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Securities Code: 6141
March 3, 2017

To Our Shareholders

106 Kitakoriyama-cho, Yamato-Koriyama City, Nara
DMG MORI CO., LTD.
Masahiko Mori, President

Notice of Convocation of the 69th Annual General Meeting of Shareholders

You are cordially invited to attend the 69th Annual General Meeting of Shareholders of DMG MORI CO., LTD. (the "Company") to be held as described below.

In the event that you are unable to attend the meeting, you may exercise your voting rights in writing. Please indicate your approval or disapproval on the enclosed Exercise of Voting Rights form and return the form to us no later than 5:00 p.m. (the end of the business day) on March 21, 2017 after reviewing the attached Reference Material for the General Meeting of Shareholders.

1. **Date and time:** Wednesday, March 22, 2017, 10:00 a.m.
Reception for attendees begins at 9:00 a.m.
2. **Venue:** Grand Hall, DMG MORI YAMATO KORIYAMAJO HALL
211-3 Kitakoriyama-cho, Yamato-Koriyama City, Nara
(The venue of the 69th Annual General Meeting of Shareholders is different from that of the meeting for the 68th Fiscal Year.)
3. **Agenda:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 69th Fiscal Year (from January 1, 2016 to December 31, 2016)
 2. Audit Reports of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 69th Fiscal Year
 - Matters to be resolved:**
 - Proposal 1:** Appropriation of surplus
 - Proposal 2:** Election of nine (9) Directors
 - Proposal 3:** Election of two (2) Audit & Supervisory Board Members
 - Proposal 4:** Authorization of the Board of Directors to determine matters concerning offering for disposition of treasury stock by way of third-party allotment

Request

- ⊙ Attendees are kindly requested to submit their Exercise of Voting Rights form to the receptionist on the day of the meeting.
- ⊙ If any revision is made with regard to the matters stated in the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Material for the General Meeting of Shareholders, the modified information will be shown on the website of the Company (<http://www.dmgmori.co.jp/en/>).

Reference Material for the General Meeting of Shareholders

Agenda Items and Reference Matters

Proposal 1: Appropriation of surplus

Details pertaining to the appropriation of surplus are as follows:

Matters relating to year-end dividends

It is proposed that the year-end dividend for the current fiscal year be paid in consideration of providing a stable return, the year's operating results, future operating environment and other aspects, as follows.

(1) Type of dividends

Cash

(2) Allocation and total amount of the dividend assets

¥13 per common share of the Company Total amount of dividends: ¥1,560,499,863

Since the interim dividend in the amount of ¥13 has been distributed, the annual dividend for the current fiscal year would be ¥26 per share (total amount of dividends: ¥3,121,004,328).

(3) Effective date of dividends of surplus

March 23, 2017

Proposal 2: Election of nine (9) Directors

The terms of office of all eight (8) Directors expire at the conclusion of this General Meeting of Shareholders. This proposal requests the election of nine (9) Directors, including the addition of one (1) Director to strengthen the management system.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Brief personal history, and position and area of responsibility (significant concurrent positions)	Number of the Company's shares held
1	Masahiko Mori (September 16, 1961)	<p>Mar. 1985 Graduated from the Department of Precision Engineering, the Faculty of Engineering, Kyoto University</p> <p>Apr. 1993 Joined the Company</p> <p>Jun. 1994 Director, General Manager, Planning / Management Office and International Affairs Department</p> <p>Jun. 1996 Senior Director</p> <p>Jun. 1997 Executive Director</p> <p>Jun. 1999 President (incumbent)</p> <p>Oct. 2003 Dr. Eng. of the University of Tokyo</p> <p>Nov. 2009 Member of Supervisory Board, DMG MORI AKTIENGESELLSCHAFT (incumbent)</p> <p>To the present</p>	3,540,285 shares
2	Hiroaki Tamai (March 20, 1960)	<p>Mar. 1983 Graduated from the Faculty of Commerce, Doshisha University</p> <p>Mar. 1983 Joined the Company</p> <p>Jun. 2003 Director, Executive General Manager, Administrative HQ</p> <p>Jun. 2007 Senior Director, Executive General Manager, Administrative HQ</p> <p>Jun. 2008 Executive Director, Executive General Manager, Administrative HQ</p> <p>Jun. 2014 Executive Vice President, Director in charge of Sales & Marketing / Engineering, Administrative, Executive General Manager, Sales & Marketing / Engineering HQ, Administrative HQ</p> <p>Mar. 2016 Executive Vice President, Director in charge of Administrative, Human Resources, Executive General Manager, Administrative HQ & Human Resources HQ (incumbent)</p> <p>To the present</p>	21,100 shares

No.	Name (Date of birth)	Brief personal history, and position and area of responsibility (significant concurrent positions)	Number of the Company's shares held
3	Naoshi Takayama (September 21, 1957)	<p>Mar. 1981 Graduated from the Department of Mechanical Engineering, College of Science and Engineering, Aoyama Gakuin University</p> <p>Dec. 2002 Joined the Company</p> <p>Jun. 2007 Director, Executive General Manager, Development / Manufacturing HQ (In charge of Development)</p> <p>Jun. 2008 Senior Director, Executive General Manager, Manufacturing / Development HQ (In charge of Development)</p> <p>Sep. 2011 Dr. Eng. of Osaka University</p> <p>Jun. 2014 Executive Director, Director in charge of Manufacturing / Development / Quality, Executive General Manager, Manufacturing / Development HQ & Quality HQ (incumbent)</p> <p>To the present</p>	13,400 shares
4	Hirotake Kobayashi (December 25, 1954)	<p>Mar. 1977 Graduated from the Faculty of Law, Keio University</p> <p>Oct. 2015 Joined the Company</p> <p>Senior Executive Officer, Vice Executive General Manager, Accounting / Finance HQ</p> <p>Mar. 2016 Executive Director, Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ (incumbent)</p> <p>To the present</p>	3,300 shares
5	Kenji Oishi (December 7, 1962)	<p>Mar. 1987 Graduated from the School of Law, Waseda University</p> <p>Mar. 1987 Joined the Company</p> <p>Apr. 2012 Operating Officer, Vice Executive General Manager, Development Technology / Development Management HQ</p> <p>Jun. 2014 Director, Director in charge of Procurement / Logistics / IT, Executive General Manager, Procurement / Logistics / IT HQ</p> <p>Dec. 2015 Director, Director in charge of Procurement / Logistics, Executive General Manager, Procurement / Logistics HQ (incumbent)</p> <p>To the present</p>	10,600 shares
6	Tojiro Aoyama (August 29, 1951)	<p>Mar. 1974 Graduated from the Faculty of Engineering, Keio University</p> <p>Mar. 1979 Dr. Eng. of Keio University</p> <p>Apr. 1988 Associate Professor, the Faculty of Science and Technology (Department of Mechanical Engineering), Keio University</p> <p>Apr. 1996 Professor, the Faculty of Science and Technology (Department of System Design Engineering), Keio University</p> <p>Jul. 2009 Dean, Faculty of Science and Technology and Chair of Graduate School of Science and Technology, Keio University (incumbent)</p> <p>Jun. 2015 External Director of the Company (incumbent)</p> <p>To the present</p>	1,000 shares

No.	Name (Date of birth)	Brief personal history, and position and area of responsibility (significant concurrent positions)	Number of the Company's shares held
7	Tsuyoshi Nomura (December 7, 1952)	<p>Mar. 1976 Graduated from the Faculty of Engineering, Kyoto University</p> <p>Mar. 1978 Completed master's course, Department of Precision Engineering, Graduate School of Engineering, Kyoto University</p> <p>Jan. 1990 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Apr. 2009 Executive Officer, Director, Manufacturing Innovation Division, Panasonic Corporation Corporate Auditor, Panasonic Factory Solutions Co., Ltd.</p> <p>Apr. 2012 Managing Executive Officer, Director, Manufacturing Innovation Division, Panasonic Corporation</p> <p>Apr. 2013 Dr. Eng. of Osaka University</p> <p>Jun. 2013 Managing Director, Panasonic Corporation</p> <p>Jun. 2015 External Director of the Company (incumbent) President, Nomura Techno Science Co., Ltd. (incumbent) To the present</p>	1,000 shares
8	*Makoto Nakajima (January 2, 1952)	<p>Mar. 1974 Graduated from the University of Tokyo Faculty of Law</p> <p>Apr. 1974 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>Jan. 2001 Director-General, Kansai Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</p> <p>Jun. 2004 Director-General, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry</p> <p>Sep. 2005 Commissioner, Japan Patent Office</p> <p>Jul. 2007 Retired from office</p> <p>Feb. 2008 Consultant, Sumitomo Electric Industries, Ltd.</p> <p>Apr. 2009 Registered as Attorney at law</p> <p>Oct. 2009 Managing Executive Officer, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2010 Managing Director, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2014 Representative Senior Managing Director, Sumitomo Electric Industries, Ltd.</p> <p>Jun. 2016 Vice Chairman and Senior Executive Managing Director, Japan Institute of Invention and Innovation (incumbent) To the present</p>	—

No.	Name (Date of birth)	Brief personal history, and position and area of responsibility (significant concurrent positions)	Number of the Company's shares held
9	*Takashi Mitachi (January 21, 1957)	<p>Mar. 1979 Graduated from the Faculty of Letters, Kyoto University</p> <p>Apr. 1979 Joined Japan Airlines Co., Ltd.</p> <p>Jun. 1992 Received MBA from Harvard Business School</p> <p>Oct. 1993 Joined The Boston Consulting Group</p> <p>Jan. 1999 Vice President, The Boston Consulting Group</p> <p>Jan. 2005 Japan Co-chair, The Boston Consulting Group</p> <p>May 2005 Senior Vice President, The Boston Consulting Group</p> <p>Apr. 2011 Board Member of Japan Association for the World Food Programme (incumbent)</p> <p>Apr. 2013 Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives), Chairman, Tourism-Oriented Nation Committee, KEIZAI DOYUKAI (incumbent)</p> <p>Jan. 2016 Senior Partner & Managing Director, BCG Fellow (Risk Management), The Boston Consulting Group (incumbent)</p> <p>Mar. 2016 Outside Director, Rakuten, Inc. (incumbent)</p> <p>To the present</p>	-

(Notes) 1. The candidate marked with an asterisk (*) is a new candidate.

2. There are no special interests between each of the candidates for Directors and the Company.

3. Tojiro Aoyama, Tsuyoshi Nomura, Makoto Nakajima and Takashi Mitachi are candidates for External Directors fulfilling the requirements provided in Article 2, paragraph 3, item 7 of the Ordinances for Enforcement of the Companies Act.

4. Reasons for nominating Tojiro Aoyama, Tsuyoshi Nomura, Makoto Nakajima and Takashi Mitachi as candidates for External Directors are as follows:

(1) Candidate Tojiro Aoyama is a professor at the Faculty of Science and Technology of Keio University and Dean of that Faculty. This proposal requests the election of Tojiro Aoyama as an External Director with the expectation of utilizing his extensive and unsurpassed knowledge in fields such as mechanical engineering and production engineering, along with his rich experience toward the Company's management.

(2) Candidate Tsuyoshi Nomura has served in roles such as Managing Director of Panasonic Corporation during his career. This proposal requests the election of Tsuyoshi Nomura as an External Director with the expectation of utilizing his many years of management experience, work experience nurtured in the production technology, quality, and environmental fields, along with his extensive and sophisticated insight cultivated through these experiences to the Company's management.

Since June 2015, candidate Tsuyoshi Nomura has been retired from the position of Managing Director of Panasonic Corporation. Moreover, whereas the Company engages in transactions with Panasonic Corporation, the total amounts transacted and the corresponding value of that business as a percentage of the Company's consolidated net sales for the past three years, as listed below, are negligible, and the Company has determined that this is not something that affects the independence of Tsuyoshi Nomura.

Year	Total business transacted (Millions of yen)	Proportion of Company's consolidated net sales
2014	-	-
2015	26	0.01%
2016	109	0.03%

(3) Candidate Makoto Nakajima has served in roles such as Commissioner of Japan Patent Office and Representative Director of Sumitomo Electric Industries, Ltd. during his career, and has qualifications as an attorney at law. As such, this proposal requests the election of Makoto Nakajima as an External Director with the expectation of utilizing his rich managerial experience along with his insight as a legal professional toward the Company's management.

Since June last year, candidate Makoto Nakajima has been retired from the position of Senior Managing Director of Sumitomo Electric Industries, Ltd. Moreover, whereas the Company engages in transactions with Sumitomo Electric Industries, Ltd. the total amounts transacted and the corresponding value of that business as a percentage of the Company's consolidated net sales for the past three years, as listed below, are

negligible, and the Company has determined that this is not something that affects the independence of Makoto Nakajima.

Year	Total business transacted (Millions of yen)	Proportion of Company's consolidated net sales
2014	62	0.04%
2015	238	0.06%
2016	537	0.14%

- (4) Candidate Takashi Mitachi has rich experience and expertise based on his many years having acted as a managerial consultant and manager at The Boston Consulting Group. As such, this proposal requests the election of Takashi Mitachi as an External Director with the expectation of utilizing such experience and expertise toward the Company's management.
- There are no business transactions conducted between the Company and The Boston Consulting Group.
5. Although candidate Tojiro Aoyama does not have an experience of being directly involved in corporate management, the Company has judged from his extensive knowledge in the technological field, experience and insight as the Dean of the Faculty of Keio University, officer of academic societies and the like, that he will be able to appropriately carry out his duties as an External Director. Accordingly, the Company has assigned him as an External Director.
 6. The candidates Tojiro Aoyama and Tsuyoshi Nomura currently serve as External Directors of the Company. At the conclusion of this General Meeting of Shareholders, both candidates' term of service as External Directors will have been 1 year and 9 months.
 7. The Company has concluded agreements with Tojiro Aoyama and Tsuyoshi Nomura to restrict their liability for damages described in Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, paragraph 1 of the same Act. In the event that both candidates are reelected, the Company plans to maintain the current agreements. An overview of these agreements is provided below.
 - If the External Director is liable to compensate the Company for damages due to personal neglect of duties, that liability will be restricted to the minimum liability amount prescribed in Article 425, paragraph 1 pursuant to the provisions of Article 427, paragraph 1 of the same Act.

In the event that the candidates Makoto Nakajima and Takashi Mitachi are elected as Director, the Company plans to conclude the same agreements restricting liability.
 8. The Company has filed a notification to the Tokyo Stock Exchange, Inc. explaining that the candidates Tojiro Aoyama and Tsuyoshi Nomura are independent officers, pursuant to the provisions prescribed by Tokyo Stock Exchange. In the event that this proposal is approved as proposed and both candidates are reelected as External Directors, the Company intends that they will remain independent officers. In the event that the candidates Makoto Nakajima and Takashi Mitachi are elected as Director, the Company plans to file a notification to the Tokyo Stock Exchange explaining that they are independent officers, pursuant to the provisions prescribed by Tokyo Stock Exchange.

Proposal 3: Election of two (2) Audit & Supervisory Board Members

The Company proposes the election of two (2) Audit & Supervisory Board Members, increasing the number of Audit & Supervisory Board Members by two to strengthen the audit system.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name (Date of birth)	Brief personal history and position (significant concurrent positions)	Number of the Company's shares held
1	*Tatsuo Kondo (October 18, 1948)	Mar. 1973 Graduated from the School of Commerce, Waseda University Jan. 2009 Joined the Company Senior Executive Officer, Executive General Manager, Accounting / Finance HQ Jun. 2009 Executive Director, Executive General Manager, Accounting / Finance HQ Apr. 2010 Vice President, Executive General Manager, Accounting / Finance HQ Oct. 2010 Vice President, Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ Jun. 2011 Executive Vice President, Director in charge of Accounting / Finance, Executive General Manager, Accounting / Finance HQ Mar. 2016 In charge of Business Integration (incumbent) To the present	21,500 shares
2	*Sojiro Tsuchiya (May 17, 1949)	Mar. 1975 Graduated from the Graduate School of Engineering, Nagoya University Apr. 1975 Joined Nippondenso Co., Ltd. (currently DENSO CORPORATION) Mar. 2001 Dr. Eng. of Gifu University Jun. 2002 Executive Director, Member of the Board, DENSO CORPORATION Jun. 2004 Executive Director, DENSO CORPORATION Jun. 2007 Senior Executive Director, Member of the Board, DENSO CORPORATION Jun. 2011 Executive Vice President, DENSO CORPORATION Jun. 2013 Executive Advisory Engineer/Advisor, DENSO CORPORATION Jun. 2014 Outside Director, NISSEI CORPORATION (incumbent) Jun. 2015 Outside Director, Toyoda Gosei Co., Ltd. (incumbent) To the present	5,000 shares

(Notes) 1. The candidate marked with an asterisk (*) is a new candidate.

2. There are no special interests between each of the candidates for Audit & Supervisory Board Members and the Company.

3. Sojiro Tsuchiya is a candidate for External Audit & Supervisory Board Member fulfilling the requirements provided in Article 2, paragraph 3, item 8 of the Ordinances for Enforcement of the Companies Act.

4. Reasons for nominating Sojiro Tsuchiya as a candidate for External Audit & Supervisory Board Member are as follows:

Candidate Sojiro Tsuchiya has served in roles such as Executive Vice President of DENSO CORPORATION during his career, and accordingly possesses rich experience and keen insight as a manager. As such, this proposal requests the election of Sojiro Tsuchiya as an External Audit & Supervisory Board Member with the expectation that he will apply such experience and insight to the Company's management.

Since June last year, candidate Sojiro Tsuchiya has been retired from the position of Advisor of DENSO CORPORATION. Moreover, whereas the Company engages in transactions with DENSO CORPORATION, the total amounts transacted and the corresponding value of that business as a percentage of the Company's consolidated net sales for the past three years, as listed below, are negligible, and the Company has determined

that this is not something that affects the independence of Sojiro Tsuchiya.

Year	Total business transacted (Millions of yen)	Proportion of Company's consolidated net sales
2014	1,144	0.69%
2015	968	0.26%
2016	1,024	0.27%

5. In the event that the candidate Sojiro Tsuchiya is elected, the Company plans to conclude an agreement with him to restrict his liability for damages described in Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, paragraph 1 of the same Act.
An overview of this agreement is provided below.
 - If the External Audit & Supervisory Board Member is liable to compensate the Company for damages due to personal neglect of duties, that liability will be restricted to the minimum liability amount prescribed in Article 425, paragraph 1 pursuant to the provisions of Article 427, paragraph 1 of the same Act.
6. In the event that the candidate Sojiro Tsuchiya is elected, the Company plans to file a notification to the Tokyo Stock Exchange, Inc. explaining that he is an independent officer, pursuant to the provisions prescribed by Tokyo Stock Exchange.
7. The candidate Tatsuo Kondo will retire from his position as Director of the Company at the conclusion of this Meeting.

Proposal 4: Authorization of the Board of Directors to determine matters concerning offering for disposition of treasury stock by way of third-party allotment

This proposal requests an approval to authorization of the Board of Directors of the Company to determine matters concerning offering for disposition of treasury stock by way of third-party allotment in accordance with provisions of Articles 199 and 200 of the Companies Act of Japan.

Assuming this proposal is approved and subject to subsequent resolution, pursuant to Article 370 of the Companies Act (resolutions based on documents in lieu of resolutions by the Board of Directors) on January 13, 2017, the Company plans to sell the treasury stock to Japan Trustee Services Bank, Ltd. for disposition, in accordance with part of the matters determined concerning the offering as shown below as reference information, and other matters concerning the offering to be determined thereafter.

The Board of Directors of the Company determined through the above resolution that, subject to approval to this proposal by the shareholders, a maximum of 3,500,000 shares of treasury stock will be repurchased for the total repurchase price not exceeding ¥5,250 million during the period from the end of this annual general meeting of shareholders to December 31, 2017, and that, subject to approval to this proposal in the same manner, 3,500,000 shares of treasury stock will be cancelled on the scheduled cancellation date of March 31, 2017.

1. Details of treasury stock to be disposed of

(1) Kind of stock to be disposed of and its maximum number

3,500,000 common shares

(2) Minimum paid amount

¥1 per share

(3) Total paid amount

¥3,500,000

(4) Disposal method

By third-party allotment to be allotted as follows:
Japan Trustee Services Bank, Ltd.
(sub-trustee, with Sumitomo Mitsui Trust Bank, Limited as trustee)
3,500,000 common shares

(5) Authorization of decision to be made

In addition to those provided above, matters concerning the offering and any and all other matters necessary for the offering of stock to be offered will be determined through a resolution of the Board of Directors of the Company.

Reference

1) Disposal quantity	3,500,000 common shares
2) Disposal value	¥1 per share
3) Amount of funds raised	¥3,500,000
4) Subscription or disposal method	Disposition by way of third-party allotment
5) Trustee	Japan Trustee Services Bank, Ltd. (sub-trustee, with Sumitomo Mitsui Trust Bank, Limited as trustee)
6) Disposal date	To be decided
7) Others	The disposition of the treasury shares is conditional on the special resolution regarding advantageous placement at the Company's 69th annual meeting of shareholders that will be held in March 2017. The disposal date or other matters will be decided at the meeting of the Board of Directors after the annual meeting.

2. Reasons for the necessity of disposition of treasury stock at a price that is particularly favorable to the recipient of the treasury stock subject to disposition

As part of social contribution activities carried out until now, the Company has worked to strengthen its cooperative relationship with the industry, government agencies, and research institutions such as universities by lending and donating machine tools in Japan and across the globe to be a facilitator of practical research activities, and establishing and donating scholarship funds to train excellent engineers from Japan and abroad. These activities are highly beneficial for the development of new technologies today. In addition, the Company has been carrying out support activities related to constructing cultural environments in local regions, particularly in Nara Prefecture and Iga City, Mie Prefecture, which are home to the Company's operational bases.

The Company established Mori Manufacturing Research and Technology Foundation (hereinafter "the Foundation") in March 2016, with the expectation that it will take over the social contribution activities previously conducted by the Company, and stably promote such activities on a certain scale. The Foundation currently conducts such activities.

The Company believes that by continually carrying out these support activities to improve and innovate technologies related to machine tools, now and into the future, it is contributing to the advancement of the machine tool industry as a whole, and by extension, providing a stronger base upon which the Company can grow sustainably for years to come. The Company also believes that by supporting the development of human resources through establishing a network of connections with research organizations, globally, it is contributing to not only the Company, but also the advancement of the global industry, including emerging countries. Furthermore, the Company believes that by supporting the construction of cultural environments in the local regions that are home to the Company's production bases, it is strengthening the Company's cooperation with the local society, further deepening its trustworthiness as a company, as well as improving employee morale and contributing to a smoother, more stable business operation.

For such reasons, the Company considers that above-mentioned social contribution activities conducted through the Foundation will contribute to its future business development and enhance its corporate value.

To support the Foundation's activities, the Company will establish a trust (hereinafter "the Trust") with Sumitomo Mitsui Trust Bank, Limited as trustee, Japan Trustee Services Bank, Ltd. as sub-trustee and the Foundation as beneficiary. The Company has decided to execute a disposition of treasury stock through the method of allocating shares of our stock to the Trust by third party allotment. The Trust will pay trust proceeds earned from dividends and other means on our stock to the Foundation, and the Foundation will fund its activities based on such trust proceeds.

The disposition of our treasury stock will be made to the Trust, which is being established to provide funding for activities of the Foundation. Accordingly, we propose setting the amount to be paid for the treasury stock at ¥1 per share, taking into account factors that include objectives of the disposition of treasury stock, the Foundation's activities and results of those activities, and various other considerations.

Reference

Below please refer to materials attached to this document "Notice concerning Disposal, Repurchase and Cancellation of Treasury Stock to Support Mori Manufacturing Research and Technology Foundation's Social Contribution Activities" and "Q&A concerning Disposal, Repurchase and Cancellation of Treasury Stock to Support Mori Manufacturing Research and Technology Foundation's Social Contribution Activities" for details of this proposal.

Notice concerning Disposal, Repurchase and Cancellation of Treasury Stock to Support Mori Manufacturing Research and Technology Foundation's Social Contribution Activities

DMG MORI CO. LTD. (hereinafter "the Company") hereby provides notice that following discussion and approval of a basic policy at a Board of Directors meeting on January 10, 2017, the Board of Directors has passed a resolution in a meeting on January 13, 2017, pursuant to Article 370 of the Companies Act of Japan (resolutions based on documents in lieu of resolutions by the Board of Directors) to dispose of the treasury stock by way of third-party allotment, to repurchase our stock pursuant to Article 156 of the same act, as applied pursuant to paragraph 3, Article 165 of the same act, and to cancel our treasury stock pursuant to Article 178 of the same act by which the Company supports social contributions of Mori Manufacturing Research and Technology Foundation (hereafter "the Foundation").

The disposition of our treasury stock is subject to the approval at the Company's 69th annual shareholders meeting to be held in March 2017, and the repurchase of our stock and cancellation of our treasury stock is subject to the approval of the disposition of our treasury stock at the shareholders meeting.

1. About Mori Manufacturing Research and Technology Foundation

(1) Aim of the Foundation

The Foundation's aims are to contribute to advancement of the machine tool industry and protection of the global environment through improving and innovating technology related to machine tools in such areas as machine tool technology, machining technology, intelligent technology, network technology, HMI (Human Machine Interface) technology, and environmental protection technology. The Foundation pursues such aims through support activities for R&D and human resource development related to machine tool technology. In addition to these efforts, the Foundation also carries out support activities related to the construction of cultural environments in local regions.

(2) Summary of the Foundation

1) Name	Mori Manufacturing Research and Technology Foundation (General Incorporated Foundation)
2) Location	2-35-16, Meieki, Nakamura, Nagoya, Aichi
3) Administrative Director	Masahiko Mori
4) Activities	Support activities for R&D and human resource development related to machine tool technology and support activities related to constructing cultural environments in local regions
5) Resource for business	Approximately ¥100 million per year Note: Activities of the foundation from establishment until present have been funded from donations of ¥76 million and will be additionally funded from funds received as the beneficiary of the trust that will receive the treasury stock to be disposed as described in 2. (1) below.
6) Date of establishment	March 18, 2016
7) Relationship with the Company	
Capital relationship	The Company is the donor of the fundamental property of the Foundation
Personnel relationship	One representative director of the Company is concurrently an administrative Director of the Foundation. Also, one representative director of the Company is concurrently a member of the Foundation's Board of Directors. One employee of the Company is concurrently an auditor of the Foundation.
Business relationship	The company has offered donations to the Foundation.
Relationship with related parties	No applicable relationship exists

2. About disposition of treasury shares

(1) Overview of disposition

1) Disposal quantity	3,500,000 common shares
2) Disposal value	¥1 per share
3) Amount of funds raised	¥3,500,000
4) Subscription or disposal method	Disposition by way of third-party allotment
5) Trustee (planned)	Japan Trustee Services Bank, Ltd. (sub-trustee, with Sumitomo Mitsui Trust Bank, Limited as trustee)
6) Disposal date (planned)	March 31, 2017
7) Others	The disposition of the treasury shares is conditional on the special resolution regarding advantageous placement at the Company's 69th annual meeting of shareholders that will be held in March 2017. The disposal date or other matters will be decided at the meeting of the Board of Directors after the annual meeting.

(2) Purpose and reason for disposition

As part of social contribution activities carried out until now, the Company has worked to strengthen its cooperative relationship with the industry, government agencies, and research institutions such as universities by lending and donating machine tools in Japan and across the globe to be a facilitator of practical research activities, and establishing and donating scholarship funds to train excellent engineers from Japan and abroad. These activities are highly beneficial for the development of new technologies today. In addition, the Company has been carrying out support activities related to constructing cultural environments in local regions, particularly in Nara Prefecture and Iga City, Mie Prefecture, which are home to the Company's operational bases.

The Foundation was established in order to take over the social contribution activities previously conducted by the Company and, working to stably promote such activities on a certain scale, it is continuing to conduct such activities to this day.

The Company believes that by continually carrying out these support activities to improve and innovate technologies related to machine tools, now and into the future, it is contributing to the advancement of the machine tool industry as a whole, and by extension, providing a stronger base upon which the Company can grow sustainably for years to come. The Company also believes that by supporting the development of human resources through establishing a network of connections with research organizations, globally, it is contributing to not only the Company, but also the advancement of the global industry, including emerging countries. Furthermore, the Company believes that by supporting the construction of cultural environments in the local regions that are home to the Company's production bases, it is strengthening the Company's cooperation with the local society, further deepening its trustworthiness as a company, as well as improving employee morale and contributing to a smoother, more stable business operation.

For such reasons, the Company considers that above-mentioned social contribution activities conducted through the Foundation will contribute to its future business development and enhance its corporate value.

To support the Foundation's activities, the Company will establish a trust (hereinafter "the Trust") with Sumitomo Mitsui Trust Bank, Limited as trustee, Japan Trustee Services Bank, Ltd. as sub-trustee and the Foundation as beneficiary. The Company has decided to execute a disposition of treasury stock through the method of allocating shares of our stock to the Trust by third party allotment. The Trust will pay trust proceeds earned from dividends on our stock to the Foundation, and the Foundation will fund its activities based on such trust proceeds.

The disposition of our treasury stock will be made to the Trust, which is being established to provide funding for activities of the Foundation.

(3) Amount, use, and anticipated time of spending, of funds raised

1) Amount of funds raised

a. Total paid amount	¥3,500,000
b. Estimated cost of issuance	¥0
c. Estimated net proceeds	¥3,500,000

2) Specific use of funds raised

The estimated net proceeds above are planned to be appropriated in around April 2017 for expenses, such as attorney's fees, which are necessary for building the plan (disposition of treasury stock by way of third-party allotment).

(4) Perspective on reasonableness of use of funds

The funds raised will be appropriated for expenses, such as attorney's fees, which are necessary for the consideration of building the plan. These expenses are indispensable for building the plan, thus such use of the funds is considered reasonable.

(5) Reasonableness of disposal terms

1) Basis of calculation of paid amount and its specific details

The Foundation plans on continually carrying out support activities for R&D and human resource development related to machine tool technology and support activities related to constructing cultural environments in local regions. The disposition of treasury stock is for the purpose of funding the activities of the Foundation, and the amount of proceeds will be allocated to the costs relating to the establishment of the Foundation as described in (3), 2) above. Therefore, we believe that the price of disposition of ¥1 per share is reasonable. In addition, since the disposition of treasury stock qualifies as an offering at a favorable price to the Foundation, the disposition is subject to the special resolution at the Company's 69th annual shareholders meeting to be held in March 2017.

2) Basis for determining that number of shares to be disposed and scale of dilution of shares are reasonable

Social contribution activities currently done by the Foundation were conducted by the Company before the Foundation was established. We believe that the number of shares to be disposed, which will fund the activities of the Foundation, is at a reasonable size based on past activities record. Moreover, since, under the structure of the Trust, it is not currently expected that large amounts of the treasury stock to be disposed will be sold into the market, and thus the impact on the secondary market triggered by the disposition of treasury stock will be small, we believe that the number of shares to be disposed is at a reasonable level.

In addition to the above, the extent of dilution of our shares triggered by the disposition of treasury stock is representing 2.63% (rounded to the second decimal place; 2.92% when calculation uses the total number of voting rights as of September 30, 2016, 1,199,785 rights) of the total number of issued shares, however we plan to implement measures to avoid the dilution of our shares, namely the repurchasing shares of our common stock in same number as the number of treasury stock to be disposed (subject to the approval of the disposition of treasury stock at the Company's 69th annual shareholders meeting to be held in March 2017) as described under "3. Repurchase of stock" below, therefore we determined that the extent of dilution of shares will be reasonable.

(6) Reasons for selecting a subscriber, etc.

1) Summary of the planned subscriber

- a. Name: Japan Trustee Services Bank, Ltd.
(as sub-trustee of the Trust, will accept the allotment of shares as trust assets of the Trust)

b. Outline of trust agreement

Settlor	DMG MORI CO. LTD.
Trustee	Sumitomo Mitsui Trust Bank, Limited Japan Trustee Services Bank, Ltd. will be a sub-trustee under this trust agreement.
Beneficiary	Mori Manufacturing Research and Technology Foundation (General Incorporated Foundation)
Date of agreement (planned)	March 31, 2017
Term of trust	To be decided
Purpose of trust	To put into effect social contribution activities by delivering dividends on the common shares of the trustee to the beneficiary as trust proceeds.

Note: Details of the trust agreement to be executed between the Company and Sumitomo Mitsui Trust Bank, Limited as trustee will be determined in the future.

(Reference)

(1) Company name	Japan Trustee Services Bank, Ltd.		
(2) Address	1-8-11 Harumi, Chuo-ku, Tokyo		
(3) Job title and name of representative	Yasuo Kuwana, Representative Director, President		
(4) Business description	Administrative tasks related to marketable securities, administrative tasks and payment and settlement operations related to asset management		
(5) Capital	¥51,000 million		
(6) Date established	June 20, 2000		
(7) Number of shares issued	1,020,000 shares of common stock		
(8) Settlement term	March 31		
(9) Employees	962 (As of March 31, 2016)		
(10) Main customers	Industrial corporations, financial corporations		
(11) Main banks	—		
(12) Major shareholders and their Shareholding ratios	Sumitomo Mitsui Trust Holdings, Inc.	66.66%	
	Resona Bank, Limited.	33.33%	
(13) Relationship with related parties			
	Capital relationship	No applicable relationship exists. However, Sumitomo Mitsui Trust Bank, Limited owns 200,000 shares of the Company (0.15%). It is a subsidiary of Sumitomo Mitsui Trust Holdings, Inc., which is a major shareholder of Japan Trustee Services Bank, Ltd.	
	Personnel relationship	No applicable relationship exists.	
	Business relationship	No applicable relationship exists. However, a trust banking relationship exists with Sumitomo Mitsui Trust Bank, Limited. It is a subsidiary of Sumitomo Mitsui Trust Holdings, Inc., which is a major shareholder of Japan Trustee Services Bank, Ltd.	
	Relationship with related parties	No applicable relationship exists.	
(14) Performance and financial status for the past three years (Unit: One million yen)			
Fiscal Year	Fiscal March 2014	Fiscal March 2015	Fiscal March 2016
Net assets	58,266	58,700	58,981
Total assets	1,728,321	2,468,835	6,901,302
Net assets per share (¥)	57,124.36	57,549.99	57,825.09
Ordinary income	27,344	27,602	27,891
Ordinary profit	740	788	570
Current net profit	429	460	348
Net income per share (¥)	420.68	451.25	341.87
Dividend per share (¥) (common stock)	170	180	140

Note: The Company has confirmed by investigations based on websites and public information on financial statements, etc. that the trustee and its officers and major shareholders (major investors) have no relationship with antisocial forces and submitted to the Tokyo Stock Exchange a confirmation to that effect.

2) Reason for selecting the trustee

In order to achieve the purposes described under “(2). Purpose and reason for disposition” above, we determined that Sumitomo Mitsui Trust Bank, Limited was most suitable due to its abundant track record and experience, and selected the Trust, the trustee of which will be Sumitomo Mitsui Trust Bank, Limited and the sub-trustee of which will be Japan Trustee Services Bank, Ltd., to be the subscriber.

3) Trustee's policy on holding shares

Pursuant to the trust agreement to be executed in the future, except where it is determined that achieving the purpose of the Trust, namely to maintain the Foundation as beneficiary, is difficult, the Trust will continue to hold the shares to be disposed.

In the event that the Trust is terminated, the trust property will be delivered to the Foundation, as the beneficiary of the Trust, as is.

Furthermore, with respect to the voting rights of the shares to be held by the Trust following the disposition of treasury stock, Sumitomo Mitsui Trust Bank, Limited, as an outside third party, will exercise such rights with an emphasis on the long-term improvement of corporate value based on the perspective of ensuring stable dividends that will fund the activities of the Foundation as beneficiary of the Trust.

We plan to obtain commitment in writing from Japan Trustee Services Bank, Ltd., (i) that if all or some of the disposed shares are transferred within 2 years after the date of payment, the names and addresses of the transferees, number of shares transferred, date of transfer, transfer price, reason for transfer and method of transfer, etc. will be immediately reported to the Company in writing, (ii) that the Company will report the details of such report to the Tokyo Stock Exchange and (iii) that the details of such report will be made publicly available.

4) Details regarding existence of assets necessary for the payment by the subscriber

Japan Trustee Services Bank, Ltd., as subscriber to the shares being disposed, is expected to make a cash payment with the trust property of the Trust, which is to be established by the Company.

(7) Major shareholders and their shareholding ratios after disposition

Before the disposition (as of December 31, 2016)		After the disposition	
GOLDMAN SACHS INTERNATIONAL	4.76%	GOLDMAN SACHS INTERNATIONAL	4.76%
The Master Trust Bank of Japan, Ltd. (trust account)	3.90%	The Master Trust Bank of Japan, Ltd. (trust account)	3.90%
Masahiko Mori	2.66%	Masahiko Mori	2.66%
Japan Trustee Services Bank, Ltd. (trust account)	2.63%	Japan Trustee Services Bank, Ltd. (Mori Manufacturing Research and Technology Foundation account)	2.63%
JP MORGAN CHASE BANK 380055	2.49%	Japan Trustee Services Bank, Ltd. (trust account)	2.63%
Japan Trustee Services Bank, Ltd. (trust account 9)	2.20%	JP MORGAN CHASE BANK 380055	2.49%
DMG MORI Employee Shareholders Association	2.01%	Japan Trustee Services Bank, Ltd. (trust account 9)	2.20%
The Nomura Trust and Banking Co., Ltd. (investment trust account)	1.75%	DMG MORI Employee Shareholders Association	2.01%
Chieko Mori	1.72%	The Nomura Trust and Banking Co., Ltd. (investment trust account)	1.75%
Masaru Mori	1.29%	Chieko Mori	1.72%
JPMCB OMNIBUS US PENSION TREATY JASDEC 380052	1.21%	Masaru Mori	1.29%
YAMAZEN CORPORATION	1.13%	JPMCB OMNIBUS US PENSION TREATY JASDEC 380052	1.21%
DMG Mori Co., Ltd Partnership	1.02%	YAMAZEN CORPORATION	1.13%
Japan Trustee Services Bank, Ltd. (trust account 6)	0.98%	DMG Mori Co., Ltd Partnership	1.02%

Notes: 1. When the above was presented in "Notice concerning Disposal, Repurchase and Cancellation of Treasury Stock to Support Mori Manufacturing Research and Technology Foundation's Social Contribution Activities," the reference date for major shareholders and their shareholding ratios before the disposition was stated as "September 30, 2016." However, this date has been revised to "December 31, 2016," and major shareholders and their shareholding ratios have been updated.

2. The above figures represent the percentage of the total number of issued shares.

3. The above figures don't include treasury stock. Also, treasury stock 12,905,232 shares (as of December 31, 2016) will change to 9,405,232 shares after disposition.

4. Major shareholders and their shareholding ratios after disposition are shown by reflecting only said disposition, based on shareholders' register as of December 31, 2016.

5. Shareholding ratio is shown by rounding to the second decimal place

(8) Future prospect

The Company believes that this event will have no significant impact on the Company performance, however, if any matter to be disclosed arises, such information will be immediately announced.

(9) Procedures in accordance with company codes of conduct

Since the dilution rate is less than 25% and there is no change in controlling shareholders, it is not necessary to obtain an opinion of an independent third-party or consents of shareholders as specified in Rule 432 of the Tokyo Stock Exchange Securities Listing Regulations.

(10) Businesses performance and equity finance status for past three years

1) Business performance for the past three years (consolidated)

	Japanese GAAP	IFRS	
	Fiscal March 2014	Fiscal March 2015	Fiscal December 2015
Net sales	¥160,728 million	—	—
Sales revenues	—	¥174,365 million	¥318,449 million
Income before income taxes and minority interests	¥11,376 million	—	—
Earnings before income taxes	—	¥23,086 million	¥29,681 million
Net income	¥9,442 million	—	—
Profit attributable to owners of the parent company	—	¥17,080 million	¥26,900 million
Net income per share	¥85.73	—	—
Basic earnings per share	—	¥131.65	¥216.53
Dividends per share	¥22 / year	¥25 / year	¥26 / year
Shareholders' equity per share	¥1,164.59	—	—
Equity per share attributable to owners of the parent company	—	¥1,266.28	¥1,293.72

Notes: 1. Starting from the year ended 31st December, 2015, IFRS have been voluntarily adopted.

2. From the year ended 31st December, 2015, the Company's accounts are consolidated with those of DMG MORI AKTIENGESELLSCHAFT and its subsidiaries, therefore indexes such as sales revenues were increased significantly.

3. The fiscal period ended 31st December, 2015 is a period of nine months (from April 1, 2015 to December 31, 2015) only due to the change in the fiscal year-end.

2) Status of number of issued shares and number of potential shares (as of September 30, 2016)

	Number of shares	Ratio to shares issued
Number of shares issued	132,943,683 shares	100%
Number of potential shares at the current conversion price (exercise price)	—shares	—%
Number of potential shares at the minimum conversion price (exercise price)	—shares	—%
Number of potential shares at the maximum conversion price (exercise price)	—shares	—%

Note: The number of potential shares does not include stock options.

3) Status about recent share prices

a. Status for the past three years

	Fiscal March 2014	Fiscal March 2015	Fiscal December 2015
Opening price	¥1,071	¥1,312	¥1,815
High price	¥2,089	¥1,949	¥2,638
Low price	¥982	¥1,116	¥1,375
Closing price	¥1,305	¥1,846	¥1,425

Note: The fiscal period ended 31st December, 2015 is a period of nine months (from April 1, 2015 to December 31, 2015) only due to the change in the fiscal year-end.

b. Status for the past six months

	2016					
	July	August	September	October	November	December
Opening price	¥994	¥1,059	¥1,115	¥1,070	¥1,100	¥1,351
High price	¥1,158	¥1,148	¥1,118	¥1,132	¥1,342	¥1,609
Low price	¥920	¥965	¥995	¥1,045	¥931	¥1,327
Closing price	¥1,091	¥1,142	¥1,042	¥1,115	¥1,322	¥1,418

c. Share price on the business day prior to the date of resolution regarding the disposition

	January 12, 2017
Opening price	¥1,430
High price	¥1,482
Low price	¥1,427
Closing price	¥1,455

4) Status of equity finance for the last three years

Issuance of new shares and sale of treasury shares through international offering

Due date of payment	March 19, 2014	
The amount of funds raised	¥30,545,229,120	
Issue price	¥1,380 per share	
Total number of issued shares before the offering	118,475,312 shares	
Number of shares to be increased through the offering	14,468,371 shares	
Total number of issued shares after the offering	132,943,683 shares	
Total number of treasury shares before sales	7,771,853 shares	
Number of sold treasury shares	7,665,853 shares	
Total number of treasury shares after sales	106,000 shares	
Initial purpose of the offering	Introduction or expansion of production equipment	¥8 billion
	Upgrade of the exhibition halls and addition of the display machines	¥5 billion
	Construction of new Tokyo head office	¥3 billion
	Information system investment	¥4 billion
	Remaining amount will be used for strengthening of financial position	
Initial projected period of the expenditure	Fiscal March 2015	
Appropriation situation as of today	Already appropriated in the period mentioned above	

Note: The description of the disposition of treasury stock in 2. above was not prepared for the purpose of soliciting an offer to purchase or subscribe for shares of our common stock.

3. Repurchase of stock

(1) Reason for repurchasing stock

To avoid dilution of share triggered by the disposition of treasury stock described in 2. above, and to effect capital efficiency and agile capital policy in view of the management environment.

(2) Details of matters relating to repurchase

- | | |
|--|--|
| 1) Kind of stock to be repurchased | Common stock of the Company |
| 2) Total number of shares to be repurchased | 3,500,000 shares (maximum)
(Represents 2.92% of the total number of issued shares (excluding treasury stock)) |
| 3) Total purchase price for repurchase of shares | ¥5,250,000,000 (maximum) |
| 4) Period of repurchase | From the end of the Company's 69th annual shareholders meeting to be held in March 2017 to December 31, 2017 |

Q&A concerning Disposal, Repurchase and Cancellation of Treasury Stock to Support Mori Manufacturing Research and Technology Foundation's (hereinafter "the Foundation") Social Contribution Activities

Q1 : Please share the specific activities conducted by the Foundation thus far.

A : As support activities for R&D and human resource development related to machine tool technology, the Foundation has made donations to University of California, Berkeley; University of California, Davis; Kyoto University; and Nagoya University, etc. Furthermore, as support activities related to the construction of cultural environments in local regions, the Foundation makes donations in the form of financial assistance to events held by multiple municipalities.

Q2 : Please share specifically how the social contribution activities of the Foundation connect to the Company's profit.

A : By supporting research activities of universities and research institutions within Japan and overseas, we believe we are contributing to technological development and the expansion of the horizons of industry through the knowledge gained in the research, while also promoting the development of human resources. We believe the technology and human resources acquired as a result of these activities provide a stronger base upon which the Company can grow sustainably and stably. Furthermore, we believe support activities related to the construction of cultural environments in local regions strengthen the Company's cooperation with the local society, further deepening its trustworthiness as a company and building good relationships with the stakeholders surrounding the Company, thus contributing to a smoother, more stable business operation and enhancing its corporate value.

Q3 : What is the difference between the Company's past cash donations and the activities conducted through the Foundation?

A : This change means that the source of funding for the Company's social contribution activities conducted thus far will transition from cash donations to stock dividends from the Company's stock received by the Foundation. Last fiscal year, the Company contributed around ¥200 million to universities to support basic R&D related to machine tool technology, etc. We believe the appropriate management and stable utilization of these funds at the universities contributes to the Company's technological development. Going forward, by providing these donations from the Foundation, donation expenditures on the part of the Company will be reduced, creating a positive effect on the Company's income.

Q4 : What is the reason for the quantity of 3,500,000 trust shares?

A : This is the number of shares required to deliver stock dividends at a scale that matches the funding required for the activities planned by the Foundation. At the level of the annual dividends per share paid in the previous fiscal year of ¥26 (the year ended 31st December 2016), this would total ¥91 million, a scale we believe matches the annual activities funds of ¥100 million. Furthermore, we believe that if dividends increase going forward due to improvement in the Company's performance, the activities funds of the Foundation will also increase, in turn enhancing the Company's corporate value and again connecting to improved performance, thus creating a positive cycle.

Q5 : What are your thoughts on a dilution of net income per share arising from this disposal of treasury stock (third-party allotment to a trust bank)?

A : To avoid dilution of share value triggered by the disposal of treasury stock, and to effect capital efficiency and agile capital policy in view of the management environment, we plan for the number of own shares to be acquired from the market to be the same number as the 3,500,000 shares of treasury stock in this disposal. Furthermore, to relieve concern over dilution of the share value triggered by the future release of treasury stock, we plan for the number of shares to be cancelled to be equal to the 3,500,000 shares of treasury stock in this disposal.

Q6 : What is the reason for the adoption of the plan to entrust the shares to a trust bank?

A : A trust plan was introduced for the preservation and efficient management of the assets of the Foundation. In this plan, by allotting the treasury stock through advantageous placement to a trust

bank, upon the separation of the voting rights, the Foundation will receive the trust proceeds through dividends. This will allow the voting rights of the shareholders to be exercised from the standpoint of long-term enhanced corporate value by the trust bank.