

Securities Code No. 6146

June 1, 2015

To: Shareholders

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

## **DISCO CORPORATION**

Kazuma Sekiya President and COO

### **Notice of the 76th Ordinary General Meeting of Shareholders**

We are pleased to announce our 76th Ordinary General Meeting of Shareholders and cordially invite you to attend this meeting. Further detailed information is provided below.

In case that you are unable to attend the Meeting, you can exercise your voting rights in writing via the enclosed form. Please review the attached Reference Materials for the General Meeting of Shareholders, indicate your approval or disapproval for each proposal on the Form for the Exercise of Voting Rights, and return it to us by the end of business (5:45 p.m.) on Monday, June 22, 2015.

1. Date & Time:            June 23, 2015 (Tuesday) 2:00 p.m.
  
2. Place:                    DISCO Corporation Headquarters/R&D Center, Building A  
                                  Conference Room on the 8th Floor  
                                  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 76th fiscal year (from April 1, 2014 to March 31, 2015)
2. Financial Statements for the 76th fiscal year (from April 1, 2014 to March 31, 2015)

Matters to be resolved:

- Proposal 1 Appropriation of Retained Earnings
- Proposal 2 Election of Six Directors
- Proposal 3 Election of Three Corporate Auditors
- Proposal 4 Bonus payment to the board members



- ⊙ The reception desk for the meeting will open at 1:00 p.m. on the day.
- ⊙ Please make sure to bring the enclosed voting form to the reception desk on the day of the meeting. Furthermore, please bring this notice of general meeting of shareholders to save resources.
- ⊙ 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 vote by proxy.
- ⊙ In accordance with relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company, 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 of general meeting of shareholders.
  1. Notes to consolidated financial statements
  2. Notes to financial statementsTherefore, the attached documents of this notice of general meeting of shareholders are a part of the financial statements or consolidated financial statements that were audited when the corporate auditor wrote the audit report and the accounting auditor wrote the accounting audit report.
- ⊙ If any part of the reference materials for the general meeting of shareholders, business reports, financial statements and/or consolidated financial statements requires modification or revision, notification of such will be made on the DISCO website.

## Consolidated Balance Sheet

(As of March 31, 2015)

(in Millions of Yen)

<b>Assets</b>		<b>Liabilities</b>	
Items	Amount	Items	Amount
Current assets	129,622	Current liabilities	38,992
Cash and deposits	52,208	Notes and accounts payable - trade	7,083
Notes and accounts receivable - trade	35,114	Electronically recorded obligations - operating	13,020
Merchandise and finished goods	7,894	Current portion of long-term loans payable	1,816
Work in process	12,299	Income taxes payable	4,789
Raw materials and supplies	13,300	Provision for bonuses	3,636
Deferred tax assets	3,875	Provision for directors' bonuses	242
Other	5,148	Provision for product warranties	518
Allowance for doubtful accounts	(220)	Provision for environmental measures	50
Non-current assets	72,352	Other	7,835
Property, plant and equipment	66,194	Non-current liabilities	11,063
Buildings and structures, net	37,874	Long-term loans payable	9,416
Machinery, equipment and vehicles, net	11,340	Provision for directors' retirement benefits	11
Tools, furniture and fixtures, net	591	Asset retirement obligations	119
Land	13,136	Other	1,515
Construction in progress	3,252	<b>Total liabilities</b>	<b>50,056</b>
Intangible assets	547	<b>Net assets</b>	
Investments and other assets	5,610	Shareholders' equity	147,877
Investment securities	2,287	Capital stock	19,785
Deferred tax assets	110	Capital surplus	21,773
Long-term time deposits	1,200	Retained earnings	106,329
Net defined benefit asset	198	Treasury shares	(10)
Other	1,855	Accumulated other comprehensive income	3,182
Allowance for doubtful accounts	(42)	Foreign currency translation adjustment	3,240
<b>Total assets</b>	<b>201,975</b>	Remeasurements of defined benefit plans	(57)
		Subscription rights to shares	795
		Minority interests	63
		<b>Total net assets</b>	<b>151,918</b>
		<b>Total liabilities and net assets</b>	<b>201,975</b>

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

## Consolidated Income Statement

( From April 1, 2014 )  
( To March 31, 2015 )

(in Millions of yen)

Items	Amount	
Net sales		125,920
Cost of sales		57,839
Gross profit		68,081
Selling, general and administrative expenses		41,321
Operating income		26,760
Non-operating income		
Interest income	75	
Subsidy income	244	
Other	263	583
Non-operating expenses		
Interest expenses	49	
Sales discounts	42	
Share of loss of entities accounted for using equity method	34	
Foreign exchange losses	604	
Depreciation	59	
Provision for environmental measures	50	
Other	13	854
Ordinary income		26,489
Extraordinary income		
Gain on sales of non-current assets	57	
Gain on sales of investment securities	51	
Gain on sales of shares of subsidiaries and associates	658	
Gain on reversal of subscription rights to shares	153	
Compensation income	415	1,336
Extraordinary losses		
Loss on sales and retirement of non-current assets	52	
Impairment loss	125	
Loss on valuation of investment securities	21	
Special retirement expenses	42	
Compensation expenses	86	328
Income before income taxes and minority interests		27,497
Income taxes - current	7,777	
Income taxes - deferred	(368)	7,409
Income before minority interests		20,087
Minority interests in income		19
Net income		20,067

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

## Consolidated Statement of Changes in Net Assets

( From April 1, 2014 )  
( To March 31, 2015 )

(in Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,517	16,190	89,203	(235)	119,675
Cumulative effects of changes in accounting policies			983		983
Restated balance	14,517	16,190	90,187	(235)	120,658
Changes of items during period					
Issuance of new shares	5,267	5,267			10,535
Dividends of surplus			(3,809)		(3,809)
Net income			20,067		20,067
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		315		226	541
Change of scope of consolidation			(116)		(116)
Net changes of items other than shareholders' equity					
Total changes of items during period	5,267	5,583	16,142	225	27,218
Balance at end of current period	19,785	21,773	106,329	(10)	147,877

(in Millions of Yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority 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	17	1,864	(142)	1,740	1,219	821	123,456
Cumulative effects of changes in accounting policies							983
Restated balance	17	1,864	(142)	1,740	1,219	821	124,439
Changes of items during period							
Issuance of new shares							10,535
Dividends of surplus							(3,809)
Net income							20,067
Purchase of treasury shares							(1)
Disposal of treasury shares							541
Change of scope of consolidation							(116)
Net changes of items other than shareholders' equity	(17)	1,376	84	1,442	(423)	(757)	260
Total changes of items during period	(17)	1,376	84	1,442	(423)	(757)	27,479
Balance at end of current period	-	3,240	(57)	3,182	795	63	151,918

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

## Balance Sheet

(As of March 31, 2015)

(in Millions of Yen)

<b>Assets</b>		<b>Liabilities</b>	
Items	Amount	Items	Amount
Current assets	110,712	Current liabilities	33,864
Cash and deposits	43,176	Notes payable - trade	537
Notes receivable - trade	490	Electronically recorded obligations - operating	13,020
Accounts receivable - trade	29,606	Accounts payable - trade	5,243
Merchandise and finished goods	4,444	Accounts payable - other	4,988
Work in process	12,157	Accrued expenses	1,118
Raw materials and supplies	12,858	Income taxes payable	3,733
Deferred tax assets	2,676	Provision for bonuses	3,146
Other	5,376	Provision for directors' bonuses	242
Allowance for doubtful accounts	(74)	Provision for product warranties	250
Non-current assets	66,539	Provision for environmental measures	50
Property, plant and equipment	58,435	Other	1,533
Buildings	33,529	Non-current liabilities	8,639
Structures	464	Long-term loans payable	8,200
Machinery and equipment	8,062	Asset retirement obligations	6
Vessels	2	Other	433
Vehicles	53		
Tools, furniture and fixtures	433	Total liabilities	42,503
Land	12,723		
Construction in progress	3,166	<b>Net assets</b>	
Intangible assets	516	Shareholders' equity	133,952
Patent right	222	Capital stock	19,785
Software	151	Capital surplus	21,773
Other	142	Legal capital surplus	20,867
Investments and other assets	7,587	Other capital surplus	906
Investment securities	316	Retained earnings	92,404
Shares of subsidiaries and associates	3,012	Legal retained earnings	594
Investments in capital of subsidiaries and associates	1,271	Other retained earnings	91,809
Prepaid pension cost	294	General reserve	16,970
Deferred tax assets	308	Retained earnings brought forward	74,839
Long-term time deposits	1,200	Treasury shares	(10)
Other	1,195	Subscription rights to shares	795
Allowance for doubtful accounts	(11)	Total net assets	134,747
Total assets	177,251	Total liabilities and net assets	177,251

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

## Income Statement

( From April 1, 2014 )  
( To March 31, 2015 )

(in Millions of Yen)

Item	Amount	
Net sales		108,120
Cost of sales		53,216
Gross profit		54,904
Selling, general and administrative expenses		34,222
Operating income		20,681
Non-operating income		
Interest income	65	
Dividend income	2,502	
Subsidy income	162	
Other	277	3,007
Non-operating expenses		
Interest expenses	45	
Foreign exchange losses	0	
Depreciation	59	
Provision for environmental measures	50	
Other	26	182
Ordinary income		23,506
Extraordinary income		
Gain on sales of non-current assets	56	
Gain on sales of investment securities	51	
Gain on reversal of subscription rights to shares	153	260
Extraordinary losses		
Loss on sales and retirement of non-current assets	48	
Impairment loss	125	
Loss on valuation of investment securities	21	
Loss on sales of shares of subsidiaries and associates	373	
Special retirement expenses	25	
Compensation expenses	36	629
Income before income taxes		23,138
Income taxes - current	5,937	
Income taxes - deferred	(275)	5,661
Net income		17,476

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



## Statement of Changes in Net Assets

(From April 1, 2014)  
(To March 31, 2015)

(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
						Reserve for reduction entry of replaced property	General reserve	Retained earnings brought forward	
Balance at beginning of current period	14,517	15,599	590	16,190	594	4	16,970	60,256	77,825
Cumulative effects of changes in accounting policies								911	911
Restated balance	14,517	15,599	590	16,190	594	4	16,970	61,168	78,737
Changes of items during period									
Issuance of new shares	5,267	5,267		5,267					
Reversal of reserve for reduction entry of replaced property						(4)		4	-
Dividends of surplus								(3,809)	(3,809)
Net income								17,476	17,476
Purchase of treasury shares									
Disposal of treasury shares			315	315					
Net changes of items other than shareholders' equity									
Total changes of items during period	5,267	5,267	315	5,583	-	(4)	-	13,671	13,666
Balance at end of current period	19,785	20,867	906	21,773	594	-	16,970	74,839	92,404

(in Millions of Yen)

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at beginning of current period	(235)	108,297	17	1,219	109,534
Cumulative effects of changes in accounting policies		911			911
Restated balance	(235)	109,209	17	1,219	110,446
Changes of items during period					
Issuance of new shares		10,535			10,535
Reversal of reserve for reduction entry of replaced property		-			-
Dividends of surplus		(3,809)			(3,809)
Net income		17,476			17,476
Purchase of treasury shares	(1)	(1)			(1)
Disposal of treasury shares	226	541			541
Net changes of items other than shareholders' equity			(17)	(423)	(441)
Total changes of items during period	225	24,743	(17)	(423)	24,301
Balance at end of current period	(10)	133,952	-	795	134,747

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 pays dividends according to its business performance and maintains dividends of “25% of 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 as of the end of the year the balance of cash and cash equivalents has exceeded the budgeted funds necessary 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 the 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 ¥88 per share. (The annual amount will be ¥160 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  
¥88 per share of the Company’s common stock  
The total distribution is to be ¥3,141,639,424.
- (iii) Effective date of the dividend from retained earnings  
June 24, 2015

## Proposal 2 Election of Six Directors

The term of office of all the five Directors expires at the close of this General Meeting of Shareholders. Accordingly, we would like to increase the number of Directors by one in order to enhance the management system, and it is proposed that six Directors be elected.

Candidates for Directors are as follows.

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	Number of the Company's Shares Owned
1	Hitoshi Mizorogi (February 20, 1939)	<p>March 1983    Joined the Company.</p> <p>April 1984    Director of the Company.</p> <p>June 1989    Managing Director of the Company.</p> <p>July 1993    Senior Managing Director of the Company.</p> <p>July 1998    Representative Director and Vice President of the Company.</p> <p>July 1998    President of PS Company of the Company.</p> <p>June 2001    Representative Director and President of the Company.</p> <p>April 2009    Representative Director and Chairman of the Company (current position).</p>	19,643 shares

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	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>June 1995      Director of the Company.</p> <p>July 1998      Vice President of PS Company of the Company.</p> <p>July 2002      Managing Director of the Company.</p> <p>April 2003      President of PS Company of the Company.</p> <p>April 2009      Representative Director, President and General Manager of Engineering R&amp;D Division of the Company (current position).</p> <p>August 2011    General Manager of Application Development Department, Engineering R&amp;D Division of the Company (current position).</p> <p>February 2012   General Manager of Asia Pacific Sales Division of the Company.</p> <p>(Key concurrent posts)  Representative Director and President of DISCO ABRASIVE SYSTEMS K.K.  Representative Director and President of DAIICHI COMPONENTS, LTD.  President of DISCO HI-TEC TAIWAN CO., LTD.</p>	608,197 shares

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	Number of the Company's Shares Owned
3	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.</p> <p>April 1999    Deputy General Manager of Hiroshima Works of the Company.</p> <p>July 1999     General Manager of General Affairs Department of Hiroshima Works of the Company (current position).</p> <p>June 2002    General Manager of Hiroshima Works of the Company (current position).</p> <p>December 2010   Environmental Management Office Manager of the Company</p> <p>June 2011    Managing Director of the Company (current position).</p>	294,197 shares
4	Takao Tamura (September 16, 1955)	<p>April 1977    Joined the Company.</p> <p>June 1995    Director of the Company.</p> <p>July 1997     General Manager of the General Affairs Department of the Corporate Support Division of the Company.</p> <p>April 1999    General Manager of the General Affairs Department of the Company and General Manager of the Corporate Support Division of the Company.</p> <p>June 2009    General Manager of the Accounting Department, of the General Affairs Department and of the Corporate Support Division of the Company.</p> <p>June 2011    Managing Director of the Company (current position).</p> <p>September 2011   General Manager of the Corporate Support Division and General Manager of Human Resource Department of the Company (current position).</p> <p>(Key concurrent posts) Representative Director of KKM INVESTMENT Co., Ltd.</p>	2,000 shares

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	Number of the Company's Shares Owned
5	Ichiro Inasaki (April 3, 1941)	<p>April 1984 Professor of the Faculty of Science and Technology at Keio University.</p> <p>March 1998 Guest Professor at University of California, Berkeley in U.S.A.</p> <p>May 2001 Dean of the Faculty of Science and Technology at Keio University. Dean of the Graduate School of Science and Technology at Keio University.</p> <p>April 2007 Professor emeritus at Keio University. Professor at Chubu University. Director of the Institute of Science and Technology Research at Chubu University.</p> <p>April 2011 Dean of Chubu University.</p> <p>June 2011 Director of Chubu Institute for Advanced Studies at Chubu University.</p> <p>March 2012 Outside Auditor of Mitsubishi Pencil Co., Ltd. (current position).</p> <p>April 2012 Appointed Professor at Chubu University.</p> <p>June 2013 Outside Director of the Company. (current position)</p> <p>April 2015 Advising Professor at Chubu University.</p> <p>(Key concurrent posts) Outside Auditor for Mitsubishi Pencil Co., Ltd.</p>	0 shares

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	Number of the Company's Shares Owned
6	* Shinichi Tamura (March 31, 1944)	<p>October 1988 Professor at the Biomedical Research Center, Osaka University Medical School.</p> <p>April 2007 Professor emeritus at Osaka University. Guest Professor at The Center for Advanced Medical Engineering and Informatics, Osaka University (current position).</p> <p>April 2007 Director and Head of the Technology Laboratory of NBL Co., Ltd.</p> <p>August 2010 Director and Head of the Laboratory of NBL Technovator Co., Ltd (current position).</p> <p>(Key concurrent posts) Director of NBL Technovator Co., Ltd.</p>	0 shares

- Notes:
1. The person indicated by an asterisk is the candidate for the new director.
  2. There are no special interests between the candidates and the Company.
  3. Mr. Ichiro Inasaki and Mr. Shinichi Tamura are candidates for the position of outside director.
  4. Reasons for the nomination of the candidates for the position of outside director
    - (1) Although Mr. Ichiro Inasaki has not been involved in management of a company other than as an outside officer, he has specialist knowledge in the business fields of the Company, as well as a deep understanding of the Company's business lineup; therefore the Company has nominated him as an outside director candidate so that he can continue to use his depth of insight to strengthen the Company's business and offer advice and recommendations to ensure the validity and appropriateness of the decision-making of the Board of Directors.
    - (2) The reason for nominating Mr. Shinichi Tamura as a candidate for outside director is that, since he has advanced academic knowledge in technical fields related to the products of the Company, as well as a deep understanding of the manufacturing technologies of the Company, he can use his depth of insight to strengthen the Company's business. Furthermore, since he has experience as a business manager, the Company judges him capable of appropriately carrying out the duties of outside director and therefore has nominated him as a candidate for outside director.
  5. Mr. Ichiro Inasaki is currently an outside director of the Company. His term of office will be two years at the close of this Ordinary General Meeting of Shareholders.
  6. The Company has registered Mr. Ichiro Inasaki as an independent officer based on the regulations of the Tokyo Stock Exchange. If Mr. Ichiro Inasaki is reappointed, the Company intends for him to continue acting as an independent officer. Furthermore, Mr. Shinichi Tamura satisfies the requirements to be an independent officer based on the regulations of the Tokyo Stock Exchange, and thus the Company intends to register him as an independent officer with the exchange.



### Proposal 3 Election of Three Corporate Auditors

The term of office of the Corporate Auditors Tadao Takayanagi, Tadahiko Kuronuma and Kuniko Tanabe expires at the close of this ordinary General Meeting of Shareholders. It is proposed that three Corporate Auditors be elected.

This proposal has the agreement of the Board of Corporate Auditors.

The candidates for Corporate Auditors are as follows.

Candidate No.	Name (Date of Birth)	Career Summary, Title (Key concurrent posts)	Number of the Company's Shares Owned
1	Tadao Takayanagi (March 28, 1952)	<p>April 1974      Joined the Sanwa Bank, Ltd. (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.).</p> <p>July 2005      Retired from the above bank.</p> <p>July 2005      Operating Officer and Business Manager of the Zenitaka Corporation.</p> <p>March 2007    Retired from Zenitaka Corporation.</p> <p>June 2007      Permanent Corporate Auditor for the Company (current position).</p>	0 shares
2	Tadahiko Kuronuma (February 28, 1944)	<p>April 1968      Joined Mitsubishi Bank, Ltd. (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.).</p> <p>March 1997      Retired from Mitsubishi Bank, Ltd.</p> <p>March 1997      Director of Japan Racing Lease, Ltd.</p> <p>October 1998    Managing Director of Japan Racing Lease, Ltd.</p> <p>March 2007      Non-executive participating advisor of Japan Racing Lease, Ltd.</p> <p>June 2007      Corporate Auditor for Japan Racing Lease, Ltd. (current position).</p>	0 shares

Candidate No.	Name (Date of Birth)	Career Summary, Title, Responsibilities (Key concurrent posts)	Number of the Company's Shares Owned
3	* Yusei Yamaguchi (January 10, 1948)	<p>April 1971      Joined the Sanwa Bank, Ltd. (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.).</p> <p>June 1999      Executive officer of the Sanwa Bank, Ltd.</p> <p>May 2002      Managing Executive Officer of UFJ Bank Limited (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.).</p> <p>June 2003      Resigned as Managing Executive Officer of UFJ Bank Limited.</p> <p>June 2003      Representative Director and Vice President of Towa Real Estate Development Co., Ltd. (now Mitsubishi Jisho Residence Co., Ltd.).</p> <p>June 2009      Representative Director and Senior Managing Executive Officer of Unitika Ltd.</p> <p>June 2014      Director and Senior Managing Executive Officer of Unitika Ltd.</p> <p>April 2015      Director and Executive Officer of Unitika Ltd. (current position).</p> <p>(Key concurrent posts) Director of Unitika Ltd.</p>	0 shares

- Notes:
1. The person indicated an asterisk is the candidate for new corporate auditors.
  2. There are no special interests between the candidates and the Company.
  3. All three are candidates for the position of outside corporate auditor.
  4. Reasons for the nomination of the candidates for the position of outside corporate auditor.
    - (1) The reason for nominating Mr. Tadao Takayanagi and Mr. Tadahiko Kuronuma as candidates for the position of outside corporate auditor is that, since they have depth of insight regarding finance and accounting based on their knowledge and experience from participating in finance-related operations over many years, the Company has nominated them as candidates for outside corporate auditor because it wants them to continue to provide supervision of general management as corporate auditors and effective advice and suggestions utilizing their previous experience.
    - (2) The reason for nominating Mr. Yusei Yamaguchi as a candidate for outside corporate auditor is to reflect his rich experience and wide-ranging knowledge as a business manager over many years in the audits of the Company. Furthermore, for the same reason, the Company judges him capable of appropriately carrying out the duties of outside corporate auditor and therefore has nominated him as a candidate for outside corporate auditor.
  5. Mr. Tadao Takayanagi and Mr. Tadahiko Kuronuma are currently outside auditors of the

Company. Their terms of office will be eight years at the close of this Ordinary General Meeting of Shareholders.

6. The Company has registered Mr. Tadao Takayanagi and Mr. Tadahiko Kuronuma as independent officers based on the regulations of the Tokyo Stock Exchange. If Mr. Tadao Takayanagi and Mr. Tadahiko Kuronuma are reappointed, the Company intends for them to continue acting as independent officers.

Furthermore, Mr. Yusei Yamaguchi satisfies the requirements to be an independent officer based on the regulations of the Tokyo Stock Exchange, and thus the Company intends to register him as an independent officer with the exchange.

#### Proposal 4 Bonus payment to the board members

It is proposed that the bonuses to the members of the Board of Directors be as follows taking the business performance for the current period into account.

The bonus 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.

It is proposed that for the bonuses to the members of the Board of Directors for the current period, using the method where out of the 5 Directors as of the end of the period (of whom one is an outside director), the base amount for 4 of the Directors (excluding the outside director) is multiplied by a coefficient correlated with the business performance for the current period, which results in a sum of ¥188,400,000 to be paid. It is proposed, that the bonus to be paid to each Director be determined solely by the Board of Directors.