

Securities Code No. 6146

June 2, 2016

To: Shareholders

2-13-11 Omori-Kita, Ota-ku, Tokyo

DISCO CORPORATION

Kazuma Sekiya, President and COO

Notice for the 77th General Shareholders Meeting

We are pleased to announce our 77th General Shareholders Meeting and cordially invite you to attend. Further detailed information is provided below. If you are unable to attend the meeting, you can exercise your voting rights via one of the methods below. Please review the attached reference materials for the general shareholders meeting before placing your votes.

If you wish to vote in writing:

Please indicate your approval or disapproval for each proposal on the enclosed voting form and return the form by postal mail so that it reaches us no later than 5:45 p.m. on Thursday June 23, 2016 (Japan Standard Time).

If you wish to vote via the Internet:

Please access our designated voting website (<http://www.evotep.jp/>) and use the voting code and password on the enclosed voting form. When voting, please enter your approval or disapproval for each proposal in accordance with the on-screen instructions no later than 5:45 p.m. on Thursday June 23, 2016 (Japan Standard Time).

1. Date & Time: June 24, 2016 (Friday) 2:00 p.m.
2. Place: 2-13-11 Omori-Kita, Ota-ku, Tokyo
8F Conference Room, Building A
DISCO Corporation Head Office and R&D Center

3. Purposes of the Meeting

Matters to be Reported:

1. Business report, consolidated financial statements, and the audit reports from the Accounting Auditor and the board of corporate auditors on the consolidated financial statements for the 77th fiscal year (from April 1, 2015 to March 31, 2016)
2. Financial Statements for the 77th fiscal year (from April 1, 2015 to March 31, 2016)

Matters to be Resolved:

- Proposal 1 Appropriation of Retained Earnings
Proposal 2 Bonus Payment to the Board Members



◎ In accordance with relevant laws and regulations and Article 15 of the Articles of Incorporation, the items listed below are posted on the DISCO website (<http://www.disco.co.jp/jp/ir/stock/meeting.html>) and therefore not described in the attached documents of this notice for the general shareholders meeting.

1. Matters concerning subscription rights to shares
2. Structure to ensure the appropriateness of business
3. Overview of the operational status of the structure to ensure the appropriateness of business
4. Basic concept toward eliminating anti-social forces and its development status
5. Basic policy on internal control concerning financial reporting
6. Notes on consolidated financial statements
7. Notes on financial statements

Thus, the documents attached to this notice for the general shareholders meeting are a part of the business reports, consolidated financial statements, and financial statements that were audited when the corporate auditor wrote the audit report and

when the accounting auditor wrote the accounting audit report.

- ⦿ If any part of the reference materials for the general shareholders meeting, business reports, consolidated financial statements, and/or financial statements requires modification or revision, notification of such will be made on the DISCO website.

Reference Materials for the General Shareholders Meeting

Proposal 1 Appropriation of Retained Earnings

It is proposed that the appropriation of retained earnings be as follows.

Matters related to the year-end dividend:

With respect to the dividend, the Company pays dividends according to its business performance and maintains dividends of “25% of the consolidated half-yearly net income.”

However, even if its profitability is at a low level, the Company will maintain a half-yearly dividend of ¥10 (an annual dividend of ¥20) to ensure stable dividend payments. Furthermore, in the case that the balance of cash and cash equivalents has exceeded the budgeted funds necessary as of the end of the year, then, except in the case of a deficit, the Company’s fundamental policy is to pay an additional dividend of approximately one-third of the excess amount.

With regard to the year-end dividend for this term, in addition to 25% of the consolidated second-half net income, since the year-end balance of cash and cash equivalents exceeded the budgeted funds necessary, the Company proposes that we also pay an additional dividend of one-third of the excess amount. As a result, the Company proposes that the year-end dividend for the current fiscal year be ¥230 per share. (The annual amount will be ¥315 including the interim dividend.)

- (i) Type of assets to be distributed:
Cash
- (ii) Matters on the allocation of assets to be distributed and the total amount thereof:
¥230 per share of the Company’s common stock
The total distribution is to be ¥8,230,549,540.
- (iii) Effective date of the dividend from retained earnings:
June 27, 2016

Proposal 2 Bonus Payment to the Board Members

It is proposed that the bonus payment to the members of the board of directors be as follows, taking the business performance for the current period into account.

The bonus paid to each member of the board of directors has been calculated by first determining a base amount per position and then by multiplying the base amount by a coefficient correlated with the consolidated ordinary income margin.

For the bonuses paid to the members of the board of directors for the current period, using the method where, out of the six directors as of the end of the period (of whom two are outside directors), the base amount for four of the directors (excluding the outside directors) is multiplied by a coefficient correlated with the business performance for the current period, which results in a sum of ¥216,740,000 to be paid. It is proposed that the bonus to be paid to each director be determined solely by the board of directors.

Consolidated Balance Sheet

(As of March 31, 2016)

(In millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	138,333	Current liabilities	30,246
Cash and deposits	67,188	Notes and accounts payable - trade	4,602
Notes and accounts receivable - trade	33,465	Electronically recorded obligations - operating	8,692
Merchandise and finished goods	7,982	Current portion of long-term loans payable	1,676
Work in process	10,366	Income taxes payable	4,272
Raw materials and supplies	12,343	Provision for bonuses	4,190
Deferred tax assets	3,806	Provision for directors' bonuses	297
Other	3,387	Provision for product warranties	518
Allowance for doubtful accounts	(208)	Provision for environmental measures	50
Non-current assets	69,619	Provision for demolition cost	15
Property, plant and equipment	64,834	Other	5,930
Buildings and structures, net	37,378	Non-current liabilities	9,671
Machinery, equipment and vehicles, net	9,925	Long-term loans payable	8,583
Tools, furniture and fixtures, net	680	Provision for directors' retirement benefits	13
Land	13,815	Asset retirement obligations	115
Construction in progress	3,034	Other	959
Intangible assets	509	Total liabilities	39,917
Investments and other assets	4,276	Net assets	
Investment securities	2,202	Shareholders' equity	165,344
Deferred tax assets	91	Capital stock	20,063
Net defined benefit asset	418	Capital surplus	22,051
Other	1,611	Retained earnings	123,245
Allowance for doubtful accounts	(47)	Treasury shares	(15)
Total assets	207,953	Accumulated other comprehensive income	1,878
		Valuation difference on available-for-sale securities	14
		Foreign currency translation adjustment	1,847
		Remeasurements of defined benefit plans	16
		Subscription rights to shares	755
		Non-controlling interests	56
		Total net assets	168,035
		Total liabilities and net assets	207,953

Note: Figures are rounded down to the nearest million yen.

Consolidated Income Statement

(From April 1, 2015)
(to March 31, 2016)

(In millions of yen)

Items	Amount	
Net sales		127,850
Cost of sales		55,552
Gross profit		72,298
Selling, general and administrative expenses		41,959
Operating income		30,338
Non-operating income		
Interest income	59	
Foreign exchange gains	79	
Rent income	84	
Subsidy income	211	
Other	139	574
Non-operating expenses		
Interest expenses	52	
Sales discounts	55	
Share of loss of entities accounted for using equity method	12	
Depreciation	60	
Provision of allowance for doubtful accounts	27	
Other	12	222
Ordinary income		30,690
Extraordinary income		
Gain on sales of non-current assets	11	
Gain on reversal of subscription rights to shares	22	
Insurance income	117	150
Extraordinary losses		
Loss on sales and retirement of non-current assets	56	
Impairment loss	56	
Special retirement expenses	46	
Demolition cost	53	
Provision of reserve for demolition cost	15	228
Profit before income taxes		30,612
Income taxes - current	8,145	
Income taxes - deferred	(625)	7,519
Profit		23,092
Profit (loss) attributable to non-controlling interests		(3)
Profit attributable to owners of parent		23,096

Note: Figures are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(From April 1, 2015)
(to March 31, 2016)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,785	21,773	106,329	(10)	147,877
Changes of items during period					
Issuance of new shares	277	277			555
Dividends of surplus			(6,180)		(6,180)
Profit attributable to owners of parent			23,096		23,096
Purchase of treasury shares				(4)	(4)
Net changes of items other than shareholders' equity					
Total changes of items during period	277	277	16,916	(4)	17,467
Balance at end of current period	20,063	22,051	123,245	(15)	165,344

(In millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	-	3,240	(57)	3,182	795	63	151,918
Changes of items during period							
Issuance of new shares							555
Dividends of surplus							(6,180)
Profit attributable to owners of parent							23,096
Purchase of treasury shares							(4)
Net changes of items other than shareholders' equity	14	(1,392)	74	(1,303)	(39)	(7)	(1,350)
Total changes of items during period	14	(1,392)	74	(1,303)	(39)	(7)	16,116
Balance at end of current period	14	1,847	16	1,878	755	56	168,035

Note: Figures are rounded down to the nearest million yen.

Balance Sheet

(As of March 31, 2016)

(In millions of yen)

Assets		Liabilities	
Items	Amount	Items	Amount
Current assets	120,292	Current liabilities	26,910
Cash and deposits	58,724	Notes payable - trade	489
Notes receivable - trade	846	Electronically recorded obligations - operating	8,692
Accounts receivable - trade	27,158	Accounts payable - trade	3,365
Merchandise and finished goods	4,569	Accounts payable - other	4,236
Work in process	10,201	Accrued expenses	1,227
Raw materials and supplies	11,897	Income taxes payable	3,442
Deferred tax assets	2,622	Provision for bonuses	3,396
Other	4,280	Provision for directors' bonuses	297
Allowance for doubtful accounts	(9)	Provision for product warranties	389
Non-current assets	64,694	Provision for environmental measures	50
Property, plant and equipment	57,926	Provision for demolition cost	15
Buildings	32,784	Other	1,307
Structures	438	Non-current liabilities	8,039
Machinery and equipment	7,863	Long-term loans payable	7,600
Vessels	1	Asset retirement obligations	6
Vehicles	76	Other	433
Tools, furniture and fixtures	523		
Land	13,351	Total liabilities	34,950
Construction in progress	2,887		
Intangible assets	476	Net assets	
Patent right	179	Shareholders' equity	149,280
Software	134	Capital stock	20,063
Other	162	Capital surplus	22,051
Investments and other assets	6,291	Legal capital surplus	21,145
Investment securities	316	Other capital surplus	906
Shares of subsidiaries and associates	3,012	Retained earnings	107,181
Investments in capital of subsidiaries and associates	1,271	Legal retained earnings	594
Prepaid pension cost	405	Other retained earnings	106,586
Deferred tax assets	290	General reserve	16,970
Other	1,013	Retained earnings brought forward	89,616
Allowance for doubtful accounts	(17)	Treasury shares	(15)
		Subscription rights to shares	755
Total assets	184,986	Total net assets	150,036
		Total liabilities and net assets	184,986

Note: Figures are rounded down to the nearest million yen.

Income Statement

(From April 1, 2015)
(to March 31, 2016)

(In millions of yen)

Item	Amount	
Net sales		109,127
Cost of sales		50,047
Gross profit		59,079
Selling, general and administrative expenses		34,808
Operating income		24,271
Non-operating income		
Interest income	51	
Dividend income	2,907	
Subsidy income	166	
Other	323	3,449
Non-operating expenses		
Interest expenses	33	
Foreign exchange losses	237	
Depreciation	60	
Other	21	352
Ordinary income		27,367
Extraordinary income		
Gain on sales of non-current assets	6	
Gain on reversal of subscription rights to shares	22	29
Extraordinary losses		
Loss on sales and retirement of non-current assets	51	
Impairment loss	56	
Special retirement expenses	44	
Demolition cost	53	
Provision of reserve for demolition cost	15	221
Profit before income taxes		27,175
Income taxes - current	6,145	
Income taxes - deferred	72	6,217
Profit		20,957

Note: Figures are rounded down to the nearest million yen.

Statement of Changes in Net Assets

(From April 1, 2015)
(to March 31, 2016)

(In millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of current period	19,785	20,867	906	21,773	594	16,970	74,839	92,404
Changes of items during period								
Issuance of new shares	277	277		277				
Dividends of surplus							(6,180)	(6,180)
Profit							20,957	20,957
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	277	277	—	277	—	—	14,777	14,777
Balance at end of current period	20,063	21,145	906	22,051	594	16,970	89,616	107,181

(In millions of yen)

	Shareholders' equity		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	(10)	133,952	795	134,747
Changes of items during period				
Issuance of new shares		555		555
Dividends of surplus		(6,180)		(6,180)
Profit		20,957		20,957
Purchase of treasury shares	(4)	(4)		(4)
Net changes of items other than shareholders' equity			(39)	(39)
Total changes of items during period	(4)	15,328	(39)	15,288
Balance at end of current period	(15)	149,280	755	150,036

Note: Figures are rounded down to the nearest million yen.