



April 6, 2018

To whom it may concern

Company DMG MORI CO., LTD.
Name
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: +81-3-6758-5900)

Notice of Disposal of Treasury Stock Through Third-Party Allotment of Shares

The Board of Directors at DMG MORI CO., LTD. (hereinafter, “the Company”) resolved on this date that the Company would execute a disposal of treasury stock through a third-party allotment of shares. Details are provided below.

1. Summary of disposal

(1)	Disposal Date	April 27, 2018
(2)	Number of shares to be disposed	2,500,000 shares
(3)	Disposal price	¥1,954 per share
(4)	Total value of shares to be disposed	¥4,885,000,000
(5)	Subscriber	The Nomura Trust and Banking Co., Ltd. (DMG MORI Employee Shareholders Association Exclusive Trust Account)
(6)	Other	The disposal of treasury stock is conditioned upon the securities registration statement, filed under the Financial Instruments and Exchange Act, taking effect.

2. Purpose and reason for disposal

A decision was made at the Board of Directors meeting today that the Company would introduce an E-Ship® Trust-Type Employee Stock Ownership Incentive Plan (hereinafter, “the Incentive Plan”) for employees of the Company. The purpose is to promote constant development of the Company by motivating employees to approach their work with greater enthusiasm, and this will be accomplished by providing incentives to raise the medium-to long-term corporate value of the Company, enriching the employee welfare program, and facilitating capital participation as shareholders of the Company.

For an outline of the Incentive Plan, please refer to the press release “Notice regarding Implementation of a Trust-Type Employee Stock Ownership Incentive Plan,” dated today. This disposal of treasury stock will be directed toward The Nomura Trust and Banking Co., Ltd. (DMG MORI Employee Shareholders Association Exclusive Trust Account), which was set up for implementing the Incentive Plan.

The number of shares to be disposed will be equivalent to the number likely purchased by DMG MORI Employee Shareholders Association (hereinafter “Employee Shareholders Association”) through The Nomura Trust and Banking Co., Ltd.(DMG MORI Employee Shareholders Association Exclusive Trust Account) over the next 7 years and 2 months, based on current actual annual purchases by Employee Shareholders Association. The level of dilution is deemed acceptable. For reference, the level of dilution was about 1.98% to the total number of shares outstanding (percentage to total number of voting rights (1,208,641) as of December 31, 2017: 2.07%).

Outline of Trust Agreement

Trustor:	The Company
Trustee:	The Nomura Trust and Banking Co., Ltd.
Beneficiaries:	Employees who meet beneficiary eligibility criteria
Trust administrator:	Selected from employees of the Company
Date of trust contract:	April 6, 2018
Trust period:	From April 6, 2018 to June 30, 2025
Purpose of trust:	Stable and continuous supply of shares to the Employee Shareholder Association and distribution of trust assets to those employees who meet beneficiary eligibility criteria
Exercise of voting rights:	The trustee will exercise voting rights related to Company shares, based on instructions from the trust administrator.

3. Basis for calculating amount to be paid and specific details thereof

The purpose of this disposal of treasury stock is to implement the Incentive Plan, which is a shareholding program for employees. To ensure non-arbitrary valuation, the disposal price shall be set at ¥1,954, the closing price of Company shares on the Tokyo Stock Exchange on April 5, 2018 (the business day immediately preceding on which the Board of Directors made its decision on the Incentive Plan). It is the market price on the day prior to the meeting at which the Board of Directors made its decision and is deemed reasonable. Note that the above value has i) a -0.56% rate of divergence relative to the average closing price of ¥1,965 (rounded down to nearest one yen) for Company shares over a one-month period (from March 6, 2018 to April 5, 2018), ii) a -11.82% rate of divergence relative to the average closing price of ¥2,216 (rounded down to nearest one yen) for Company shares over the last three months (from January 5, 2018 to April 5, 2018), and iii) a -13.19% rate of divergence relative to the average closing price of ¥2,251 (rounded down to nearest one yen) of Company shares over the last six months (from October 6, 2017 to April 5, 2018).

In view of the above, the disposal price for this disposal of treasury stock would not be considered particularly advantageous and is therefore deemed reasonable.

4. Procedures based on the Corporate Code of Conduct

In this third-party allotment, i) the dilution rate is less than 25%, and 2) no changes in controlling shareholders will follow (and even if all new share subscription rights or all rights to acquire are exercised, no change in the status of controlling shareholders is expected). Therefore, this third-party allotment is not subject to procedures requiring the opinion of an independent third-party and does not require approval from shareholders, as described in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.