

**FOR IMMEDIATE RELEASE**

August 9, 2016

**Daifuku Co., Ltd.** (Stock code: 6383)  
Representative: Masaki Hojo, President and CEO  
Contact: Tsukasa Saito  
General Manager  
Finance & Accounting Division  
Tel: +81-6-6472-1261

**Notice of Disposition of Treasury Stock  
Through Third-Party Allotment  
with the Introduction of Board Benefit Trust (BBT)**

Daifuku Co., Ltd. ("the Company") hereby announces that a meeting of the Board of Directors held today resolved to dispose of its treasury stock by way of third-party allotment ("disposition of treasury stock"), with the introduction of the Board Benefit Trust (BBT: hereinafter referred to as "the plan"), which was announced on May 12, 2016.

**1. Outline of Disposition**

(1) Date of payment	Friday, August 26, 2016
(2) Type and number of shares subject to disposition	90,000 shares of common stock
(3) Price of disposition	2,006 yen per share
(4) Amount of proceeds	180,540,000 yen
(5) Method of disposition	Disposition by way of third-party allotment
(6) Subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(7) Other	The disposition of treasury stock is subject to the effectiveness of the registration statement under the Financial Instruments and Exchange Act.

**2. Purpose of and Reason for Disposition**

The Company announced, on May 12, 2016, the introduction of the plan and thereafter obtained the resolution on the remuneration of directors for the plan at the 100th Ordinary General Meeting of Shareholders held on June 24, 2016. (With respect to the outline of the plan, please refer to the "Notice of Introduction of Board Benefit Trust (BBT)" announced on May 12, 2016.

The disposition of treasury stock will be conducted by way of third-party allotment to the Trust E

Account of Trust & Custody Services Bank, Ltd., which will be created at the time of the introduction of the plan in order to hold and dispose of the Company shares (Trust & Custody Services Bank, Ltd. is the re-trustee that has been created by Mizuho Trust & Banking Co., Ltd. as the trustee of the plan).

### 3. Amount of Proceeds, Use Thereof, and Expected Timing of Spending Thereof

#### (1) Amount of proceeds (estimated net proceeds)

Total amount to be paid in (yen)	Estimated amount of expenses related to the offering (yen)	Estimated net proceeds (yen)
180,540,000	-	180,540,000

#### (2) Specific use of proceeds

The full amount of the above-stated estimated net proceeds is to be applied as funds for capital expenditures necessary for renewal expenses for sheet-metal processing machinery equipment for production of car wash machines, one of the Company's products, at the Company's Shiga Works, which will be generated by March 2017.

The funds will be managed in the Company's bank account until they are to be used for any of the above-stated purposes.

Specific use of proceeds	Amount (yen)	Payment scheduled
Renewal of machinery equipment	180,540,000	September 2016 – March 2017

### 4. Perspective on Reasonableness of Use of Proceeds

The proceeds from the disposition of treasury stock will contribute to the Company's management of its operations and the further improvement of its financial condition. Therefore, the Company believes that the use of such proceeds is reasonable.

### 5. Reasonableness of Terms of Disposition, etc.

#### (1) Basis of calculation of the price of disposition in and specific details thereof

The price of disposition has been fixed at 2,006 yen per share, which is the closing price of the Company's shares on the Tokyo Stock Exchange, Inc. on the business day immediately prior to the day on which the resolution for the disposition of treasury stock was passed at the Board of Directors' meeting on August 8, 2016. The Company believes that this is the market price of the day immediately prior to the resolution date, because it can eliminate arbitrariness and the stock price reflects the Company's business performance and market's supply and demand environment. Thus, the Company believes that the price of disposition in the disposition of

treasury stock is not especially favorable to the subscriber, but is reasonable.

The price of disposition represents the amount obtained by multiplying the average closing price of 2,037 yen (rounded down to the nearest whole yen) of the Company's shares for the one (1)-month period immediately prior to the date of resolution of the Board of Directors' meeting by 98.48%, or the amount obtained by multiplying the average closing price of 1,935 yen (rounded down to the nearest whole yen) of the Company's shares for the three (3)-month period immediately prior to the date of resolution of the Board of Directors' meeting by 103.67%, or the amount obtained by multiplying the average closing price of 1,904 yen (rounded down to the nearest whole yen) of the Company's shares for the six (6)-month period immediately prior to the date of resolution of the Board of Directors' meeting by 105.36%.

In addition, five (5) Audit & Supervisory Board members (including three (3) outside members of the Audit Supervisory Board), who attended the Board of Directors' meeting, have expressed that the price of disposition is not especially favorable to the subscriber, but is reasonable, because the price of disposition is determined based on the market price, which is a reasonable indicator that shows the value of the Company's common shares, and acknowledge that the process has complied with the "Guideline with Respect to the Administration of Third Party Allocations of New Shares and Other Transactions" issued by the Japan Securities Dealers Association (JSDA).

(2) Basis for believing that the number of shares to be disposed of, and the level of share dilution, is reasonable

The number of shares to be disposed of is equivalent to the number of shares that are expected to be provided to directors and corporate officers (excluding outside directors; hereinafter "directors, etc.") during the trust period pursuant to the rules of stock compensation and accounts for 0.07% of the total number of issued shares as of March 31, 2016, 123,610,077 (0.07% of the total number of voting rights as of March 31, 2016, 1,216,514; the ratios of the number of shares to be disposed of to the total number issued shares and the total number of voting rights are rounded off to the second decimal place.) Under the plan, shares in the Company and the amount of money equivalent to the market value of the shares at the time of retirement (hereinafter "the Company's shares") will be provided at a moderate pace, in association with the retirement etc. of the officers who are beneficiaries, and it is unlikely that the shares associated with the disposition of treasury stock will be traded on the stock market at once.

The Company believes that the disposition of treasury stock will make the linkage between remuneration for directors, etc. and the value of the Company's stock clear and will enhance the

Company's corporate value.

For these reasons, the Company believes that the extent of share dilution is reasonable and its impact to the secondary market will be immaterial.

## 6. Reason for Selecting Subscriber, and Other Related Matters

### (1) Outline of the subscriber

(i) Company name: Trust & Custody Services Bank, Ltd. (Trust E Account)

(ii) Details of the trust agreement (BBT agreement)

Type of trust: Money trust other than cash trusts (third party benefit trust)

Purpose of trust: To provide the Company's shares, which are trust assets, to beneficiaries pursuant to the rules of stock compensation.

Entrustor: The Company

Trustee: Mizuho Trust & Banking Co., Ltd.

Mizuho Trust & Banking Co., Ltd. will execute a comprehensive trust agreement with Trust & Custody Services Bank, Ltd., under which Trust & Custody Services Bank, Ltd. will become a re-trustee.

Beneficiaries: Retired directors, etc. who meet the beneficiary requirements set forth in the rules of stock compensation

Trust administrator: A third party that does not have any interest in the Company will be chosen.

Date of the trust agreement: August 26, 2016 (scheduled)

Establishment date of the trust: August 26, 2016 (scheduled)

Period of the trust: From August 26, 2016 (scheduled) until the trust is terminated

(iii) Relationship between the Listing Company and the subscriber

There is no capital, personnel or business relationship between the Company and the subscriber.

In addition, the subscriber does not fall under the category of the Company's related parties.

(1) Company name	Trust & Custody Services Bank, Ltd.
(2) Address	Tower Z, Harumi Triton Square, Harumi 1-8-12, Chuo-ku, Tokyo
(3) Representative	President and CEO Akira Moriwaki
(4) Outline of business	Master trust services, asset administration services for securities, asset administration services for defined contribution pensions
(5) Paid-in capital	50,000 million yen
(6) Date of establishment	January 22, 2001
(7) Number of outstanding shares issued	1,000,000 shares

(8)	Fiscal year-end	March 31		
(9)	Number of employees	631 (as of March 31, 2016)		
(10)	Main business partners	Business corporations and financial institutions		
(11)	Main financial banks	-		
(12)	Major shareholders and shareholding ratios	Mizuho Financial Group, Inc.	54%	
		The Dai-ichi Life Insurance Company, Limited	23%	
		Asahi Mutual Life Insurance Company	10%	
(13)	Relationship between the parties			
	Capital relationship	Not applicable		
	Personnel relationship	Not applicable		
	Business relationship	Not applicable		
	Applicability as related party	Not applicable		
(14)	Results of operations and financial conditions for the last three (3) years (million yen, except as noted otherwise)			
	Fiscal year ended	March 2014	March 2015	March 2016
	Net assets	58,535	59,419	60,385
	Total assets	735,648	1,993,528	5,473,232
	Net assets per share (yen)	58,535	59,419	60,385
	Ordinary revenue	22,651	23,785	24,500
	Ordinary income	1,911	1,792	1,721
	Net income	1,169	1,129	1,129
	Net income per share (yen)	1,169.04	1,129.20	1,129.27
	Dividends per share (yen)	240.00	230.00	230.00

\* Trust & Custody Services Bank, Ltd. is a subsidiary of Mizuho Financial Group, Inc. ("MFG") and the Company has confirmed through its investigation based on MFG's public information (Code of Corporate Conduct, etc.) on its website and disclosure reports that the subscriber, its officers, and its major shareholders (major investors) do not have any relationships with anti-social forces, and the Company has submitted a written confirmation thereof to the Tokyo Stock Exchange, Inc.

## (2) Reason for selecting the subscriber

With the introduction of the trust, the Company will conduct the disposition, pursuant to the above-stated trust agreement, to the Trust E Account) at Trust & Custody Services Bank, Ltd. as the re-trustee.

## (3) Subscriber's shareholding policy

Trust & Custody Services Bank, Ltd. (Trust E Account) as the subscriber will, pursuant to the above-stated Trust Agreement, hold the Company's shares that are the trust assets in order to provide such shares to the beneficiaries during the trust period pursuant to the rules on stock compensation.

The Company obtained the subscriber's informal consent to execute an agreement that (i) if all or part of the shares are transferred within two (2) years after the date of payment (August 26, 2016), the names and addresses of the transferees, number of shares transferred, date of transfer, transfer price, reason for transfer, and method of transfer, etc., will be immediately reported to the Company in writing; (ii) the Company will report the details of such report to the Tokyo Stock Exchange, Inc. and; (iii) the details of such report will be made publicly available.

(4) Confirmed facts regarding existence of assets necessary for payment by the subscriber  
With respect to the money equivalent to the funds required for the payment by the subscriber, the Company has confirmed through the BBT Agreement that the initial trust fund that is to be contributed by the Company to the trust is expected to be a part of the trust assets on the date of disposition.

#### 7. Major Shareholders and Shareholding Ratio after Disposition

Before Disposition (As of March 31, 2016)		After Disposition	
Japan Trustee Services Bank, Ltd. (trust account)	8.30%	Japan Trustee Services Bank, Ltd. (trust account)	8.30%
The Master Trust Bank of Japan, Ltd. (trust account)	6.91%	The Master Trust Bank of Japan, Ltd. (trust account)	6.91%
Mizuho Bank, Ltd.	4.44%	Mizuho Bank, Ltd.	4.44%
Sumitomo Mitsui Banking Corporation	3.30%	Sumitomo Mitsui Banking Corporation	3.30%
Daifuku Supplier Shareholder Association	3.15%	Daifuku Supplier Shareholder Association	3.15%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.10%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.10%
Nippon Tochi-Tatemono Co., Ltd.	2.59%	Nippon Tochi-Tatemono Co., Ltd.	2.59%
Nippon Life Insurance Company	2.22%	Nippon Life Insurance Company	2.22%
Daifuku Employees' Shareholding Association	1.48%	Daifuku Employees' Shareholding Association	1.48%
CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	1.33%	CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	1.33%

[Notes]

1. Treasury stock held by the Company is not included in the above table. The number of shares of treasury stock held by the Company will be 1,735,436 shares (1.40%) after the

disposition (as of as of March 31, 2016), changed from 1,825,436 shares of the treasury stock (1.48%) before the disposition (as of March 31, 2016). However, the change due to the purchase of less-than-a-unit shares, etc. on or after April 1, 2016 and 133,000 shares of the Company's shares (treasury stock) as of March 31, 2016 held by the E-Ship Trust in The Nomura Trust Banking Co., Ltd. under the E-Ship program, an employee shareholding incentive plan through a trust (E-Ship) introduced by resolution of the Board of Directors' meeting on December 12, 2013, are not included in the treasury stock.

2. The major shareholders and shareholding ratio after the disposition are based on the record of shareholders as of March 31, 2016.
3. The shareholding ratio is rounded off to the second decimal place.

#### 8. Future Outlook

The Company believes that the impact of the disposition of treasury stock on its earnings forecast for the fiscal year ending March 31, 2016 will be immaterial.

(Procedures under the Code of Corporate Conduct)

The disposition of treasury stock does not require the acquisition of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., because (i) the dilution ratio is less than 25% and (ii) the disposition does not involve a change in controlling shareholders.

#### 9. Operation Results and the Status of Equity Finance for the Last Three (3) Years

(1) Operation results for the last three (3) years (consolidated basis)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales (million yen)	241,811	267,284	336,184
Operating income (million yen)	12,556	14,883	20,878
Ordinary income (million yen)	13,191	15,783	21,995
Net income attributable to shareholders of the parent company (million yen)	7,740	9,810	13,652
Net income per share (yen)	69.96	88.59	118.72
Dividends per share (yen)	18	22	30

Net assets per share (yen)	875.14	972.75	1,044.40
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(2) Current status of the number of shares issued and outstanding and the number of potential shares (as of March 31, 2016)

	Number of shares	Ratio to shares issued and outstanding
Number of outstanding shares issued	123,610,077 shares	100%
Number of potential shares at the current conversion price (exercise price)	0 shares	-
Number of potential shares at the lowest conversion price (exercise price)	0 shares	-
Number of potential shares at the highest conversion price (exercise price)	0 shares	-

[Note] Dilutive shares do not exist as of March 31, 2016, as the stock acquisition rights of Japanese yen convertible bonds due 2017 were all exercised on December 17, 2015.

(3) Status of recent stock prices

(i) Status over the last three (3) years

(Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Opening price	775	1,281	1,562
High price	1,526	1,647	2,115
Low price	682	1,074	1,536
Closing price	1,276	1,588	1,897

(ii) Status over the last six (6) months

(Yen)

	February	March	April	May	June	July
Opening price	2,050	1,781	1,922	1,918	1,945	1,839
High price	2,092	1,961	2,043	2,042	2,019	2,174
Low price	1,596	1,727	1,773	1,825	1,620	1,782
Closing price	1,784	1,897	1,994	1,921	1,818	2,172

(iii) Stock price on the trade date immediately prior to the date of resolution for the disposition

(Yen)

	As of August 8, 2016
Opening price	2,020
High price	2,029
Low price	1,957

Closing price	2,006
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(4) Status of equity finance for the last three (3) years

- The disposition of treasury stock by way of third-party allotment

Date of disposition	Number of shares disposed	Price of disposition	Amount price of disposition	Description
January 9, 2014	451,000 shares	1,271 yen per share	573,221,000 yen	(See note below)

(Note)

The disposition of treasury stock in the above was conducted upon the introduction of an employee shareholding incentive plan through a trust (E-Ship). The initial purpose of the use of the capital raised and the scheduled period of payment were as follows and the capital was allotted for the following use as scheduled.

Specific use	Amount (million yen)	Period of expenditure
Maintenance and renewal of buildings and machinery equipment	573	March 2015

- Daifuku Co., Ltd.'s Japanese yen convertible bonds with stock acquisition rights, due 2017

Date of payment	October 2, 2013
Amount of proceeds	15,130 million yen (net amount after rough calculation)
Conversion price	1,406 yen (at time of issuance) (Note 1)
Number of issued shares at time of offering	113,671,494 shares
Allotment	Offering in markets overseas (excluding the U.S.), primarily in the Swiss Confederation, through Mizuho International plc and other firm commitment underwriters (hereinafter collectively referred to as "managing underwriters")
Number of potential shares in the offering	Number of potential shares at the initial conversion price (¥1,406): 10,668,563 Number of potential shares at highest conversion price (¥1,406): 10,668,563 Number of potential shares at lowest conversion price (¥1,400.6): 10,709,695
Present status of conversion	Number of converted shares: 10,709,679 (Outstanding amount: ¥0 (face value) (Note 2); conversion price: 1,400.6 yen (Note 1))

Uses of funds planned at time of issuance	<p>i) A maximum amount of 5 billion yen to be used for all or part of the purchase price for the acquisition of Wynright Corporation to expand business in the United States for storage, transport, sorting and picking systems for general manufacturers and distributors during the fiscal year ended March 31, 2014 (depending on the timing of the acquisition of shares, cash on hand may be used temporarily for the acquisition). Depending on circumstances, including changes in the external environment, the acquisition of shares may not be carried out in the scheduled period or on the planned conditions, and the acquisition may be cancelled. In those cases, the amount planned to be used for the acquisition of shares is planned to be used as capital expenditure from April 2014 to the end of March 2016.</p> <p>ii) 2.5 billion yen to be used for capital expenditure for each business division by March 31, 2014.</p> <p>iii) The remaining amount to be used for the repayment of long-term borrowings by March 31, 2014.</p>
Period for spending at time of issuance	During the fiscal year ended March 2014
Status of uses of funds	The uses of funds described in i), ii), and iii) above have all been carried out as planned.

(Notes)

1. The initial conversion price was 1,406 yen. Under the conversion price adjustment provision, the conversion price was changed to 1,404.4 yen on May 15, 2014 and to 1,400.6 yen on May 15, 2015.
2. The stock acquisition rights of Daifuku Co., Ltd.'s Japanese yen convertible bonds with stock acquisition rights due 2017 were all exercised on December 17, 2015.

- Public stock offerings

Not applicable

#### 10. Summary of Disposition

(1)	Type and number of shares subject to disposition	90,000 shares of common stock
(2)	Price of disposition	2,006 yen per share
(3)	Amount of proceeds	180,540,000 yen
(4)	Method of disposition	Disposition by way of third-party allotment
(5)	Subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(6)	Date of application	Friday, August 26, 2016
(7)	Date of payment	Friday, August 26, 2016

(8) Number of shares of treasury stock after disposition	1,735,436 shares
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\* The number of shares of treasury stock after disposition is stated based on the number of shares of treasury stock as of March 31, 2016.

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