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Securities code: 5482
June 1, 2018

To our shareholders:

Takahiro Fujioka,
President
AICHI STEEL CORPORATION
1, Wanowari, Arao-cho, Tokai-shi, Aichi

NOTICE OF THE 114th GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 114th General Meeting of Shareholders of AICHI STEEL CORPORATION (the “Company”), which will be held as indicated below.

Meeting Details

- 1. Date and Time:** Friday, June 22, 2018, 10:00 a.m. (Japan Standard Time)
- 2. Venue:** **Main Conference Room, Main Building, AICHI STEEL CORPORATION**
220, Rinowari, Arao-cho, Tokai-shi, Aichi

3. Purposes:

Items to be reported;

Business Report, Consolidated Financial Statements, Financial Statements and Audit Reports concerning Consolidated Financial Statements by the Financial Auditors and the Audit & Supervisory Board for the 114th Term (April 1, 2017 to March 31, 2018)

Items to be resolved;

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Six (6) Directors
Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 4: Payment of Bonuses to Directors

Reference Document for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Surplus

With the respect to the dividend payment, taking comprehensive account of consolidated business results and payout ratio, etc., the Company will fulfill the expectations of all its shareholders.

The dividends of the 114th Term shall be as follows:

Matters concerning the year-end dividend

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets and total amount of dividends

Amount per share of common stock: ¥70

Total dividends: ¥1,377,828,130

(3) Effective date of dividend payment

June 25, 2018

Proposal 2: Election of Six (6) Directors

The terms of all current Directors will expire at the close of this General Meeting of Shareholders.

Accordingly, to promote the separation of decision-making from business execution and speed up management operations, we would like to reduce the number of Directors by four (4) and propose the election of six (6) Directors.

The candidates for the Directors are as follows, and matters regarding candidates for the Directors are on pages 4 through 6.

No.	Name	Positions in the Company	Attendance at meetings of the Board of Directors (FY2017)	Term of office as Director
1	Takahiro Iwase [Reelection]	Chairman and Director	13/13 (100%)	2 years
2	Takahiro Fujioka [Reelection]	President and Director	13/13 (100%)	7 years
3	Hiroaki Asano [Reelection]	Executive Vice President and Director	13/13 (100%)	6 years
4	Koichi Yasui [Reelection] [Outside] [Independent]	Director	10/13 (77%)	3 years
5	Yuko Arai [Reelection] [Outside] [Independent]	Director	11/13 (85%)	2 years
6	Motoshi Nakamura [New]	Senior Managing Executive Officer	-	-

- Notes:
1. There are no special interests between the candidates and the Company.
 2. Mr. Koichi Yasui and Ms. Yuko Arai are candidates for Outside Director.
 3. The Company has designated Mr. Koichi Yasui and Ms. Yuko Arai as “Independent Director” pursuant to the provisions of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
 4. The Company has concluded agreements to limit the liability for damages with Mr. Koichi Yasui and Ms. Yuko Arai as prescribed in Article 423, paragraph 1 of the Companies Act. Based on these agreements, their liability shall be limited to the amount stipulated by Article 425, paragraph 1 of the Companies Act. In the event that their reelection is approved, the aforementioned agreement is planned to continue.
 5. When appointing the candidates for Outside Director, the Enforcement Rules for Securities Listing Regulations as stipulated by the Tokyo Stock Exchange and the Nagoya Stock Exchange are used for a reference for the independence criteria, but at the time of appointment, various factors such as background, knowledge, character, etc. are holistically taken into consideration, with the most appropriate person becoming a candidate.

Candidates

No.	Name	Career summary, positions and areas of responsibility in the Company, and notable concurrent positions	Number of the Company's shares held
1	<p>Takahiro Iwase (May 28, 1952) [Reelection]</p> <p>Attendance at meetings of the Board of Directors (FY2017) 13/13 (100%)</p> <p>Term of office as Director (at the conclusion of this meeting) 2 years</p>	<p>April 1977 Joined Toyota Motor Industrial Corporation (current Toyota Motor Corporation)</p> <p>June 2005 Managing Officer of Toyota Motor Corporation</p> <p>June 2009 Senior Managing Director of Toyota Motor Corporation</p> <p>April 2011 Vice Chairman of the Board of Toyota Motor Asia Pacific (Singapore) Pte Ltd.</p> <p>June 2011 Senior Managing Officer of Toyota Motor Corporation</p> <p>June 2014 President and Director of Toyota Auto Body Co., Ltd.</p> <p>April 2016 Standing Corporate Advisor of the Company</p> <p>June 2016 Chairman and Director of the Company (to present)</p>	1,800
		<p>[Notable Concurrent Positions]</p> <p>Outside Audit & Supervisory Board Member of Chuo Spring Co., Ltd.</p>	
<p>[Reasons for Election of the Candidate for Director]</p> <p>Mr. Takahiro Iwase has been serving as Representative Director and Chairman since 2016, and as a Chairman on the Board of Directors, he strives toward frank and lively exchanges of ideas while fostering a respectful atmosphere, and has enhanced the decision making capabilities of the Board of Directors. Additionally, he has provided pertinent counsel on overall management and has been aptly performing supervision on determining important matters and business execution. Furthermore, he also possesses a wealth of business experience and knowledge regarding global business operation and overall management in the Company, Toyota Motor Corporation and Toyota Auto Body Co., Ltd. Thus, the Company proposes his continued appointment as Director.</p>			
2	<p>Takahiro Fujioka (August 31, 1954) [Reelection]</p> <p>Attendance at meetings of the Board of Directors (FY2017) 13/13 (100%)</p> <p>Term of office as Director (at the conclusion of this meeting) 7 years</p>	<p>April 1979 Joined Toyota Motor Industrial Corporation (current Toyota Motor Corporation)</p> <p>June 2006 Managing Officer of Toyota Motor Corporation</p> <p>May 2011 Standing Corporate Advisor of the Company</p> <p>June 2011 President and Director of the Company (to present)</p>	10,500
		<p>[Notable Concurrent Positions]</p> <p>Vice Chairman of the Board of Shanghai Aichi Forging Co., Ltd.</p>	
<p>[Reasons for Election of the Candidate for Director]</p> <p>Mr. Takahiro Fujioka has been serving as Representative Director and President since 2011, and while exhibiting leadership as a head manager and working to improve the Group's corporate value. He has been aptly performing supervision on determining important matters and business execution. Furthermore, he also possesses a wealth of business experience and knowledge regarding global business operation and overall management in both the Company and Toyota Motor Corporation. Thus, the Company proposes his continued appointment as Director.</p>			

3	<p>Hiroaki Asano (March 26, 1952) [Reelection]</p> <p>Attendance at meetings of the Board of Directors (FY2017) 13/13 (100%)</p> <p>Term of office as Director (at the conclusion of this meeting) 6 years</p>	<p>April 1974 Joined the Company</p> <p>January 1999 Chief of No. 2 Development Department of the Company</p> <p>June 2003 Officer and Chief of Corporate Planning Department of the Company</p> <p>June 2005 Director of the Company</p> <p>June 2008 Managing Director of the Company</p> <p>June 2010 President and Director of Aichi Techno Metal Fukaumi Company</p> <p>June 2012 Managing Director of the Company</p> <p>June 2013 Senior Managing Director of the Company</p> <p>April 2015 Director and Senior Managing Executive Officer of the Company</p> <p>April 2017 Executive Vice President and Director of the Company (to present)</p> <p>[Responsibility] General Manager of Manufacturing and Future Planning Headquarters</p>	5,600
<p>[Reasons for Election of the Candidate for Director]</p> <p>Mr. Hiroaki Asano has been serving as Executive Vice President and Director since 2017, and while exhibiting leadership as a head manager, he has been aptly performing supervision on determining important matters and business execution. He is undertaking total management toward creating leading-edge businesses and achieving optimal production as General Manager of Manufacturing and Future Planning Headquarters, and is working to improve the Group's corporate value. Furthermore, he has a wealth of business experience and knowledge regarding global business management, and overall technology in the Company. Thus, the Company proposes his continued appointment as Director.</p>			
4	<p>Koichi Yasui (January 8, 1952) [Reelection] [Outside] [Independent]</p> <p>Attendance at meetings of the Board of Directors (FY2017) 10/13 (77%)</p> <p>Term of office as Director (at the conclusion of this meeting) 3 years</p>	<p>April 1976 Joined Toho Gas Co., Ltd.</p> <p>June 2006 Executive Officer of Toho Gas Co., Ltd.</p> <p>June 2008 Director and Managing Executive Officer of Toho Gas Co., Ltd.</p> <p>June 2010 Director and Senior Managing Executive Officer of Toho Gas Co., Ltd.</p> <p>June 2012 President and Director of Toho Gas Co., Ltd.</p> <p>June 2015 Director of the Company (to present)</p> <p>June 2016 Chairman and Director of Toho Gas Co., Ltd. (to present)</p> <p>[Responsibility] Chairman and Director of Toho Gas Co., Ltd. Outside Director of Chubu-Nippon Broadcasting Co., Ltd.</p>	1,600
<p>[Reasons for Election of the Candidate for Director]</p> <p>Mr. Koichi Yasui has abundant experience, broad insight, an excellent and highly ethical character acquired through active performance as a corporate manager following experience in important positions in the sales division of Toho Gas Co., Ltd., one of the core companies in the Chubu area. Since 2015, as an Outside Director, with regard to important matters in Board of Directors deliberations, he has given proactive opinions and proposals that come from his independent position and distinct viewpoint from a background in a different industry, helping to strengthen corporate governance. Thus, the Company proposes his continued appointment as Director. (Matters regarding independence)</p> <p>Mr. Yasui is Chairman and Director of Toho Gas Co., Ltd. Although Toho Gas Co., Ltd. has transactions with the Company to operate as a usual gas supply, the Company judges that there would be no risk of conflicts of interest arising between Toho Gas Co., Ltd. and ordinary shareholders.</p>			

5	<p>Yuko Arai (January 27, 1961) [Reelection] [Outside] [Independent]</p> <p>Attendance at meetings of the Board of Directors (FY2017) 11/13 (85%)</p> <p>Term of office as Director (at the conclusion of this meeting) 2 years</p>	<p>April 1979 Joined All Nippon Airways Co., Ltd</p> <p>April 2010 Assistant Branch Manager of Osaka Office of All Nippon Airways Co., Ltd</p> <p>April 2011 Assistant Branch Manager of Tokyo Office of All Nippon Airways Co., Ltd</p> <p>April 2014 Executive Officer, Branch Manager of Osaka Office, All Nippon Airways Co., Ltd</p> <p>April 2016 Senior Executive Officer and Deputy Director of Business Center, General Manager of Kansai Branch, All Nippon Airways Co., Ltd. (to present)</p> <p>June 2016 Director of the Company (to present)</p>	900
		<p>[Notable Concurrent Positions]</p> <p>Senior Executive Officer of All Nippon Airways Co., Ltd. Executive Vice President and Director of ANA Sales Co., Ltd.</p>	
<p>[Reasons for Election of the Candidate for Director]</p> <p>Ms. Yuko Arai has abundant experience, broad insight, an excellent and highly ethical character acquired through active performance as a corporate manager following experience in important positions in the sales division of All Nippon Airways Co., Ltd and ANA Sales Co., Ltd., which have expanded their businesses globally. Since 2016, as an Outside Director, with regard to important matters in Board of Directors deliberations, she has given proactive opinions and proposals that come from her independent position and distinct viewpoint from a background in a different industry, helping to strengthen corporate governance. Thus, the Company proposes her continued appointment as Director. (Matters regarding independence)</p> <p>The Company has judged that there are no personal interests, capital interests, transactional interests, or other special interests between the candidate and the Company, and that there is no possibility of conflict of interest with general shareholders.</p>			
6	<p>Motoshi Nakamura (September 4, 1960) [New]</p> <p>Attendance at meetings of the Board of Directors (FY2017) -</p> <p>Term of office as Director -</p>	<p>April 1983 Joined Toyota Motor Corporation</p> <p>April 2014 Standing Director of Toyota Motor Corporation</p> <p>January 2018 Standing Corporate Advisor of the Company</p> <p>April 2018 Senior Managing Executive Officer of the Company (to present)</p>	2,400
		<p>[Responsibility]</p> <p>Assistant General Manager of Manufacturing and Future Planning Headquarters</p>	
<p>[Reasons for Election of the Candidate for Director]</p> <p>Mr. Motoshi Nakamura has been undertaking total management toward creating leading-edge businesses and achieving optimal production as Assistant General Manager of Manufacturing and Future Planning Headquarters, and is working to improve the Group's corporate value. Furthermore, he has a wealth of business experience and knowledge regarding global business management and production technology in Toyota Motor Corporation. Thus, the Company proposes his appointment as Director.</p>			

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

To prevent the situation where the number of Audit & Supervisory Board Members of the Company is less than the number required by law, the Company proposes to appoint one (1) Substitute Audit & Supervisory Board Member in advance.

In this proposal, the Company proposes the election of a substitute for the two Outside Audit & Supervisory Board Members currently in office, Mr. Tetsuro Toyoda and Mr. Nobuyori Kodaira. If the Substitute Audit & Supervisory Board Member assumes office as an Audit & Supervisory Board Member, his term of office will be the remaining term of the person he succeeds.

This effectiveness of this proposal expires at the start of the 115th General Meeting of Shareholders. However, limited to the period before the candidate has assumed office, conditional upon approval by the Audit & Supervisory Board, this proposal may be cancelled via a Board of Directors resolution.

This Proposal has already been approved by the Audit & Supervisory Board.

Candidate for Substitute Audit & Supervisory Board Member

Name	Career summary, positions and notable concurrent positions	Number of the Company's shares held
Yu Munakata (January 10, 1968) [New] [Outside] [Independent]	April 1997 Registered as an attorney-at-law (under the Tokyo Bar Association) April 1997 Joined Sekiya Law Office (to present) [Notable Concurrent Positions] Attorney-at-law	0
<p>[Reasons for Election of the Candidate for Substitute Audit & Supervisory Board Member]</p> <p>Although Mr. Yu Munakata has not directly been involved in corporate management, he possesses specialized knowledge regarding the law as an attorney-at-law, as well as a high level of specialized knowledge, broad insight and abundant experience regarding corporate governance and internal control, and an excellent and highly ethical character. Furthermore, as he can give useful opinions and advice on the Company's management that come from his independent position and distinct viewpoint as a lawyer, he is deemed as being able to contribute to the strengthening of corporate governance. Thus, the Company proposes his appointment as Substitute Outside Audit & Supervisory Board Member. (Matters regarding independence)</p> <p>The Company has judged that there are no personal interests, capital interests, transactional interests, or other special interests between the candidate and the Company, and that there is no possibility of conflict of interest with general shareholders.</p>		

- Notes
1. There are no special interests between the candidate and the Company.
 2. Mr. Yu Munakata is a candidate for Substitute Outside Audit & Supervisory Board Member.
 3. If this proposal is approved as originally proposed, and Mr. Yu Munakata assumes office as an Audit & Supervisory Board Member, the Company plans to designate him as an Independent Director pursuant to the provisions of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
 4. If this proposal is approved as originally proposed, and Mr. Yu Munakata assumes office as an Audit & Supervisory Board Member, the Company plans to conclude an agreement to limit the liability for damages with him as prescribed in Article 423, paragraph 1 of the Companies Act. Based on this agreement, his liability shall be limited to the amount stipulated by Article 425, paragraph 1 of the Companies Act.
 5. When appointing the candidate for Substitute Outside Audit & Supervisory Board Member, the Enforcement Rules for Securities Listing Regulations as stipulated by the Tokyo Stock Exchange and the Nagoya Stock Exchange are used for a reference for the independence criteria, but at the time of appointment, various factors such as background, knowledge, character, etc. are holistically taken into consideration, with the most appropriate person becoming a candidate.

Proposal 4: Payment of Bonuses to Directors

Taking into consideration the performance of the current term, among other factors, we propose to pay “Bonuses to Directors” at the amount of ¥111,580,000 to eight (8) Directors excluding Outside Directors as of the end of the fiscal year under review.