

Securities Code No 6146

June 1, 2009

To: Shareholders

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

**Disco Corporation**

Kazuma Sekiya Representative Director/President

## Notice on the 70th Ordinary General Meeting of Shareholders

We are pleased to announce our 70th Ordinary General Meetings of Shareholders and cordially invite you to attend this Meeting. Further information is provided below in detail.

In the event that you are unable to attend the Meeting, please review the Reference Materials for the General Meeting of Shareholders contained below, indicate your approval or disapproval for each Proposal on the enclosed Form for the Exercise of Voting Rights, and return the Form to us by close of business (5:45 p.m.) on Monday, June 22, 2009.

1. Date & Time: 2 P.M, June 23, 2009 (Tuesday)
  
2. Place: Disco Corporation Headquarters/R&D Center, Building A  
Conference Room on the 8th Floor  
2-13-11 Omori-Kita, Ota-ku, Tokyo  
(Please see the “access map for the place of the Meeting”  
shown below.)

### 3. Purposes of the Meeting

- Reporting:
1. The 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 70th fiscal year (from April 1, 2008 to March 31, 2009)
  2. Financial Statements for the 70th fiscal year (from April 1, 2008 to March 31, 2009)

Agenda:

- Proposal 1 Appropriation of Retained Earnings  
Proposal 2 Partial Amendments to the Articles of Incorporation  
Proposal 3 Election of Six Directors  
Proposal 4 Election of One Corporate Auditor  
Proposal 5 Revision to the Remuneration for Corporate Auditors  
Proposal 6 Issuance of Share Acquisition Rights on Company Shares for the Purpose of Granting Stock Options upon Especially Favorable (Free) Terms

### 4. Matters decided for the General Meeting of Shareholders

Exercise of voting rights by proxy

Exercise of voting rights can be made by proxy through the appointment of another shareholder eligible for voting rights, subject to the submission of documentation certifying this voting by proxy.

- .....
- ⦿ The reception desk for the general meeting will open at 1:00 p.m. on the day.
  - ⦿ Please make sure to bring the Form for the Exercise of Voting Rights enclosed here to the Reception Desk on the day of the Meeting.
  - ⦿ Notice of the Meeting is also provided on the Company's website (<http://www.disco.co.jp/>) for your reference.

If any parts of the Reference Materials for the General Meeting of Shareholders, business reports, financial statements and/or consolidated financial statements require modification or revision, notification of such will be made on the website indicated above.

## Consolidated Balance Sheet

(As of March 31, 2009)

(in Millions of Yen)

Assets		Liabilities	
Items	Amount	Items	Amount
<b>Current Assets</b>	66,306	<b>Current Liabilities</b>	11,871
Cash and cash equivalents	33,418	Notes and accounts payable – trade	3,602
Notes and accounts receivable - trade	10,963	Short-term loans payable	1,072
Merchandise and finished goods	5,533	Current portion of long-term loans payable	1,903
Work in progress	5,138	Current portion of bonds	300
Raw materials and supplies	8,106	Accrued income taxes	214
Deferred tax assets	980	Reserve for employee's bonuses	1,358
Others	2,237	Allowances for warranties	117
Allowance for doubtful accounts	△71	Others	3,301
<b>Fixed Assets</b>	57,598	<b>Long-term Liabilities</b>	25,725
<b>Tangible Fixed Assets</b>	48,542	Bonds	2,700
Buildings and structures	20,324	Long-term loans payable	21,747
Machinery, vehicles and delivery equipment	7,636	Reserve for employee's retirement benefits	507
Tools, furniture and fixtures	935	Reserve for director's retirement allowance	28
Land	12,787	Negative goodwill	209
Construction in progress	6,858	Others	531
<b>Intangible Fixed Assets</b>	782	<b>Total Liabilities</b>	37,596
Others	782	<b>Net Assets</b>	
<b>Investments and Other Assets</b>	8,274	Shareholders' Equity	86,388
Investment securities	900	Capital stock	14,517
Deferred tax assets	1,521	Capital surplus	15,599
Long-term deposits	5,200	Retained earnings	57,342
Others	689	Treasury stock	△1,071
Allowance for doubtful accounts	△37	Valuation / translation gains (losses)	△610
<b>Deferred Assets</b>	20	Unrealized gain / loss on available-for-sale securities	0
Bond issue expenses	20	Foreign currency translation adjustment	△610
<b>Total Assets</b>	123,925	Share acquisition rights	421
		Minority interests	130
		<b>Total Net Assets</b>	86,328
		<b>Total Liabilities and Net Assets</b>	123,925

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

## Consolidated Income Statement

( From April 1, 2008  
To March 31, 2009 )

(in Millions of yen)

Items	Amount
Net Sales	53,108
Cost of Goods Sold	28,034
Gross profit on sales	25,073
Selling, general and administrative expenses	24,997
<b>Operating Income</b>	<b>76</b>
Non-Operating Income	1,495
Interest income	134
Amortization of negative goodwill	123
Equity in earnings of affiliates	29
Subsidy income	600
Gain on foreign exchange	359
Others	247
Non-operating Expenses	111
Interest expenses	52
Sales discounts	24
Others	34
<b>Ordinary Income</b>	<b>1,460</b>
Extraordinary Income	72
Gain on prior-term adjustment	53
Gain on sales of fixed assets	7
Others	11
Extraordinary Expenses	762
Loss on sales and disposal of fixed assets	468
Special severance payments for early retired employees	45
Temporary layoff expenses	158
Others	90
Income before income taxes and minority interests	770
Income taxes - current	639
Income taxes - deferred	△98
Minority interests	△21
<b>Net income</b>	<b>251</b>

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

## Consolidated Statement of Changes in Net Assets

( From April 1, 2008  
To March 31, 2009 )

(in Millions of Yen)

Shareholders' equity	
Capital stock	
Balance at the end of the prior period	14,517
Change during the current period	
Issuance of new stock	<u>0</u>
Total change during the current period	<u>0</u>
Balance at the end of the current period	<u>14,517</u>
Capital surplus	
Balance at the end of the prior period	15,599
Change during the current period	
Total change during the current period	<u>-</u>
Balance at the end of the current period	<u>15,599</u>
Retained earnings	
Balance at the end of the prior period	58,924
Change during the current period	
Dividends	△1,832
Net income	<u>251</u>
Total change during the current period	<u>△1,581</u>
Balance at the end of the current period	<u>57,342</u>
Treasury stock	
Balance at the end of the prior period	△270
Change during the current period	
Share buyback	<u>△801</u>
Total change during the current period	<u>△801</u>
Balance at the end of the current period	<u>△1,071</u>
Total shareholders' equity	
Balance at the end of the prior period	88,770
Change during the current period	
Issuance of new stock	0
Dividends	△1,832
Net income	251
Share buyback	<u>△801</u>
Total change during the current period	<u>△2,382</u>
Balance at the end of the current period	<u>86,388</u>

(in Millions of Yen)

Valuation / translation gains (losses)	
Unrealized gain or loss on available-for-sale securities	
Balance at the end of the prior period	24
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	<u>△24</u>
Total change during the current period	<u>△24</u>
Balance at the end of the current period	0
Foreign currency translation adjustment	
Balance at the end of the prior period	136
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	<u>△747</u>
Total change during the current period	<u>△747</u>
Balance at the end of the current period	<u>△610</u>
Total valuation / translation gains (losses)	
Balance at the end of the prior period	161
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	<u>△771</u>
Total change during the current period	<u>△771</u>
Balance at the end of the current period	<u>△610</u>
Share acquisition rights	
Balance at the end of the prior period	207
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	<u>213</u>
Total change during the current period	<u>213</u>
Balance at the end of the current period	<u>421</u>
Minority interests	
Balance at the end of the prior period	525
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	<u>△395</u>
Total change during the current period	<u>△395</u>
Balance at the end of the current period	<u>130</u>
Total net assets	
Balance at the end of the prior period	89,665
Change during the current period	
Issuance of new stock	0
Dividends	△1,832
Net income	251
Share buyback	△801
Change in non-shareholders' equity items during the current period (net)	<u>△954</u>
Total change during the current period	<u>△3,336</u>
Balance at the end of the current period	<u>86,328</u>

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

## Balance Sheet

(As of March 31, 2009)

(in Millions of Yen)

Assets		Liabilities	
Items	Amount	Items	Amount
<b>Current Assets</b>	<b>57,633</b>	<b>Current Liabilities</b>	<b>9,989</b>
Cash and cash equivalents	29,954	Notes payable - trade	945
Notes receivable - trade	745	Accounts payable - trade	1,753
Accounts receivable - trade	7,741	Short-term loans payable	1,000
Merchandise and finished goods	3,195	Current portion of long-term loans payable	1,900
Work in progress	4,789	Current portion of bonds	300
Raw materials and supplies	7,520	Accounts payable - other	1,843
Deferred tax assets	642	Accrued expenses	281
Others	3,044	Accrued income taxes	33
<b>Fixed Assets</b>	<b>59,795</b>	Reserve for employee's bonuses	1,110
<b>Tangible Fixed Assets</b>	<b>45,059</b>	Allowances for warranties	43
Buildings	18,484	Others	778
Structures	431	<b>Long-term Liabilities</b>	<b>25,335</b>
Machinery and equipment	6,388	Bonds	2,700
Vehicles and delivery equipment	55	Long-term loans payable	21,700
Tools, furniture and fixtures	843	Reserve for employees' retirement benefits	418
Land	12,186	Others	517
Construction in progress	6,669	<b>Total Liabilities</b>	<b>35,324</b>
<b>Intangible Fixed Assets</b>	<b>538</b>	<b>Net Assets</b>	
Patents	254	Shareholders' equity	81,700
Software	250	Capital stock	14,517
Others	33	Capital surplus	15,599
<b>Investments and Other Assets</b>	<b>14,196</b>	Additional paid-in capital	15,599
Investment securities	678	Retained earnings	52,655
Stocks of subsidiaries/affiliates	4,142	Retained earnings reserve	594
Investment in subsidiaries/affiliates	615	Other retained earnings	52,060
Deferred tax assets	1,607	Reserve for reduction of replacement assets	34
Long-term deposits	5,200	Reserve for reduction of government subsidies	3
Others	1,953	Other reserves	16,970
<b>Deferred Assets</b>	<b>20</b>	Retained earnings brought forward	35,052
Bond issue expenses	20	<b>Treasury stock</b>	△1,071
		Valuation / translation gains (losses)	3
		Unrealized gain or loss on available-for-sale securities	3
		Share acquisition rights	421
<b>Total Assets</b>	<b>117,449</b>	<b>Total net assets</b>	<b>82,124</b>
		<b>Total Liabilities and Net Assets</b>	<b>117,449</b>

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

## Income Statement

( From April 1, 2008  
To March 31, 2009 )

(in Millions of Yen)

Item	Amount
Net sales	40,458
Cost of goods sold	22,304
Gross profit on sales	18,153
Selling, general and administrative expenses	19,937
Operating Loss	△1,783
Non-operating income	2,406
Interest income	102
Dividend income	1,460
Subsidy income	600
Others	243
Non-operating expenses	396
Interest expenses	37
Interest paid on bonds	3
Amortization of bond issue expenses	0
Sales discounts	6
Loss on changes in foreign exchange rates	327
Others	21
Ordinary Income	225
Extraordinary income	5
Gain on sales of fixed assets	0
Gain on sales of investment securities	1
Gain on sales of memberships	2
Others	0
Extraordinary expenses	800
Loss on sales and disposal of fixed assets	456
Special severance payments for early retired employees	41
Temporary layoff expenses	139
Others	162
Loss before income taxes	△569
Income taxes - current	99
Income taxes - deferred	△324
Net Loss	△344

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

## Statement of Changes in Net Assets

( From April 1, 2008  
To March 31, 2009 )

(in Millions of Yen)

Shareholders' equity	
Capital stock	
Balance at the end of the prior period	14,517
Change during the current period	
Issuance of new stock	0
Total change during the current period	0
Balance at the end of the current period	14,517
Capital surplus	
Additional paid-in capital	
Balance at the end of the prior period	15,599
Change during the current period	
Total change during the current period	-
Balance at the end of the current period	15,599
Total capital surplus	
Balance at the end of the prior period	15,599
Change during the current period	
Total change during the current period	-
Balance at the end of the current period	15,599
Retained earnings	
Retained earnings reserve	
Balance at the end of the prior period	594
Change during the current period	
Total change during the current period	-
Balance at the end of the current period	594
Other retained earnings	
Reserve for reduction of replacement assets	
Balance at the end of the prior period	37
Change during the current period	
Reversal of reserve for reduction of replacement assets	△3
Total change during the current period	△3
Balance at the end of the current period	34
Reserve for reduction of government subsidies	
Balance at the end of the prior period	4
Change during the current period	
Reversal of reserve for reduction of government subsidies	△0
Total change during the current period	△0
Balance at the end of the current period	3
Other reserves	
Balance at the end of the prior period	16,970
Change during the current period	
Total change during the current period	-
Balance at the end of the current period	16,970

(in Millions of Yen)

Retained earnings brought forward	
Balance at the end of the prior period	37,225
Change during the current period	
Reversal of reserve for reduction of replacement assets	3
Reversal of reserve for reduction of government subsidies	0
Dividends	△1,832
Net loss	△344
Total change during the current period	△2,173
Balance at the end of the current period	35,052
Total retained earnings	
Balance at the end of the prior period	54,831
Change during the current period	
Dividends	△1,832
Net loss	△344
Total change during the current period	△2,176
Balance at the end of the current period	52,655
Treasury stock	
Balance at the end of the prior period	△270
Change during the current period	
Share buyback	△801
Total change during the current period	△801
Balance at the end of the current period	△1,071
Total shareholders' equity	
Balance at the end of the prior period	84,678
Change during the current period	
Issuance of new stock	0
Dividends	△1,832
Net loss	△344
Share buyback	△801
Total change during the current period	△2,977
Balance at the end of the current period	81,700
Valuation / translation gains (losses)	
Unrealized gain or loss on available-for-sale securities	
Balance at the end of the prior period	21
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	△17
Total change during the current period	△17
Balance at the end of the current period	3
Share acquisition rights	
Balance at the end of the prior period	207
Change during the current period	
Change in non-shareholders' equity items during the current period (net)	213
Total change during the current period	213
Balance at the end of the current period	421
Total net assets	
Balance at the end of the prior period	84,907
Change during the current period	
Issuance of new stock	0
Dividends	△1,832
Net loss	△344
Share buyback	△801
Change in non-shareholders' equity items during the current period (net)	195
Total change during the current period	△2,782
Balance at the end of the current period	82,124

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

## Reference Materials for the General Meeting of Shareholders

### 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's fundamental policy is to pay dividends according to its business performance and to maintain an annual dividend level of at least ¥20 to ensure stable dividend payments even if its profitability is at a low level. Based on this fundamental policy, the Company proposes that the year-end dividend for the current year be ¥10 per share. (The annual amount will be ¥20 including the interim dividend).

The Company has a dividend policy to pay an additional dividend by using part of the excess of the balance of cash and cash equivalent over the budgeted funds necessary in the relevant year. As there was no such excess in the current fiscal year, however, no additional dividend will be provided.

(i) Type of assets to be distributed

Cash.

(ii) Matters on the allocation of assets to be distributed and the total amount thereof  
¥10 per share of the Company's common stock

The total distribution is to be ¥336,047,520.

(iii) Effective date of the dividend from retained earnings

It is proposed that the dividend become effective on June 24, 2009.

## Proposal 2 Partial Amendments to the Articles of Incorporation

### 1. Reason of Amendments

- (1) With the implementation of the “Act Revising Part of the Act on Transfer of Bonds and Other Securities for the Purpose of Rationalization of Settlement Procedures in Stocks and Other Securities Transactions” (Act No. 88, 2004; hereinafter referred to as “Settlement Rationalization Act”) on January 5, 2009, shares of listed companies became subject to the book-entry transfer system for stocks (so-called dematerialization of share certificates).  
In response, the Company will make necessary amendments such as removal of the unnecessary provisions related to share certificates and the beneficial owner list in the Articles of Incorporation. As the registry of lost share certificates shall be created and maintained before one-year lapses from the day after the date of implementation of the Settlement Rationalization Act, the Company will establish necessary clauses in the Supplementary Provisions.  
In addition, article numbers are moved up because of the changes indicated above.  
With respect to Article 7 (Issuance of Share Certificates), the Company is deemed to have adopted a resolution of the amendment to the Articles of Incorporation to eliminate the provisions on the date of implementation of the Settlement Rationalization Act on January 5, 2009 pursuant to Paragraph 1, Article 6 of the Supplementary Provisions to the said act.
- (2) Amendments to the provision on the convocator and chair of meetings of the Board of Directors (Article 23 in the proposed amendments)  
The Company intends to make necessary amendments to ensure appropriate, flexible and efficient operation of meetings of the Board of Directors in the future by stipulating that Representative Director Chairman shall convene and preside at such meetings if Representative Director Chairman is appointed by the Company.
- (3) Amendments to the provision on the number of Corporate Auditors (Article 27 in the proposed amendments)  
The Company intends to change the number of Corporate Auditors for further reinforcement and improvement of its audit system.

2. Details of Amendments

Details of the amendments are as follows.

(Changes are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 1: General Provisions</p> <p>Articles 1 to 5 (Text omitted)</p> <p style="text-align: center;">Chapter 2: Shares</p> <p>Article 6 (Text omitted) (Issuance of Share Certificates)</p> <p>Article 7 The Company shall issue certificates for <u>shares.</u></p> <p>Article 8 (Text omitted) (Stock Trade Unit <u>and No Issuance of Certificates for Shares Less than One Stock Trade Unit</u>)</p> <p>Article 9 The Company's stock trade unit shall be 100 shares. <u>2. Notwithstanding Article 7, the Company shall not issue certificates for shares less than one stock trade unit unless otherwise stipulated in the Share Handling Regulations.</u> (Types of Share Certificates)</p> <p>Article 10 <u>Types of the share certificates issued by the Company shall be subject to decisions of the Board of Directors.</u></p>	<p style="text-align: center;">Chapter 1: General Provisions</p> <p>Articles 1 to 5 (Unchanged)</p> <p style="text-align: center;">Chapter 2: Shares</p> <p>Article 6 (Unchanged) (Removed)</p> <p>Article 7 (Text unchanged) (Stock Trade Unit)</p> <p>Article 8 (Text unchanged)  (Removed)  (Removed)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 11 (Text omitted) (Manager of Shareholder List)</p> <p>Article 12 The Company shall have a manager of the shareholder list.</p> <p>2. The manager of the shareholder list and its administrative office shall be assigned by a resolution of the Board of Directors and the public notice thereof shall be given.</p> <p>3. The Company shall delegate to the manager of the shareholder list the preparation and maintenance of the shareholder list <u>(here and hereinafter, including the beneficial owner list)</u>, registry of share acquisition rights <u>and registry of lost share certificates</u> as well as other administrative work related to the shareholder list, registry of share acquisition rights <u>and registry of lost share certificates</u>, and shall not be engaged in such work on its own.</p> <p>Articles 13 to 24 (Text omitted)</p> <p>Chapter 4: Directors and Board of Directors (Convocator and Chair of Meetings of the Board of Directors)</p> <p>Article 25 Unless otherwise stipulated by law, Director President shall convene and preside at meetings of the Board of Directors. <u>In the absence or disability of Director President, another Director shall convene and preside at such meetings, and the selection of such Director shall be in accordance with the order established in advance by the Board of Directors.</u></p> <p>(Newly established)</p>	<p>Article 9 (Text unchanged) (Manager of Shareholder List)</p> <p>Article 10 (Text unchanged)</p> <p>2. (Text unchanged)</p> <p>3. The Company shall delegate to the manager of the shareholder list the preparation and maintenance of the shareholder list <u>and</u> registry of share acquisition rights as well as other administrative work related to the shareholder list <u>and</u> registry of share acquisition rights, and shall not be engaged in such work on its own.</p> <p>Articles 11 to 22 (Text unchanged)</p> <p>Chapter 4: Directors and Board of Directors (Convocator and Chair of Meetings of the Board of Directors)</p> <p>Article 23 Unless otherwise stipulated by law, Director President shall convene and preside at meetings of the Board of Directors.</p> <p>2. <u>Notwithstanding the preceding paragraph, if a person who serves as chairman and representative director ("hereinafter referred to as "Representative Director Chairman") is appointed by the Company, Representative Director Chairman shall convene and preside at such meetings except in his absence or disability.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>Articles <u>26</u> to <u>28</u> (Text omitted)</p> <p>Chapter 5: Corporate Auditors and Board of Corporate Auditors (Number and Election Method)</p> <p>Article <u>29</u> The Company shall have up to <u>four</u> (4) Corporate Auditors, who shall be elected at general meetings of shareholders.</p> <p>2. The election of Corporate Auditors shall be resolved by a majority of the voting rights of the shareholders present who constitute a third of the voting rights of the shareholders who are entitled to the exercise of their voting rights.</p> <p>Articles <u>30</u> to <u>40</u> (Text omitted)</p> <p>(Newly established)</p>	<p><u>3. In the absence or disability of Director President, another Director shall convene and preside at such meetings, and the selection of such Director shall be in accordance with the order established in advance by the Board of Directors.</u></p> <p>Articles <u>24</u> to <u>26</u> (Text unchanged)</p> <p>Chapter 5: Corporate Auditors and Board of Corporate Auditors (Number and Election Method)</p> <p>Article <u>27</u> The Company shall have up to <u>five</u> (5) Corporate Auditors, who shall be elected at general meetings of shareholders.</p> <p>2. (Text unchanged)</p> <p>Articles <u>28</u> to <u>38</u> (Text unchanged)</p> <p><u>Supplementary Provisions</u></p> <p><u>Article 1 The Company shall delegate to the manager of the shareholder list the preparation, maintenance and other administrative work related to the registry of lost share certificates, and shall not be engaged in such work on its own.</u></p> <p><u>Article 2 Articles 1 and 2 of the Supplementary Provisions shall be removed as of January 6, 2010.</u></p>

**Proposal 3 Election of Six Directors**

The term of office of all the seven Directors expires at the close of this ordinary General Meeting of Shareholders. It is proposed that six Directors be elected.

Candidates for Directors are as follows.

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities and Representation of Other Companies	Number of the Company's Shares Owned
1	Hitoshi Mizorogi (February 20, 1939)	March 1983    Joined the Company. April 1984    Director of the Company June 1989    Managing Director of the Company. July 1993    Senior Managing Director of the Company. July 1993    Representative Director and Vice July 1998    President of the Company. July 1998    President of PS Company of the Company. July 1998    Representative Director and President of the Company. June 2001    Representative Director and Chairman of the Company. April 2009    Representative Director and Chairman of the Company (current position).  Representation of other companies: Representative Director and Chairman of Disco Hi-Tec America, Inc. Representative Director and President of Disco Hi-Tec (Singapore) Pte Ltd. Representative Director and President of Disco Hi-Tec Europe GmbH	12,043

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities and Representation of Other Companies	Number of the Company's Shares Owned
2	Kazuma Sekiya (February 14, 1966)	<p>July 1989    Joined the Company.</p> <p>April 1994    General Manager of Engineering Development Department, PS Division of the Company.</p> <p>                  Director of the Company.</p> <p>June 1995    Vice President of PS Company of the Company.</p> <p>April 1999    Managing Director of the Company.</p> <p>July 2002    President of PS Company of the Company.</p> <p>April 2003    Representative Director, President and General Manager of Engineering R&amp;D Division of the Company (current position).</p> <p>April 2009    Division of the Company (current position).</p> <p>Representation of other companies:  Representative Director and President of Disco Abrasive Systems K.K.  Representative Director and President of Daiichi Components, Ltd.  Chairman of Disco Hi-Tec Taiwan Co., Ltd.</p>	608,197
3	Keizo Sekiya (March 21, 1965)	<p>July 1989    Joined the Company.</p> <p>June 1995    Director of the Company.</p> <p>April 1999    Vice President of PS Company of the Company.</p> <p>August 2000    General Manager of Precision Diamond Planning Department, PS Company of the Company.</p> <p>June 2001    General Manager of Operations Department, PS Company of the Company.</p> <p>July 2002    Managing Director of the Company (current position)</p> <p>April 2003    General Manager of Corporate Planning Division of the Company.</p> <p>                  General Manager of Corporate Planning Division, and General Manager of IR and Public Relations Department of the Company.</p> <p>July 2008    Division, and General Manager of IR and Public Relations Department of the Company.</p> <p>April 2009    Responsible for TECNISCO (current position)</p> <p>Representation of other companies:  Representative Director and President of TECNISCO, Ltd.</p>	794,997

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities and Representation of Other Companies	Number of the Company's Shares Owned
4	Hideyuki Sekiya (January 12, 1952)	<p>April 1974      Joined Dai-ichi Seitoshō Co., Ltd. (now Disco Corporation).</p> <p>April 1985      Director of the Company (current position).</p> <p>April 1999      Deputy General Manager of Hiroshima Works of the Company. General Manager of Hiroshima General Affairs Department of the Company (current position).</p> <p>July 1999        General Manager of Hiroshima Works of the Company (current position).</p> <p>June 2002      General Manager of Hiroshima Works of the Company (current position)</p>	296,397
5	Keiichi Kajiyama (December 11, 1954)	<p>April 1977      Joined the Company.</p> <p>June 1995      Director of the Company (current position)</p> <p>January 1999    Representative Director and President of Disco Hi-Tec America, Inc.</p> <p>August 2002    General Manager of Application Development Department, PS Company of the Company.</p> <p>April 2009      General Manager of Application R&amp;D Division of the Company (current position)</p>	4,697
6	Takao Tamura (September 16, 1955)	<p>April 1977      Joined the Company.</p> <p>June 1995      Director of the Company (current position)</p> <p>July 1997        General Manager of General Affairs Department, Corporate Support Division of the Company (current position)</p> <p>April 1999      General Manager of Corporate Support Division of the Company (current position)</p> <p>April 2009      General Manager of Accounting Department, Corporate Support Division of the Company (current position)</p> <p>Representation of other companies: Representative Director of KKM Investment Co., Ltd.</p>	2,000

Note: There are no special interests between the candidates and the Company.

#### Proposal 4 Election of One Corporate Auditor

Subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as proposed, one Corporate Auditor will be added for further reinforcement and improvement of the audit system in the Company. Accordingly, it is proposed that one Corporate Auditor be newly elected.

This proposal is already approved by the Board of Corporate Auditors.

The Corporate Auditor candidate is as follows.

Name (Date of Birth)	Career Summary, Title, Responsibilities and Representation of Other Companies	Number of the Company’s Shares Owned
Tsutomu Mimata (June 14, 1944)	April 1963      Joined Hitachi, Ltd. February 1989      Transferred to Hitachi Tokyo Electronics Co., Ltd. as a loaned worker. February 1993      Joined Hitachi Tokyo Electronics Co., Ltd. February 1999      Left Hitachi Tokyo Electronics Co., Ltd. March 1999      Joined Shinkawa Ltd. June 2001      Director of Shinkawa Ltd. June 2004      Managing Director of Shinkawa Ltd. June 2008      Retired from the position of Managing Director of Shinkawa Ltd. June 2008      Advisor to Shinkawa Ltd. (current position)	0

- Note:
1. There are no special interests between the candidate and the Company.
  2. Tsutomu Mimata is a candidate for the position of outside auditor.
  3. Reasons for the nomination of the candidate as an outside auditor:  
Tsutomu Mimata was nominated as the candidate for the position of outside auditor because he is expected to show his auditing capability by taking advantage of the knowledge based on his years of experience in the Company’s business field.

**Proposal 5** Revision to the Remuneration for Corporate Auditors

The current annual remuneration for the Company's Corporate Auditors is "up to ¥50 million," which was approved at the 68<sup>th</sup> Ordinary General Meeting of Shareholders held on June 22, 2007.

With the increase to up to five by adding one to the number of Corporate Auditors stipulated in the Articles of Incorporation, the Company proposes that the annual remuneration for its Corporate Auditors be revised to "up to ¥65 million" in accordance with the addition of one Corporate Auditor.

At present there are four Corporate Auditors in the Company. If Proposals 2 and 4 are approved as proposed, The Company will have five Corporate Auditors.

**Proposal 6 Issuance of Share Acquisition Rights on Company Shares for the Purpose of Granting Stock Options upon Especially Favorable (Free) Terms**

We hereby ask for your approval to let the Board of Directors decide upon matters concerning the offering to issue Share Acquisition Rights with especially favorable terms to employees of the Company and directors and employees of the Company's subsidiaries in accordance with the following outline, for the purpose of granting stock options pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Outline of Issuance of Share Acquisition Rights:

- (1) Persons to whom Share Acquisition Rights will be allocated:  
Employees of the Company and directors and employees of the Company's subsidiaries ("Eligible Persons")
- (2) Class and number of shares to be issued upon exercise of Share Acquisition Rights:  
Not more than 100,000 shares of the Company's common stock.  
If any adjustment to the Exercise Price, as defined in (5), is made, the number of shares to be issued upon the exercise of Share Acquisition Rights will be adjusted according to the following formula, provided, however, that such adjustment will pertain only to the number of shares subject to the Share Acquisition Rights that is not yet exercised at the relevant time and that any fractional shares of less than one arising from such adjustment will be rounded down.  
$$\text{Number of Shares after adjustment} = \frac{\text{Number of shares before adjustment} \times \text{Exercise Price before adjustment}}{\text{Exercise Price after adjustment}}$$
- (3) Total number of Share Acquisition Rights:  
Not more than 1,000.  
(The number of shares per share acquisition right is 100 shares. If an adjustment to the number of shares prescribed in the foregoing (2) is made, then the same adjustment will be made to the number of shares per share acquisition right.)
- (4) Paid-in amount upon issuance of Share Acquisition Rights:  
Free of charge.
- (5) Amount to be paid in upon exercising Share Acquisition Rights:
  - (i) The amount to be paid in upon exercising Share Acquisition Rights will be an amount equal to the product of multiplying the paid-in amount per share to be issued upon the exercise of the Share Acquisition Rights ("Exercise Price") by the number of shares per share acquisition right.  
The initial Exercise Price will be an amount equal to the product of multiplying 1.05 by the average of the closing share prices of the Company in regular transactions on the Tokyo Stock Exchange on the days

(excluding the days on which transactions are not effected) in the calendar month immediately prior to the month including the issue date of Share Acquisition Rights, and any fraction of less than one yen will be rounded down, provided, however, that if such amount is less than the closing price on the issue date (or the closing price of the day immediately preceding the issue date if no transaction is effected on the issue date), the closing price on the issue date will be the initial Exercise Price.

- (ii) If a share split or consolidation is carried out by the Company after the issuance of Share Acquisition Rights, the Exercise Price will be adjusted in accordance with the following formula, and any fraction of less than one yen arising from such adjustment will be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

- (iii) If, after the issuance of Share Acquisition Rights, the Company issues new shares at a price lower than the market price (except the issuance of new shares by exercising Share Acquisition Rights), disposes of its own shares, or issues of Share Acquisition Rights or securities with Share Acquisition Rights attached that enable the acquisition of the Company's common stocks at a price lower than the market price, an adjustment to the Exercise Price will be made in accordance with the following formula, and any fraction of less than one yen arising from such adjustment will be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of new shares} \times \text{Paid-in amount per share}}{\text{Market price prior to issuance of new shares}}}{\text{Number of outstanding shares} + \text{Number of new shares}}$$

In the formula above, the "number of outstanding shares" is the total number of outstanding shares of the Company less the total number of treasury shares held by the Company, and in the event of disposal of any treasury shares, the "number of new shares," "paid-in amount per share" and "market price prior to issuance of new shares" will be deemed to be replaced with the "number of shares disposed of," "disposition amount per share" and "market value before disposition," respectively.

- (iv) If the Company decides to reduce its capital stock or otherwise after the issuance of Share Acquisition Rights, the Company will, as required or applicable, make an appropriate adjustment to the Exercise Price to a reasonable and necessary extent.

- (6) Period during which Share Acquisition Rights may be exercised:  
From November 14, 2011 to November 13, 2017.

- (7) Matters concerning an increase in capital stock and additional paid-in capital in the case of an issuance of shares upon exercise of Share Acquisition Rights
- (i) The increase in capital stock caused by the issuance of shares upon exercise of Share Acquisition Rights will be an amount equal to one half of the maximum increase in capital stock or the like calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, and any fraction less than one yen arising from such calculation will be rounded up.
  - (ii) The increase in additional paid-in capital caused by the issuance of shares upon exercise of Share Acquisition Rights will be an amount calculated by deducting the increase in capital stock pursuant to (i) above from the maximum increase in capital stock or the like set forth in (i) above.
- (8) Terms of exercising Share Acquisition Rights:
- (i) Eligible Persons need to be employees of the Company, or directors or employees of the Company's subsidiaries at the time of the exercise of Share Acquisition Rights, unless Eligible Persons have good reasons such as any resignation due to expiration of term of office or mandatory retirement.
  - (ii) In the event of the death of an Eligible Person, any of their heirs may exercise the rights of the Eligible Person unless otherwise provided in an agreement on the allocation of Share Acquisition Rights that is separately entered into between the Eligible Person and the Company (hereafter referred to as the "Agreement on the Allocation of Share Acquisition Rights").
  - (iii) Other terms and conditions for the exercise of Share Acquisition Rights shall be governed by the provisions of the Agreement on the Allocation of Share Acquisition Rights.
- (9) Restriction on acquisition of Share Acquisition Rights through transfer  
Acquisition of Share Acquisition Rights through transfer must be approved by the Board of Directors of the Company.
- (10) Termination of Share Acquisition Rights  
If an Eligible Person has abandoned some or all of their Share Acquisition Rights, the said rights shall be terminated.
- (11) Other matters on offerings of Share Acquisition Rights  
Other matters on offerings of Share Acquisition Rights shall be subject to decisions by the Board of Directors of the Company.

2. Reasons for the Necessity of Issuance of Share Acquisition Rights upon Especially Favorable Terms to Employees of the Company and Directors and Employees of the Company's Subsidiaries:

The free issuance of these Share Acquisition Rights to the Eligible Persons may be viewed as advantageous conditions. The Company believes, however, that it is necessary and will benefit the shareholders' interests because it is intended to improve the business performance of the Company by linking it with the interests of employees of the Company and directors and employees of the Company's subsidiaries, and thereby providing them with incentives to improve the business performance of the Company and making their interests coincide as much as possible with those of the shareholders.

Given that Share Acquisition Rights are issued for the purpose of granting stock options with which the Eligible Persons will receive profits through the exercise of their Rights according to the Company's business performance, the amount to be paid when the Share Acquisition Rights are exercised is to be the amount determined based on the market price of the Company's shares at the time of the issuance of Share Acquisition Rights as described in the above outline. In addition, the nature of the Share Acquisition Rights meets the purpose of stock options on the grounds of the restricted assignment of Share Acquisition Rights and the requirement for the Eligible Persons to be in the position of an employee of the Company or a director or employee of the Company's subsidiaries at the time of the exercise of Share Acquisition Rights.