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Securities Code No. 6146
June 5, 2018

To: Shareholders

Kazuma Sekiya, President and COO
DISCO CORPORATION
2-13-11 Omori-Kita, Ota-ku, Tokyo

Notice for the 79th General Shareholders Meeting

We are pleased to announce the 79th General Shareholders Meeting of the DISCO CORPORATION (the “Company”) 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 Tuesday June 26, 2018 (Japan Standard Time).

If you wish to vote via the Internet:

Please access our designated voting website (<https://evote.tr.mufg.jp/>) and use the “login id” and “password” on the enclosed voting form. When voting, please enter your approval or disapproval for each proposal in accordance with the onscreen instructions no later than 5:45 p.m. on Tuesday June 26, 2018 (Japan Standard Time).

1. Date & Time: Wednesday, June 27, 2018, at 2:00 p.m. (Japan Standard Time)
(Reception desk is scheduled to open at 1:00 p.m.)

2. Place: 8F Conference Room, Building A
DISCO Corporation Head Office and R&D Center
2-13-11 Omori-Kita, Ota-ku, Tokyo

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 79th fiscal year (from April 1, 2017 to March 31, 2018)
2. Financial statements for the 79th fiscal year (from April 1, 2017 to March 31, 2018)

Matters to be Resolved

- | | |
|-------------------|---|
| Proposal 1 | Appropriation of Retained Earnings |
| Proposal 2 | Bonus Payment to the Directors |
| Proposal 3 | Introduction of Upper Limit of Bonus Remuneration for Directors |

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

1. Matters concerning share acquisition rights
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 report, consolidated financial statements, and financial statements that were audited when the Corporate Auditors 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 report, consolidated financial statements, and/or financial statements requires modification or revision, notification of such will be made on the Company 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 fiscal 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 the current fiscal year, 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 to 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 ¥248 per share. (The annual amount will be ¥389 including the interim dividend.)

(1) Type of assets to be distributed:

Cash

(2) Matters on the allocation of assets to be distributed and the total amount thereof:

¥248 per share of the Company’s common stock

The total distribution is to be ¥8,908,816,704.

(3) Effective date of the dividend from retained earnings:

June 28, 2018

Proposal 2 Bonus Payment to the Directors

It is proposed that the bonus payment to the Directors be as follows, taking the business performance for the current fiscal year into account.

The bonus paid to each Director has been calculated by first determining a base bonus amount per position and then by multiplying the base amount by a coefficient correlated with the single-year and four-year cumulative consolidated ordinary profit margin.

For the bonuses paid to the Directors for the current fiscal year, using the method where, out of the six Directors as of the end of fiscal year (of whom two are Outside Directors), the base amount for four of the Directors (i.e., excluding the Outside Directors) is multiplied by a coefficient based on qualitative evaluation of each individual and the Company's business performance, which results in a sum of ¥381,627,000 to be paid. It is proposed that the bonus to be paid to each Director be determined solely by the Board of Directors.

Proposal 3 Introduction of Upper Limit of Bonus Remuneration for Directors

The Company pays to the Directors (excluding Outside Directors; hereinafter the "Eligible Directors," applicable to the rest of this proposal) the sum of profit-based bonuses, which are calculated by first determining a base bonus amount per position and then by multiplying the base amount by a coefficient correlated with the single-year and four-year cumulative consolidated ordinary profit margin, and individual evaluation bonuses, which are calculated by multiplying the base amount by a coefficient based on qualitative evaluation of each individual and the Company's business performance, following a deliberation process by the Nomination and Compensation Advisory Committee, upon approval at the general shareholders meeting.

To further enhance the Eligible Directors' morale and incentivize them to improve business performance, profit-based bonuses are determined in accordance with multiple performance indicators and the calculation formula is disclosed. The determination procedures of bonus remuneration for Directors has been revised, and in the future, bonuses for Eligible Directors will be resolved by the Board of Directors based on recommendations by the Nomination and Compensation Advisory Committee, within the following upper limit, provided it is approved at the general shareholders meeting.

Annual Upper Limit: ¥800,000,000

The current number of Eligible Directors is four.

Consolidated Balance Sheet

(As of March 31, 2018)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	179,034	Current liabilities	50,357
Cash and deposits	91,574	Notes and accounts payable - trade	6,286
Notes and accounts receivable - trade	43,647	Electronically recorded obligations - operating	14,230
Merchandise and finished goods	7,093	Income taxes payable	10,209
Work in process	9,656	Provision for bonuses	8,651
Raw materials and supplies	16,943	Provision for directors' bonuses	159
Deferred tax assets	4,361	Provision for product warranties	487
Other	5,809	Other	10,332
Allowance for doubtful accounts	(52)	Non-current liabilities	932
Non-current assets	77,520	Asset retirement obligations	215
Property, plant and equipment	69,264	Other	717
Buildings and structures, net	33,129	Total liabilities	51,290
Machinery, equipment and vehicles, net	9,383	Net Assets	
Tools, furniture and fixtures, net	706	Shareholders' equity	201,184
Land	13,797	Capital stock	20,651
Construction in progress	12,248	Capital surplus	22,639
Intangible assets	511	Retained earnings	157,919
Investments and other assets	7,744	Treasury shares	(25)
Investment securities	3,746	Accumulated other comprehensive income	3,070
Deferred tax assets	109	Valuation difference on available-for-sale securities	1,498
Net defined benefit asset	612	Foreign currency translation adjustment	1,619
Other	3,300	Remeasurements of defined benefit plans	(47)
Allowance for doubtful accounts	(23)	Share acquisition rights	899
Total assets	256,555	Non-controlling interests	110
		Total net assets	205,264
		Total liabilities and net assets	256,555

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

Consolidated Statements of Income

(From April 1, 2017
to March 31, 2018)

(In millions of yen)

Item	Amount	
Net sales		167,364
Cost of sales		68,239
Gross profit		99,125
Selling, general and administrative expenses		48,130
Operating profit		50,995
Non-operating income		
Interest income	57	
Share of profit of entities accounted for using equity method	177	
Rent income	71	
Subsidy income	1,629	
Other	173	2,110
Non-operating expenses		
Interest expenses	22	
Sales discounts	63	
Foreign exchange losses	260	
Depreciation	49	
Other	19	415
Ordinary profit		52,690
Extraordinary income		
Gain on sales of non-current assets	16	
Gain on reversal of share acquisition rights	1	
Insurance income	87	105
Extraordinary losses		
Loss on sales and retirement of non-current assets	85	
Impairment loss	1,191	
Loss on sales of investment securities	1	
Loss on valuation of investment securities	26	
Loss on sales of shares of subsidiaries and associates	680	
Special retirement expenses	86	2,070
Profit before income taxes		50,724
Income taxes - current	13,794	
Income taxes - deferred	(293)	13,501
Profit		37,223
Profit attributable to non-controlling interests		51
Profit attributable to owners of parent		37,171

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

Consolidated Statement of Changes in Equity

(From April 1, 2017
to March 31, 2018)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,374	22,362	136,247	(18)	178,965
Changes of items during period					
Issuance of new shares	276	276			553
Dividends of surplus			(15,495)		(15,495)
Profit attributable to owners of parent			37,171		37,171
Purchase of treasury shares				(6)	(6)
Change of scope of consolidation			(4)		(4)
Net changes of items other than shareholders' equity					
Total changes of items during period	276	276	21,672	(6)	22,219
Balance at end of current period	20,651	22,639	157,919	(25)	201,184

(In millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	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	40	1,388	(10)	1,418	840	93	181,318
Changes of items during period							
Issuance of new shares							553
Dividends of surplus							(15,495)
Profit attributable to owners of parent							37,171
Purchase of treasury shares							(6)
Change of scope of consolidation							(4)
Net changes of items other than shareholders' equity	1,457	230	(36)	1,652	58	16	1,727
Total changes of items during period	1,457	230	(36)	1,652	58	16	23,946
Balance at end of current period	1,498	1,619	(47)	3,070	899	110	205,264

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

Balance Sheet

(As of March 31, 2018)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	150,199	Current liabilities	46,088
Cash and deposits	73,275	Notes payable - trade	68
Notes receivable - trade	966	Electronically recorded obligations - operating	13,801
Accounts receivable - trade	34,877	Accounts payable - trade	5,477
Merchandise and finished goods	4,054	Accounts payable - other	6,983
Work in process	9,580	Accrued expenses	1,658
Raw materials and supplies	16,664	Income taxes payable	9,029
Deferred tax assets	3,286	Provision for bonuses	6,630
Other	7,498	Provision for directors' bonuses	159
Allowance for doubtful accounts	(4)	Provision for product warranties	356
Non-current assets	70,687	Other	1,923
Property, plant and equipment	62,266	Non-current liabilities	449
Buildings	28,958	Asset retirement obligations	16
Structures	488	Other	432
Machinery and equipment	7,516		
Vessels	0	Total liabilities	46,538
Vehicles	97		
Tools, furniture and fixtures	549	Net Assets	
Land	13,422	Shareholders' equity	173,449
Construction in progress	11,233	Capital stock	20,651
Intangible assets	414	Capital surplus	22,639
Patent right	93	Legal capital surplus	21,733
Software	124	Other capital surplus	906
Other	196	Retained earnings	130,184
Investments and other assets	8,006	Legal retained earnings	594
Investment securities	29	Other retained earnings	129,590
Shares of subsidiaries and associates	1,869	Reserve for advanced depreciation of non-current assets	871
Investments in capital of subsidiaries and associates	1,271	General reserve	16,970
Prepaid pension cost	663	Retained earnings brought forward	111,748
Deferred tax assets	1,313	Treasury shares	(25)
Other	2,867	Share acquisition rights	899
Allowance for doubtful accounts	(8)	Total net assets	174,349
Total assets	220,887	Total liabilities and net assets	220,887

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

Statements of Income

(From April 1, 2017
to March 31, 2018)

(In millions of yen)

Item	Amount	
Net sales		141,892
Cost of sales		63,380
Gross profit		78,511
Selling, general and administrative expenses		39,665
Operating profit		38,846
Non-operating income		
Interest income	40	
Dividend income	1,849	
Subsidy income	1,613	
Other	374	3,878
Non-operating expenses		
Interest expenses	14	
Foreign exchange losses	287	
Depreciation	49	
Other	33	384
Ordinary profit		42,340
Extraordinary income		
Gain on sales of non-current assets	2	
Gain on reversal of share acquisition rights	1	4
Extraordinary losses		
Loss on sales and retirement of non-current assets	65	
Impairment loss	1,191	
Loss on sales of investment securities	1	
Loss on valuation of investment securities	26	
Loss on sales of shares of subsidiaries and associates	566	
Special retirement expenses	84	1,935
Profit before income taxes		40,408
Income taxes - current	10,952	
Income taxes - deferred	(881)	10,070
Profit		30,337

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

Statement of Changes in Equity

(From April 1, 2017
to March 31, 2018)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	20,374	21,456	906	22,362	594
Changes of items during period					
Issuance of new shares	276	276		276	
Dividends of surplus					
Profit					
Provision of reserve for advanced depreciation of non-current assets					
Reversal of reserve for advanced depreciation of non-current assets					
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	276	276	-	276	-
Balance at end of current period	20,651	21,733	906	22,639	594

(In millions of yen)

	Shareholders' equity						Share acquisition rights	Total net assets
	Retained earnings				Treasury shares	Total shareholders' equity		
	Other retained earnings			Total retained earnings				
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward					
Balance at beginning of current period	-	16,970	97,777	115,341	(18)	158,059	840	158,900
Changes of items during period								
Issuance of new shares						553		553
Dividends of surplus			(15,495)	(15,495)		(15,495)		(15,495)
Profit			30,337	30,337		30,337		30,337
Provision of reserve for advanced depreciation of non-current assets	931		(931)	-		-		-
Reversal of reserve for advanced depreciation of non-current assets	(60)		60	-		-		-
Purchase of treasury shares					(6)	(6)		(6)
Net changes of items other than shareholders' equity							58	58
Total changes of items during period	871	-	13,971	14,842	(6)	15,389	58	15,448
Balance at end of current period	871	16,970	111,748	130,184	(25)	173,449	899	174,349

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