to accept the offer:	1,200
(ii)	Individuals eligible for voluntary early retirement:	Employees who are 40 years old or older as of March 31, 2020, including seconded employees to JOLED and overseas offices. (Note 1) Age limit will not be applied to employees belonging to the Hakusan Plant organization, V2 line and Western Japan office. (Note 2) The number of employees and seconded employees in Japan as of June 1, 2019 is 4,635
(iii)	Early retirement application period:	From July 29, 2019 to August 27, 2019
(iv)	Retirement date (planned):	By September 30, 2019
(v)	Other:	Individuals wishing early retirement will receive retirement packages in accordance with the retirement allowance policies and will also receive special retirement benefits. Further, those wishing early retirement will receive reemployment support.

#### (2) Reduction in employees at overseas sales offices

Several dozen employees in a sales subsidiary in China, which sells mainly smartphone displays, will be reduced.

- (3) Employment transfer to JOLED  
 JDI will discuss with JOLED the treatment of the employees seconded from JDI to JOLED, and the employees scheduled to be seconded to JOLED in the future, on the assumption that they will be transferred to JOLED. Conditions for transferring employees to JOLED are currently under consideration.

### III. Reduction in executive compensation, manager salaries and employee bonuses

In order to clarify the responsibilities for the sluggish business performance and implementation of structural reforms including employee reductions, executive remuneration and salaries for VP position employees will be reduced. Also, Mr. Takahisa Hashimoto, an outside director, and each of the corporate auditors have made offers to voluntarily return their remuneration. In addition, in light of the current severe business conditions, summer bonuses this fiscal year for all employees will be reduced and winter bonuses are also being considered for reduction.

#### 1. Details of the reduction in executive remuneration and manager salaries

##### (1) Details of reduction

President and Representative Director	60% of monthly remuneration
Senior Managing Representative Director	50% of monthly remuneration
Managing Executive Officer/Executive Officer	30 to 40% of basic monthly salary
VP (Senior managers)	15% of basic monthly salary
All managers	Approx. 25 to 50% reduction from the summer bonus this fiscal year

(Note 1) Reductions are based on the positions as of June 19, 2019.

(Note 2) Reductions will not be made to monthly compensation for new executives who will assume their positions after completion of payments for common stock and 2nd series bonds with stock acquisition rights allotted to Suwa Investment Holdings, LLC.

##### (2) Voluntary return of outside director remuneration

Takahisa Hashimoto	Voluntarily returning 25% of monthly remuneration
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##### (3) Voluntary return of auditor remuneration

Corporate auditors and outside auditors	Voluntarily returning 20% of monthly remuneration
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##### (4) Period for reduction

From July 2019 to December 2019

(Reduction period may be extended based on the business performance and outlook as of December 2019.)

#### 2. Details of reduction in employee bonuses

Approx. 15% reduction from the summer bonus this fiscal year

### IV. Renovation of Executive Officer Structure

In response to the slump in business performance resulting in the structural reforms, Yoshiyuki Tsukizaki, Representative Director, President and Chief Executive Officer (CEO), will resign from the positions of President and CEO as of September 30, 2019, the scheduled date for completion of the voluntary retirement. Also, a substantial renovation in its executive officer structure will be carried out.

Under the new executive structure to be established as of October 1, 2019, Takahisa Hashimoto, outside director, will be appointed as Director and Chairman, and Minoru Kikuoka, Chief Financial Officer, will be appointed as President and CEO to promote prompt operational reforms centering on Hashimoto and Kikuoka. As part of this effort, divisions will be eliminated and consolidated, the organization will be flattened, and the number of managerial positions will be halved to ensure speedy decision-making. The new executive officer structure, including Hashimoto and Kikuoka, will be announced as soon as it is decided.

## V. Future Outlook

JDI expects to record approximately 9 billion yen of early premium retirement benefit due to the above-mentioned recruitment of voluntary retirees as an extraordinary loss in the second quarter of fiscal year 2019 (July to September). JDI also expects cost reductions resulting from the employee reductions, etc. (personnel costs and expenses associated with personnel costs) to be approximately 20 billion yen annually.

Furthermore, impairment losses of 40 to 50 billion yen on the Hakusan Plant assets may be recorded as an extraordinary loss in fiscal year 2019, depending on future customer demand behavior. In addition, if the Hakusan Plant is not to be restarted, additional extraordinary losses of 10 to 20 billion yen may be recorded for penalties related to plant operations and subsidy repayments. JDI will review the details of these estimates in a timely manner as circumstances evolve, and promptly disclose them when events and amounts are finalized.

The forecast amounts stated above are calculated based on information available to JDI as of today. Actual amounts may differ in the future depending on further reviews.

JDI will devote full attention to achieve stable profitability from the second half of fiscal year 2019 by reducing fixed costs by implementing the above-mentioned structural reforms, reinforcing the automotive and non-mobile businesses as well as achieving a synergy through a collaboration with Suwa Consortium, which was announced on April 12, 2019 in the announcement titled "Notice Concerning Conclusion of the Capital and Business Alliance Agreement, the Business Alliance Basic Agreement, and the Business Alliance MOU, Issuance of New Shares and Bonds with Stock Acquisition Rights through Third-party Allotment, a Change in the Parent Company and the Largest Major Shareholder and Amendment of the Articles of Incorporation."

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The information contained in the press release is as of the date of the announcement and is subject to change without prior notice. Of the information contained in this press release, our forecasts, plans and other forward-looking statements are based on our analysis and judgments subject to the information available to us as of the date of announcement, and actual results may differ materially from those expressed or implied by such forward-looking statements.