



September 13, 2016

To whom it may concern

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**Issuance of Stock Acquisition Rights (Tax-qualified Stock Option)**

(This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.)

DMG MORI CO. LTD. (hereinafter "the Company") hereby announces that, on September 13, 2016, its Board of Directors resolved the issuance of stock acquisition rights ("the Stock Acquisition Rights"), pursuant to Articles 236, 238, and 240 of the Corporation Law, to the operating officers and employees of the Company and its subsidiaries as detailed below.

**I . Purpose of and Reason for the issuance of stock acquisition rights**

This is to issue the Stock Acquisition Rights to the operating officers and certain employees of the Company and its subsidiaries, in order to encourage their motivation on enhancing the corporate value of the Company and secure talented personnel.

**II . Summary of Issuance of Share Options**

**1. Persons to be allotted the Stock Acquisition Rights and number of Stock Acquisition Rights to be allotted**

Operating officers of the Company	20 persons	5,550 units
Certain Employees of the Company and its subsidiaries	140 persons	18,650 units

## 2. Class and number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights

The class of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be common stock of the Company, and the number of shares to be issued or transferred upon exercise of each of the Stock Acquisition Rights (the "Number of Granted Shares") shall be 100. If, however, the Company carries out a stock split (including gratis allotment of its common stock) or a reverse stock split with respect to its common stock, the Number of Granted Shares shall be adjusted using the formula below. However, such adjustment shall be made only to the shares to be granted for the Stock Acquisition Rights that have not yet been exercised at the time of the adjustment.

Number of Shares to be Allotted after adjustment = Number of Shares to be Allotted before adjustment x ratio of stock split or stock consolidation

If the Company carries out a merger, company split, capital reduction, or similar events where it becomes necessary to adjust the Number of Granted Shares, an adjustment may be made by Board of Directors of the Company to the extent deemed reasonable. Any amount less than one share arising from the adjustment shall be rounded down to the nearest whole number.

## 3. Total number of Stock Acquisition Rights to be issued 24,200 units

The number of the Stock Acquisition Rights stated above is the number of upper limit for issuance, and it may decrease according to the number of applications, etc.

## 4. Payment in exchange for Stock Acquisition Rights

No payment shall be required in exchange for Stock Options. Since the Stock Options are allotted as incentive compensations to the persons, the fact that no payment shall be required in exchange for Stock Options does not mean that the issuance of the Stock Options shall be regarded as an advantageous issue.

## 5. Amount of assets to be contributed upon exercise of the Stock Acquisition Rights

The assets to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount of the assets to be contributed upon exercise of each of the Stock Acquisition Rights shall be an amount obtained by multiplying the price per share to be issued or transferred upon exercise of the Stock Acquisition Rights hereafter defined ("the Exercise Price"), by the Number of Shares to be Allotted.

The Exercise Price shall be the amount that is equal to the average of the daily closing prices (excluding days on which no transactions are established) of common stock of the Company in regular transactions at the Tokyo Securities Exchange during the calendar month immediately prior

to the month in which the allotment date of the stock acquisition rights (hereinafter the "Allotment Date") belongs, multiplied by 1.05, and any fraction less than one (1) yen resulting therefrom shall be rounded down; provided, however, that in the event that this amount is less than the closing price of common stock of the Company in regular transactions at the Tokyo Securities Exchange as of the Allotment Date (the closing price on the day immediately preceding the Allotment Date if no transactions are established on the Allotment Date), the relevant closing price shall be the Exercise Price.

Provided, however, that in the event the Company conducts, with respect to the shares of its common stock, a stock split or a consolidation of shares, the Exercise Price shall be adjusted using the following formula with any amount less than one yen arising from the adjustment rounded up.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event the Company newly issues shares of common stock or disposes of its treasury shares of common stock at a price below the current quotation (excluding the case upon exercise of Stock Acquisition Rights), the Exercise Price shall be adjusted using the following formula with all figures less than one yen arising from the adjustment rounded up.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares} \times \text{Amount to be paid per share}}{\text{Quotation per Share}}}{\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares}}$$

The "number of outstanding shares" provided in the above formula is derived by deducting the number of treasury shares of common stock of the Company from the total number of issued shares of common stock of the Company. In the event the Company disposes of its treasury shares of common stock, the "number of newly issued shares" shall be replaced by the "number of treasury shares to be disposed of".

Other than the above, in the event it becomes necessary to adjust the Exercise Price for the Stock Acquisition Rights, the Exercise Price may be adjusted by the Company within the scope deemed reasonable.

#### 6. Period during which the Stock Acquisition Rights are exercisable

The period during which Stock Acquisition Rights are exercisable (the "Exercise Period") is from September 14, 2018 to September 13, 2021.

## 7. Conditions for the exercise of the Stock Acquisition Rights

(a) If a Rights Holder loses his/her status as a director of the Company; provided, however, that this shall not apply to cases where it is deemed reasonable for the Rights Holder to exercise the Stock Acquisition Rights, such as the case where the Rights Holder resigns from his/her position due to expiration of his/her term of office.

(b) In the event of the death of a Rights Holder, his or her heirs shall be permitted to exercise his or her Stock Options.

(c) Other conditions for the exercise of the Stock Acquisition Rights shall be pursuant to relevant provisions in the Stock Acquisition Rights Allotment Agreement to be concluded between the Company and persons to be allotted the Stock Acquisition Rights.

## 8. Matters concerning the capital and capital reserve to be increased

(a) The amount of capital to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be one half of the maximum amount of increase in the capital, etc. to be calculated pursuant to Article 17, paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from such calculation to be rounded up to the nearest yen.

(b) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be the maximum amount of increases in the capital, etc. stated in (a) above, less the amount of capital to be increased as specified in (a) above.

## 9. Conditions for acquisition of the Stock Acquisition Rights by the Company

(1) In the event that a Right Holder becomes unable to exercise his/her Stock Options in accordance with the stipulations in 7. above or the stipulations in the Stock Option Allotment Agreement before he/she exercises them, the Company may acquire the Stock Options concerned without compensation as of the date separately appointed by its Board of Directors.

(2) In the event that a proposal described in (a), (b), (c), (d) or (e) below is approved at a General Shareholders' Meeting of the Company (or, if a resolution at the General Shareholders' Meeting is not required, it is approved by the Board of Directors of the Company), the Company may acquire Stock Options without compensation as of the date separately appointed by its Board of Directors.

(a) A proposal to approve a merger agreement under which the Company becomes defunct

(b) A proposal to approve a company split agreement or company split plan under which the Company becomes a split company

(c) A proposal to approve a stock exchange agreement or stock transfer plan under which the Company becomes a wholly-owned subsidiary

(d) A proposal to approve an amendment to the article of incorporation that requires the approval of the Company to acquire shares of the Company by transfer, as a stipulation that applies to all stock issued by the Company.

(e) A proposal to approve an amendment to the article of incorporation that requires the approval of the Company to acquire the class of stock covered by the Stock Options of the Company by transfer or that the Company acquires all such shares through a resolution at the General Shareholders' Meeting, as a stipulation that applies to the class of stock covered by the Stock Options.

10. Restriction on the acquisition of the Stock Acquisition Rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require the approval by resolution of the Board of Directors of the Company.

11. Treatment of the Stock Acquisition Rights upon the acts of structural reorganization

In case the Company conducts a merger (limited to the case where the Company is to be extinguished as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereafter collectively referred to as "the acts of structural reorganization"), Stock Acquisition Rights of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8, of the Corporate Law ("the Reorganized Company") shall be delivered, in each of the above cases, to Right holders holding the Stock Acquisition Rights remaining at the effective time of the relevant acts of structural reorganization ("the Remaining Stock Acquisition Rights") according to the following conditions. In this case, Remaining Stock Acquisition Rights shall be extinguished. Provided, however, that the foregoing shall be on the condition that delivery of Stock Acquisition Rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type Merger Agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock change agreement or a stock transfer plan.

(a) Number of Stock Acquisition Rights of the Reorganized Company to be delivered

The identical number of Stock Acquisition Rights to the number of the Remaining Stock Acquisition Rights held by Right Holder shall be delivered respectively.

(b) Class of shares of the Reorganized Company to be issued or transferred upon exercise of Stock Acquisition Rights

Shall be shares of common stock of the Reorganized Company.

(c) Number of shares of the Reorganized Company to be issued or transferred upon exercise of Stock Acquisition Rights shall be determined in accordance with 2. above based on the consideration of conditions for the acts of structural reorganization, etc.

(d) Amount of assets to be contributed upon exercise of Stock Acquisition Rights

Shall be determined in accordance with 5. above based on the consideration of conditions for the acts of structural reorganization, etc.

(e) Period during which Stock Acquisition Rights are exercisable

Shall be from commencing date of the Exercise Period stipulated in 6. above, or the effective date of

the acts of structural reorganization, whichever is later, to expiry date of the Exercise Period stipulated in 6. above.

(f) Conditions for the exercise of Stock Acquisition Rights

Shall be determined in accordance with 8. above.

(g) Restriction on acquisition of Stock Acquisition Rights through transfer

Acquisition of Stock Acquisition Rights through transfer shall require the approval by the Reorganized Company.

(h) Conditions for acquisition of Stock Acquisition Rights

Shall be determined in accordance with 7. above.

(i) Treatment of Stock Acquisition Rights upon the acts of structural reorganization

Shall be determined in accordance with 9. above.

#### 12. Handling of fraction less than one share to be delivered

In case the number of shares to be delivered to Right Holders who have exercised the Stock acquisition Rights includes any fraction less than one share, such fraction shall be rounded down.

#### 13. Allotment date of the Stock Acquisition Rights

September 30, 2016

#### 14. Matters concerning Share Option Certificates for Share Options

The Company will not issue share option certificates for the Share Options.