



April 6, 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: +81-3-6758-5900)

### **Notice Regarding Implementation of Trust-Type Employee Stock Ownership Incentive Plan**

The Board of Directors at DMG MORI CO., LTD. (hereinafter, “The Company”) resolved on this date that The Company would implement an E-Ship® Trust-Type Employee Stock Ownership Incentive Plan (hereinafter, “the Incentive Plan”). Details are provided below.

#### 1. Purpose of the Incentive Plan

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. Together with the Restricted Stock Compensation Plan for the Boarding Directors of the Company announced at February 13, 2018, the Incentive Plan will be introduced in hopes to the sustainable development of the Company through enhancing the motivation for management participation of each director and employee.

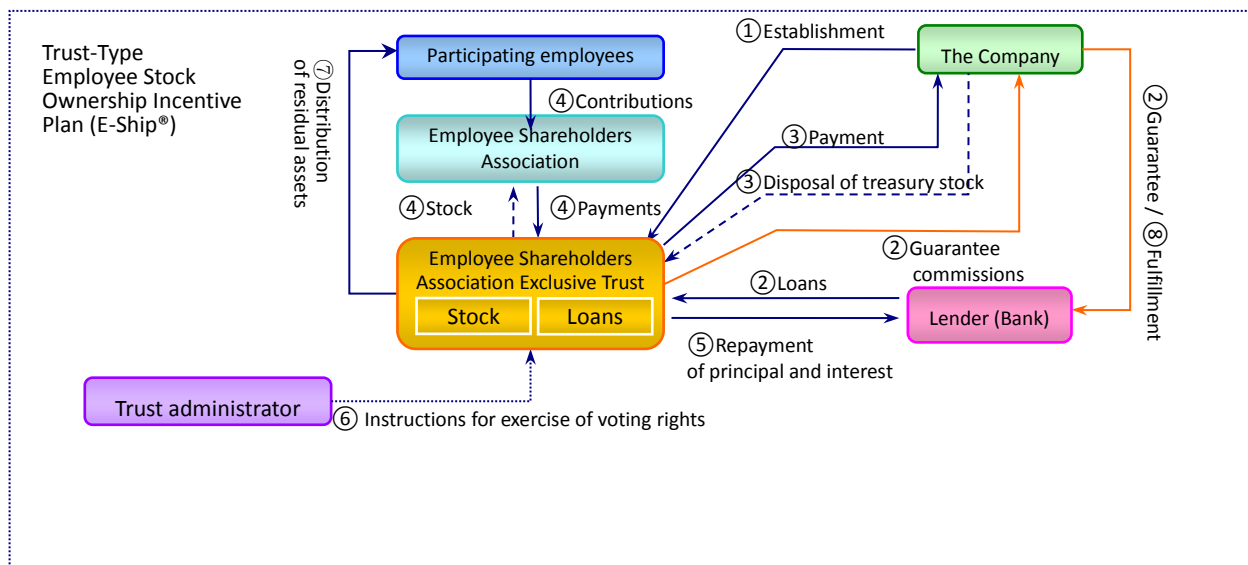
#### 2. The Incentive Plan Overview

The Incentive Plan is available to all employees who belong to the DMG MORI Employee Shareholders Association (hereinafter, “Employee Shareholders Association”). Under the Incentive Plan, the Company will set up a trust— DMG MORI Employee Shareholders Association Exclusive Trust (hereinafter, “the Employee Shareholders Association Exclusive Trust”)—through a trust bank. The Employee Shareholders Association Exclusive Trust will estimate the number of shares that the Employee Shareholders Association is likely to acquire over the next 7 years and 2 months, and purchase this amount in advance using bank loans. Then the Employee Shareholders Association Exclusive Trust will continuously sell Company shares to the Employee Shareholders Association and, if an amount equivalent to net gains on Company shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end, such money will be distributed as residual assets to members of the Employee Shareholders Association who meet beneficiary eligibility criteria. Note that The Company will guarantee loans taken to purchase Company shares and will repay any outstanding portion of loans if, due to a drop in the market price of Company shares, an amount equivalent to loss on sale of shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end.

Paralleling implementation of the Incentive Plan, The Company decided on a one-time disposition of

2,500,000 shares of treasury stock (value equivalent of about ¥4,885 million) from the 5,035,165 shares currently held, as of December 31, 2017, to the Employee Shareholders Association. For details, please refer to the press release “Notice of Disposal of Treasury Stock Through Third-Party Allotment of Shares” dated today.

### 3. Incentive Plan Framework



- (1) The Company will set up the Employee Shareholders Association Exclusive Trust as a third-party trust for which members of the Employee Shareholders Association who has fulfilled beneficiary eligibility criteria are the beneficiaries.
- (2) The Employee Shareholders Association Exclusive Trust will turn to banks to obtain the funds necessary for purchasing Company shares. The Company will guarantee the borrowed amount. The Company will receive guarantee commissions from the Employee Shareholders Association Exclusive Trust as compensation for taking on the guarantee obligation.
- (3) The number of Company shares purchased by the Employee Shareholders Association Exclusive Trust will be equivalent to the number that the Employee Shareholders Association is expected to purchase during the trust period.
- (4) Throughout the trust period, the Employee Shareholders Association Exclusive Trust will continuously sell the Company shares which it acquires in accordance with (3) above to the Employee Shareholders Association at market price, in line with an established plan of conditions and methods.
- (5) The Employee Shareholders Association Exclusive Trust will use proceeds, from the sale of Company shares to the Employee Shareholders Association as well as dividends on Company shares which it holds, to repay loan interest and principal.
- (6) Voting rights associated with Company shares held by the Employee Shareholders Association Exclusive Trust will be exercised according to instructions from the trust administrator, which has been selected to act on behalf of beneficiaries.
- (7) Any residual assets held in the Employee Shareholders Association Exclusive Trust when the trust period ends will be distributed to individuals who meet beneficiary eligibility criteria.
- (8) Any loans outstanding when the trust period ends will be repaid by the Company, based on the promise to fulfill loan guarantee obligations, as described in (2) above.

#### 4. Outline of Employee Shareholders Association Exclusive Trust

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| (1) Name:                                  | DMG MORI Employee Shareholders Association Exclusive Trust   |
| (2) Trustor:                               | The Company  |
| (3) Trustee:                               | The Nomura Trust and Banking Co., Ltd.   |
| (4) Beneficiaries:                         | Employees who meet beneficiary eligibility criteria  |
| (5) Trust administrator:                   | Selected from employees of the Company   |
| (6) Date of trust contract:                | April 6, 2018  |
| (7) Trust period:                          | From April 6, 2018 to June 30, 2025  |
| (8) 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   |
| (9) Exercise of voting rights:             | The trustee will exercise voting rights related to Company shares, based on instructions from the trust administrator.   |
| (10) Beneficiary eligibility requirements: | To be eligible, a beneficiary must be living on the date when procedures for confirming eligibility begin (such as, the date on which the trust period ended, when all trust assets were converted to cash or all the Company stock held as trust assets were sold to the Employee Shareholders Association), and be a member of this Employee Shareholders Association (or a former member who had to withdraw membership due to mandatory retirement, job transfer or promotion to an executive position on or after the trust contract was signed and up to the date when procedures for confirming beneficiary eligibility begin). |

#### (Reference)

E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

E-Ship® (an abbreviation of Employee Shareholding Incentive Plan) is an incentive plan for employees modeled after employee stock ownership plans widely used in the United States. It was jointly developed by Nomura Securities Co., Ltd., and The Nomura Trust and Banking Co., Ltd., for use as an employee stock ownership plan.