



February 13, 2018

To whom it may concern

Company Name	DMG MORI CO., LTD.
Representative	Masahiko Mori Representative Director and President (Securities Code: 6141 Tokyo Stock Exchange, First Section)
Contact	Hirotake Kobayashi Vice President, Accounting / Finance HQ Executive Officer (Tel: +81-52-587-1811)

### **Notice Concerning Introduction of a Restricted Stock Compensation System**

DMG MORI CO., LTD. (hereinafter “the Company”) hereby announces that at the Board of Directors meetings held on February 13, 2018, it reviewed the executive compensation plan and resolved to introduce a restricted stock compensation plan (hereinafter “the Plan”) for Directors, and to submit a proposal regarding the introduction of the Plan to the 70th Ordinary General Meeting of Shareholders scheduled for March 22, 2018 (hereinafter “the General Meeting of Shareholders”).

#### 1. Purpose for the introduction of the Plan and other matters

##### (1) Purpose for the introduction of the Plan

The Plan will be introduced in order to provide an incentive for the Directors excluding the Company's outside directors (hereinafter "the Eligible Directors") to strive for the sustainable enhancement of the Company's corporate value by having them hold the Company's shares through allotment of restricted stock, in addition to further promote shared value between the Eligible Directors and shareholders.

##### (2) Conditions for the introduction of the Plan

As the Plan requires the provision of monetary compensation receivables for the allocation of restricted stock as remuneration to the Eligible Directors, the Plan shall be introduced on the condition that the General Meeting of Shareholders approves setting the amount of remuneration to the Eligible Directors with respect to the Plan.

#### 2. Overview of the Plan

Under the Plan, the Company shall grant monetary compensation receivables to the Eligible Directors for the allotment of restricted stock, and the Eligible Directors shall then make in-kind contributions of the monetary compensation receivables in return for the Company's common stock that will be issued or disposed of by the Company. While the remuneration for Directors of the Company was approved at an amount no more than ¥600 million per year at the 59th Ordinary General Meeting of Shareholders held on June 28, 2007 (however, this does not include the portion of employee's salary for Directors who concurrently serve as employees), the Company plans to request shareholders' approval at the General Meeting of Shareholders for the payment of compensation of no more than ¥300 million per year for the payment of restricted stock,

separate from the current remuneration. The specific timing of payment and distribution to each Eligible Director shall be determined at the Board of Directors meetings.

In addition, the Company intends to change the remuneration limit for the director, considering changes in the economic situation, with the aim of further promoting the securing of excellent and diverse human resources in the phase of global business expansion. The Company, therefore, plans to submit a proposal to the General Meeting of Shareholders to revise the remuneration limit from ¥ 600 million per year to ¥ 1,000 million per year (of which the remuneration limit of outside directors will be ¥ 100 million per year). Same as currently, the limit does not include the portion of employee's salary for Directors who concurrently serve as employees.

The total number of shares of common stock in the Company to be issued or disposed of under the Plan shall be no more than 300,000 shares per year (however, in the event of a share split (including a gratis allotment of the Company's common stock) or consolidation of shares of common stock of the Company that is effective on or after the date the Plan is approved at the General Meeting of Shareholders, the total number of shares shall be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward). Furthermore, the amount to be paid in per share shall be decided by the Board of Directors within a range that is not specially advantageous to the Eligible Directors who will receive the common stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (if such date is a non-trading day, the closing price on the most recent trading day prior to that date).

For the purpose of issuing and disposing of common stock in the Company based on the Plan (hereinafter "the Shares"), the Company shall enter into a restricted stock allotment contract with the Eligible Directors. The main content of this contract shall be as follows.

- 1) The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the allotted stock during a certain period;
- 2) The Company may acquire the stock without consideration if certain events occur.

In order to prevent the Eligible Directors from transferring, creating a security interest on, or otherwise disposing of the common stock allotted during the restriction period, the Shares will be managed in dedicated accounts opened by the Eligible Directors at Nomura Securities Co., Ltd. The restriction period shall be decided by the Board of Directors between 10 years and 30 years from the date of allotment.