

August 4, 2016



News Release

Company name:	GLORY LTD.
Representative:	Hirokazu Onoe, President
Headquarters:	3-1, Shimoteno 1-chome, Himeji, Hyogo, JAPAN
Securities Code:	6457
Stock Exchange:	Tokyo (1st Section)
Accounting Term:	March

**Notice regarding Disposal of Treasury Shares through Third-Party Allotment
for Performance-Based Stock Compensation Plan**

GLORY LTD. (the “Company”) hereby announces that, at its Board of Directors meeting held on August 4, 2016, a resolution was made to dispose of its treasury shares through third-party allotment (the “Disposal of Treasury Shares”), as follows:

1. Outline of Disposal

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|---|---|
| (1) Date of disposal: | Tuesday, August 30, 2016 |
| (2) Number of shares to be disposed of: | 27,800 common shares |
| (3) Disposal price: | ¥2,929 per share |
| (4) Amount of funds to be procured: | ¥81,426,200 |
| (5) Method of disposal: | Third-party allotment |
| (6) Allottee: | The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account) |
| (7) Other: | Not applicable. |

2. Purpose and reason of Disposal

Since August 28, 2015, the Company has been implementing a performance-based stock compensation plan (the “Plan”) for its directors (excluding the outside directors of the Company; the same shall apply hereinafter), that is closely linked to the Company’s business performance and has high transparency and objectivity, with the aim of enhancing the incentives for Directors to improve the Company’s business performance and increase its corporate value over the medium to long term. The Company has decided to add the presidents of the Company’s domestic subsidiaries (collectively the “Specified Directors” together with the Company’s Directors) as beneficiaries of the Plan.

The Company will dispose of its treasury shares by way of third-party allotment to “The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)”, the co-trustee under the agreement for BIP trust entered into between the Company and Mitsubishi UFJ Trust and Banking Corporation along with the introduction of the Plan.

3. Amount, use and scheduled timing of spending of funds to be procured

(1) Amount of funds to be procured

Total value of shares to be disposed (Yen)	Estimated expenses (Yen)	Estimated net amount after expenses (Yen)
81,426,200	—	81,426,200

(2) Specific use of funds to be procured

The funds to be procured through the Disposal of Treasury Shares of ¥81,426,200 above will be fully allocated to operating funds, including payments of trade accounts payable, after August 30, 2016. The funds will be managed in the Company's bank accounts until the time of spending.

4. View on reasonableness of the use of funds

The Company believes that the planned use of the funds to be procured by the Disposal of Treasury Shares is reasonable because it will contribute to the Company's business operations and healthier position of the financial structure.

5. Reasonableness of terms and conditions for disposal

(1) Basis of calculation for disposal price and details thereof

For the disposal price, the average closing price of the Company shares in the period between July 4, 2016 and August 3, 2016 (the business day preceding the day of the resolution by the Board of Directors) on the Tokyo Stock Exchange ("TSE"), which was ¥2,929 (fractions less than one yen were rounded down; the deviation rate from the closing price on August 3, 2016 at ¥2,892: +1.28%), was used. The average closing price of the Company shares for the most recent one (1) month period before the business day immediately preceding the day of the resolution by the Board of Directors was used because the Company has considered that it is more objective and reasonable as a calculation base to use the leveled value of average share price over a certain period, rather than using the price at a specific point, since special factors such as temporary fluctuations in the share price are eliminated. In addition, the reason why the Company has adopted the most recent one (1) month period as the calculation period is that the Company believes it is more reasonable to adopt a certain period in which the average share price is closest to the most recent market price, than to adopt the most recent three (3) or six (6) months.

Regarding the said price, the deviation rate from the closing price of the Company shares (¥2,892) on the day preceding the day of the resolution by the Board of Directors (August 3, 2016) was +1.28%, the deviation rate from the average closing price (¥3,046 with fractions less than one yen rounded down) in the three months preceding the day of the resolution by the Board of Directors (from May 4, 2016 to August 3, 2016) was -3.84%, and the deviation rate from the closing average

(¥3,388 with fractions less than one yen rounded down) in the six months preceding the day of the resolution by the Board of Directors (from February 4, 2016 to August 3, 2016) was -13.55%. All three (3) corporate auditors (including one (1) outside corporate auditors) who attended the Board of Directors meeting expressed their opinion that the disposal price was not particularly favorable to the allottee, because the purpose of this disposal was to introduce the Plan, and the disposal price was the average closing price of the Company shares in the one month preceding the day of the resolution by the Board of Directors and was determined taking into consideration the “Guidance Concerning Handling of Allotment of New Shares to Third Party, Etc.” of the Japan Securities Dealers Association.

(2) Basis for judging the quantity to be disposed of and extent of share dilution are reasonable

The number of shares to be disposed of through the allotment to “The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)” is the number of shares that are expected to be delivered to Specified Directors during the trust period in accordance with the Company Shares Distribution Rules. The extent of share dilution due to the disposals of these shares is small at 0.04% (rounded to two decimal places) of total number of shares issued (the ratio to total voting rights of 658,736 units as of the end of March 2016 is 0.04%).

In addition, the Company believes that the impact of this disposal on the trading market will be insignificant because shares of the Company to be allotted through the disposal will be delivered to Specified Directors in accordance with the Company Shares Distribution Rules.

Based on the above, the Company believes that the impact caused by the Disposal of Treasury Shares will be very insignificant and reasonable.

6. Reason for the choice of the allottee, etc.

(1) Outline of the allottee

1) Name	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)
2) Trust contract contents	
Type of trust:	Money trust, an individually operated designated trust of money other than money trust (third party benefit trust)
Purpose of trust:	Provision of incentives to Specified Directors of the Company
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee,	The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Specified Directors or retired Specified Directors that meet beneficiary requirements
Trust caretaker:	A third party having no interest in the Company (Certified public accountant)
Trust contract date:	August 28, 2015 (Planned to be amended on August 29, 2016)
Trust period:	August 28, 2015 to the end of August, 2018 (planned)
Start of the plan:	September 1, 2015
Exercise of voting rights:	No voting rights to be exercised

(Reference) Outline of the allottee

(1) Name	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)		
(2) Location	2-11-3 Hamamatsucho, Minato-ku, Tokyo		
(3) Title and name of representative	Kaoru Wachi, Representative Director, President		
(4) Principle Business	Administrative services for securities and others, and administrative and settlement services pertaining to asset management		
(5) Paid-in capital	¥10,000 million		
(6) Date of establishment	May 9, 2000		
(7) Number of shares issued	120,000 common shares		
(8) Fiscal year-end	March 31		
(9) Number of employees	739 (As of March 31, 2016)		
(10) Major customers	Business entities, financial institutions		
(11) Major banks	—		
(12) Major shareholders and shareholding ratio	Mitsubishi UFJ Trust and Banking Corporation	46.5%	
	Nippon Life Insurance Company	33.5%	
	Meiji Yasuda Life Insurance Company	10.0%	
	The Norinchukin Trust and Banking Co., Ltd.	10.0%	
(13) Relationships with the Company			
Capital relationships	Not applicable.		
Personal relationships	Not applicable.		
Business relationships	There is no applicable relationship between the Company and the allottee. However, the Company has trust banking transactions with Mitsubishi UFJ Trust and Banking Corporation, the principal equity holder of the allottee.		
Status of related parties	Not applicable.		
(14) Business results and financial conditions for the last three fiscal years	(Millions of yen)		
Fiscal year ended	March 31, 2014	March 31, 2015	March 31, 2016
Consolidated net assets	20,829	21,233	21,812
Consolidated total assets	602,241	1,450,058	6,217,917
Net assets per share (Yen)	173,581.48	176,948.03	181,771.23
Consolidated ordinary income	23,258	21,913	22,338
Consolidated ordinary profit	1,044	863	1,096
Consolidated net income	626	522	717
Net income per share (Yen)	5,221.55	4,355.17	5,975.76
Dividends per share (Yen) (Common shares)	1,305.00	1,088.00	1,493.00

* The Master Trust Bank of Japan, Ltd. is a subsidiary of Mitsubishi UFJ Trust and Banking Corporation. The Company has confirmed through research of open information provided in the

allottee's website and publications that the allottee and its officers or major shareholders (major equity holders) have no relationships with antisocial forces, and submitted the written confirmation to that effect to TSE.

(2) Reason for the choice of the allottee

Since August 28, 2015, the Company has been implementing the Plan for Directors that is closely linked to the Company's business performance and has high transparency and objectivity for the purpose of enhancing the incentives for Directors to improve the Company's business performance and increase its corporate value over the medium to long term. The Company has decided to add the presidents of the Company's domestic subsidiaries as beneficiaries of the Plan.

Under the situation, the Company has received an additional proposal of the BIP Trust from Mitsubishi UFJ Trust and Banking Corporation, which had trust banking transactions such as stock transfer agency services with the Company. As a result of comprehensive consideration of administrative costs and other factors involved in the BIP Trust, the Company has chosen again Mitsubishi UFJ Trust and Banking Corporation as the trustee. Since The Master Trust Bank of Japan, Ltd., as the co-trustee, will continue to conduct clerical works for the BIP Trust and also performs custody and settlement of the trust assets, The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account) acts as the allottee for the BIP Trust.

(3) Allottee's policy on holding shares

The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account), the allottee, is to deliver, in accordance with the Company Shares Distribution Rules for BIP trust, the number of Company shares and cash conversion equivalent thereof (collectively the "Company Shares") corresponding to the points awarded based on each Specified Directors' position and the degree of achievement of the Company's business performance goals; such delivery to be made to the Specified Directors who have satisfied certain specific requirements at a certain time while in the post and upon retirement.

With respect to the number of the Company shares that belong to the trust assets, conditions of the trust assets, etc., the Company will receive for its perusal a report from Mitsubishi UFJ Trust and Banking Corporation, the trustee, every month during the trust period.

Further, in the event that The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account) has transferred all or part of the shares disposed of within two years from the date of disposal, the Company will receive the assurance statement from it to affirm that (1) the allottee shall immediately report to the Company in writing the name and address of the transferee, number of shares transferred, transfer date, transfer price, reason for transfer, transfer method and other information, (2) the Company will report this information received to the TSE, and (3) the information received will be made available for public inspection.

(4) Confirmation on the existence of allottee's funds required for payment

The Company will confirm through the BIP Trust agreement that The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account), the allottee, will hold the additional trust money, which is contributed by the Company to the BIP Trust, within the trust assets on the disposal date, as the money equivalent to the funds required for payment.

7. Major shareholders and shareholding ratio after disposal

Before disposal (as of March 31, 2016)		After disposal	
Nippon Life Insurance Company	4.99%	Nippon Life Insurance Company	4.99%
Japan Trustee Services Bank, Ltd. (Trust account)	4.18%	Japan Trustee Services Bank, Ltd. (Trust account)	4.18%
STATE STREET BANK AND TRUST COMPANY 505223	3.85%	STATE STREET BANK AND TRUST COMPANY 505223	3.85%
The Master Trust Bank of Japan, Ltd. (Trust account)	3.78%	The Master Trust Bank of Japan, Ltd. (Trust account)	3.78%
Sumitomo Mitsui Banking Corporation	3.06%	Sumitomo Mitsui Banking Corporation	3.06%
GLORY Group Employees' Stock Ownership Association	2.88%	GLORY Group Employees' Stock Ownership Association	2.88%
JP MORGAN CHASE BANK 385174	2.61%	JP MORGAN CHASE BANK 385174	2.61%
Tatsubo Fashion Co. Ltd.	2.18%	Tatsubo Fashion Co. Ltd.	2.18%
Japan Trustee Services Bank, Ltd. (Trust account 9)	1.97%	Japan Trustee Services Bank, Ltd. (Trust account 9)	1.97%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1.48%	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1.48%

- (Notes) 1. This information is based on the shareholder register as of March 31, 2016.
2. The shareholding ratio is rounded down to two decimal places.
3. Other than those listed above, there are 2,749,737 treasury shares held by the Company, which will be reduced to 2,721,937 shares after the disposal. These figures are based on the shareholders register as of March 31, 2016.
4. The above number of shares held by "The Master Trust Bank of Japan, Ltd. (trust account)" does not include the number of shares to be held by "The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)".

8. Matters regarding transactions with controlling shareholder

This transaction does not constitute a transaction with the controlling shareholder.

9. Future prospects

The impact of this transaction on the financial forecasts for the fiscal year ending March 31, 2017 is considered to be insignificant.

10. Procedures under the Code of Corporate Conduct of TSE

In carrying out the Deposal of Treasury Shares, it is not required to obtain an opinion from an independent third party or to take any procedures to confirm the intent of shareholders, as set forth

under Article 432 of the Securities Listing Regulations of TSE, because (a) the dilution ratio resulting from this Disposal of Treasury Share is less than 25% and (b) it does not involve a change in a controlling shareholder.

11. Business results and status of equity finance for the last three fiscal years

(1) Business results for the last three fiscal years (Consolidated) (Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	218,632	222,356	226,952
Operating income	16,718	18,693	20,552
Ordinary income	19,764	22,211	17,583
Net income attributable to owners of parent	9,939	12,887	8,829
Net income per share (Yen)	151.31	196.19	134.38
Dividends per share (Yen)	49.00	54.00	56.00
Net assets per share (Yen)	2,865.09	3,066.53	2,966.22

(2) Number of shares issued and number of potential shares (As of March 31, 2016)

	Number of shares	Ratio to the number of shares issued
Number of shares issued	68,638,210 shares	100.0%
Number of potential shares at current conversion price (exercise price)	— shares	— %
Number of potential shares at lower limit of conversion price (exercise price)	— shares	— %
Number of potential shares at upper limit of conversion price (exercise price)	— shares	— %

(3) Recent share prices

i) Share prices over the last three fiscal years (Yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Opening	2,279	2,853	3,335
High	2,960	3,545	4,000
Low	2,058	2,562	2,796
Closing	2,829	3,350	3,825

(Note) Each share price on and after July 16, 2013 represents a price on the first section of TSE, and a share price before that date shows a price on the first section of the Osaka Securities Exchange.

ii) Share prices over the last six months (Yen)

	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016
Opening	3,825	3,825	3,955	3,510	3,225	2,794
High	3,980	3,950	3,955	3,730	3,250	3,165
Low	3,355	3,640	3,575	3,130	2,606	2,676
Closing	3,805	3,825	3,630	3,225	2,771	2,870

iii) Share prices on the business day immediately before the date of resolution of the disposal (Yen)

	August 3, 2016
Opening	2,805
High	2,925
Low	2,776
Closing	2,892

(4) Status of equity finance for the last three fiscal years

- Disposal of Treasury Shares through Third-Party Allotment

(1) Date of disposal	Monday, August 31, 2015
(2) Procured funds	¥720,736,000
(3) Disposal value	¥3,568 per share
(4) Number of shares issued at disposal	68,638,210 common shares
(5) Disposed shares	202,000 common shares
(6) Number of shares issued after disposal	68,638,210 common shares
(7) Allottees	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account) The Master Trust Bank of Japan, Ltd. (Employee Stock Ownership Plan trust account)

12. Gist of disposal

(1) Number of shares disposed of	27,800 common shares
(2) Disposal value	¥2,929 per share
(3) Procured funds	¥81,426,200
(4) Method of disposal	Third party allotment
(5) Allottee	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account)
(6) Amount of payment date	Tuesday, August 30, 2016
(7) Number of treasury shares after disposal	2,721,937 shares

- (Notes) 1. This information is based on the shareholder register as of March 31, 2016.
2. The number of treasury shares in (7) above is calculated based on the shareholders register as of March 31, 2016.

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About GLORY LTD.

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of money handling machines and systems. GLORY provides a variety of products such as money handling machines, cash management systems, vending machines, automatic service equipment, and cash management solutions that are built on its leading-edge recognition/identification and mechatronics technology. Committed to meet society's wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in over 100 countries around the world. GLORY employs approximately 9,000 people worldwide. For more information about GLORY, please visit GLORY Group website at <http://www.glory-global.com/>

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