DENSO

Annual Report 2009

For the year ended March 31, 2009

Profile

DENSO Corporation, headquartered in Kariya, Aichi Prefecture, Japan, is a leading global supplier of advanced automotive technologies, systems and components. Since its foundation in 1949, the Company has spurred industry growth through pioneering research and development and superior quality products. As one of the world's top suppliers of automotive components, DENSO works hand-in-hand with all major automakers worldwide in the fields of climate control, engine management, body electronics, driving control and safety, hybrid vehicle components, and information and communications.

DENSO also utilizes its proprietary technologies and expertise in the fields of industrial systems and non-automotive thermal systems. The company currently employs approximately 120,000 people in 32 countries and regions including Japan.

Contents

Forward-looking Statements

This annual report contains forward-looking statements about DENSO's future plans, strategies, benefits and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which it operates and benefits and assumptions made by management. As the expectations, estimates, forecasts, and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected. DENSO, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the company undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments, risks, uncertainties and assumptions mentioned.

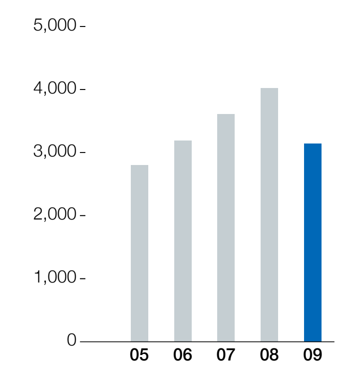
Financial Highlights

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

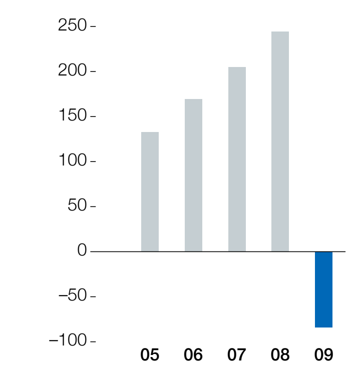
	2009	2008	2007	Percent change 2009/2008	Thousands of U.S. dollars 2009
			Millions of yen		
Net Sales:	¥3,142,665	¥4,025,076	¥3,609,700	(21.9%)	$31,992,925
Sales in Japan	1,615,771	1,976,877	1,859,046	(18.3%)	16,448,855
Sales outside Japan	1,526,894	2,048,199	1,750,654	(25.5%)	15,544,070
Net (Loss) Income	(84,085)	244,417	205,170	–	(856,001)
Total Assets	3,018,438	3,643,418	3,765,135	(17.2%)	30,728,270
Equity	1,900,719	2,282,677	2,286,956	(16.7%)	19,349,679
Capital Expenditures	314,425	343,779	312,457	(8.5%)	3,200,906
Depreciation	276,624	263,519	219,873	5.0%	2,816,085
R&D Expenses	297,148	311,474	279,890	(4.6%)	3,025,023
			Yen	Percent change	U.S. dollars
Per Share:					
Basic net (loss) income	¥ (104.13)	¥ 299.96	¥ 249.88	–	$ (1.06)
Cash dividends	40.00	54.00	45.00	(25.9%)	0.41
Equity	2,220.89	2,658.06	2,668.82	(16.4%)	22.61
			Billions of yen	Percent change	
Foreign Exchange:					
Foreign exchange (loss) gain	¥ (56.6)	¥ 14.9	¥ 29.8	–	
U.S. dollar	(22.5)	(7.5)	11.0	200.0%	
Euro	(8.0)	9.7	9.0	–	
Impact of ¥1/U.S.$ change	1.9	2.6	2.3	(26.9%)	
Impact of ¥1/Euro change	0.4	0.8	0.7	(50.0%)	
			Yen	Percent change	
Average Exchange Rate:					
Yen/U.S. dollar	¥ 100.90	¥ 113.24	¥ 116.10	(10.9%)	
Yen/Euro	146.14	160.26	148.69	(8.8%)	
Number of Employees	119,919	118,853	112,262		

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23=US$1, the approximate exchange rate prevailing on March 31, 2009, the last trading day of the fiscal year.

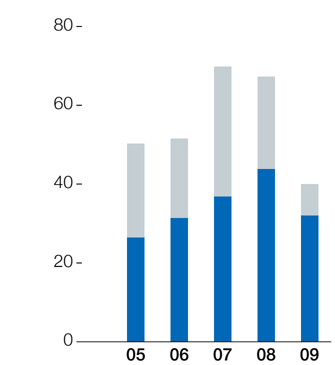
Net Sales
(Billions of yen)



Net (Loss) Income
(Billions of yen)



Dividends
(With Treasury Stock Repurchases)
(Billions of yen)



Cash dividends
Treasury stock repurchases

Figures of the treasury stock repurchases show the amounts that have been purchased between the general shareholders' meeting of one year to the next.

A Message From the President

Nobuaki Katoh
President and CEO

Review of Fiscal 2009

The start of fiscal 2009, the year ended March 31, 2009, was marked by the appearance of negative signs in the global economy. In the fall, when financial insecurity intensified, business conditions deteriorated precipitously, largely in developed countries. The auto industry, which had been expanding up through last year, reversed course and the global market contracted.

In response to this rapid deterioration in business conditions, the DENSO Group as a whole carried out emergency company-wide measures that included reining in spending by comprehensively reviewing expenditures and streamlining business processes chiefly in administrative and back-end divisions.

Our financial performance in fiscal 2009 was as follows: Net sales totaled ¥3,142.7 billion, a 21.9% decrease from the previous fiscal year, due to a decline in global automobile production and currency exchange losses. To boost earnings we worked to rationalize and streamline every aspect of management through cost cutting and other measures. However, we ended up recording an operating loss of ¥37.3 billion due to decreased earnings associated with lower sales, currency exchange losses and other factors. We also incurred extraordinary losses in connection with the application of impairment accounting to production facilities at overseas Group companies due to the steep declines on US markets. As a result, we posted a net loss of ¥84.1 billion.

All regions—Japan, the Americas, Europe, Asia and Oceania—saw decreases in both revenues and earnings due to automobile production cuts around the world.

Initiatives for Mid-term Profit Recovery

The business climate going forward will continue to be as challenging as it has ever been, given that auto production is not likely to recover over the short term and the yen continues to maintain its strength.

Based on this understanding of the current situation, we have devised a policy for structural reform that consists of building a streamlined and lean business structure and developing systems for future growth in order to ensure DENSO continues to develop. The policy reflects the thoughts of executives and employees on how we need to change over the next three years.

Building a Streamlined and Lean Business Structure

The first facet of the policy, building a streamlined and lean business structure, consists of two important initiatives.

The first is reducing fixed costs. Various measures have been implemented since last year, starting with comprehensive reviews of all expenditures, but we plan to make even deeper cuts to fixed costs going forward. Specifically, in the area of capital investment, we will temporarily freeze investment to augment production and focus on investment related to new model compliance and rationalization measures deemed effective in reducing costs. By doing so, we will keep investment in fiscal 2010 to around half of fiscal 2009's level.

The entire company will carry out expense-cutting initiatives under the leadership of the Business Innovation Center that was established in April 2009. For research and development costs, we will closely review development projects qualitatively and quantitatively, while looking at the relative importance of each project, its future profitability and other factors. Cuts will then be made on this basis. In addition, we will curb labor costs by taking steps that will include streamlining work processes and reviewing bonus levels.

The second aspect of building a streamlined and lean business structure is streamlining and standardizing business processes in administrative and back-end divisions. We will look at the necessity of existing processes and how work has been carried out to date and then strive to simplify and standardize processes. Personnel generated by the streamlining activities will be power shifted to priority areas like technology development.

Building a Streamlined and Lean Business Structure: Thoroughly Reducing Fixed Cost

CAPEX Reduction

FY2009
¥314.4 Billion

–¥158.4 Billion

After FY2010
¥156.0 Billion

Effective Usage for R&D Expenses

FY2009
¥297.1 Billion

–¥37.1 Billion

After FY2010
¥260.0 Billion

Expense Reduction

- Cost reduction activities in all divisions/sections conducted by new special department "Business Innovation Center"
- 25% expense reduction compared to FY2009

Labor Cost Reduction

- Bonus for directors is zero at June 2009
- Vastly cut bonus for managers and associates
- Cut salaries for directors and managers

Aim to Reduce Fixed Cost by More Than ¥100 Billion.

Developing Systems for Future Growth

Developing systems for future growth has three pillars—business, cost and management—and we will strengthen our corporate structure on this basis.

The priority initiative associated with the first pillar, business, involves technological innovations to improve fuel efficiency and reduce carbon dioxide emissions. Automakers are breaking ground in electrification volume and weight reduction, and functional unification in an effort to improve fuel economy and reduce carbon dioxide emissions. In connection with this, more and more of our technology development projects have come to require coordination across divisions. We have launched a number of interdivisional projects since October 2008, including projects related to fuel efficiency technologies, engine idle-stop systems and hybrid technologies. These projects will make us more effective in developing technologies and proposing solutions to customers from a total vehicle perspective. Going forward, we will strategically invest company resources in developing exceptional technologies to build systems that will lay the groundwork for future growth.

The priority initiative of the second pillar, cost, is establishing low-cost technologies. Developing countries currently have more need for inexpensive products, rather than high-function, high- value-added products, due to the popularity of compact cars in emerging markets. DENSO to date has specialized in products for developed countries and luxury automobiles; developing low-cost products has not been our focus. It is important that we first gain an accurate understanding of the needs of local customers, even if it means starting businesses on a small scale. We will gain practical experience in this way and then facilitate growth in the compact car business by accelerating development of low-cost products.

The third pillar, management, involves continuing to restructure management systems in order for us to make it through these difficult times and generate further growth. The DENSO Group will pool its collective resources even more than in the past so that our collective strength is more fully leveraged.

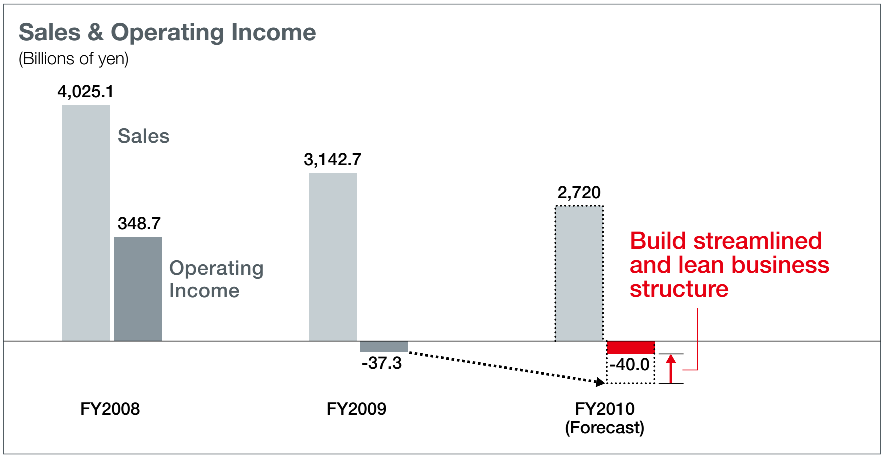
Developing Systems for Future Growth

Business	■ Technology innovations for fuel efficiency/CO_2 reduction ■ Strengthening of regional competitiveness
Cost	■ Establish low-cost technologies ■ Value-added improvement
Management	■ Management to maximize group capability ■ Mind-set that takes on challenges

Outlook for Fiscal 2010

Although we'll be implementing our policy for structural reform, DENSO's performance in fiscal 2010 will be affected by further expected declines in global automobile sales caused by the prolonged economic recession. For this reason, we are projecting net sales of ¥2,720.0 billion, an operating loss of ¥40.0 billion and a net loss of ¥19.0 billion, which would mean two straight years of lower revenues and lower earnings. However, we aim to return to profitability in the near future through the initiatives to improve earnings that were described in the last section.

	FY2010 (Forecast)	FY2009	Change	
Foreign Exchange Rate	¥95/$ ¥125/Euro	¥101/$ ¥146/Euro	–¥6 –¥21	
				(Unit: Millions of Units)
Domestic Car Production	8.13	10.00	–1.87	–18.7%
Overseas Car Production of Japanese Manufacturers (North America)	10.56 (3.45)	11.24 (3.65)	–0.68 (–0.20)	–6.0% (–5.5%)



Aim to Return to Black as Quickly as Possible

Policy on Returning Profits to Shareholders

At DENSO, we consider the proactive return of profits to shareholders to be one of the Company's most important management objectives. This involves a combination of dividends and share buybacks.

Our fundamental policy is to consistently increase the cash dividend per share over the long term, giving due consideration to a comprehensive range of factors that include consolidated business performance and the dividend payout ratio.

However, the dividend for fiscal 2009 will be ¥40 per share, ¥14 less than the previous fiscal year, as we determined that it would be exceedingly difficult to maintain the same dividend as last year due to our unprecedentedly poor performance.

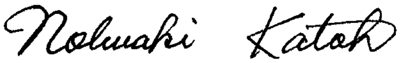
We continued to buy back shares, while considering cash flow, for the purpose of increasing per-share corporate value, returning more profits to shareholders and ensuring capital policy flexibility to meet changes in business conditions. In fiscal 2009, we bought back 3.08 million shares (¥8.4 billion) in August 2008, but we desisted acquiring additional shares to prioritize securing cash reserves in light of the sharp drop-off in financial performance that followed.

The business climate continues to be harsh and the outlook is extremely unclear, so priority will be placed on securing enough funds for minimally necessary business investment and development and on paying a dividend. For this reason, we will be very cautious about acquiring additional shares going forward.

In order to further raise shareholder value, we must improve performance and steadily generate earnings. For this reason, we plan to return to the black as soon as possible and reform our business structure by promoting, with a sense of urgency, the aforementioned initiatives in line with our profit recovery plan.

We will continue to strive to meet the expectations of shareholders and investors, and we thank you for your continuing understanding and support.

July 2009



Nobuaki Katoh *President and CEO*

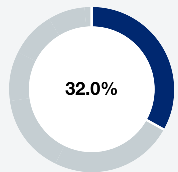
Review of Operations by Segment

Business Segment | Percentage of Net Sales | Major Topics of Fiscal 2009

Automotive

Thermal Systems

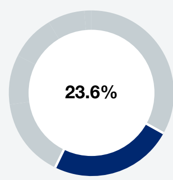
Sales
¥1,006.9 billion (–21.8%)



- Developed smaller air-conditioning unit for a compact car. *(See page 7.)*
- Developed plant-derived resin radiator tank. *(See page 8.)*

Powertrain Control Systems

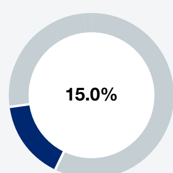
Sales
¥741.9 billion (–21.1%)



- DENSO MANUFACTURING KITAKYUSHU CO., LTD. completed factory expansion and started producing fuel injectors for diesel common-rail systems in July 2008 and fuel pump modules the following month. *(See page 7.)*
- Established DENSO Powertrain Technologies Corporation in November 2008 to accommodate powertrain control systems for vehicles and engines.

Information and Safety Systems

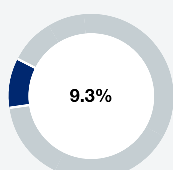
Sales
¥471.4 billion (–27.5%)



- Developed a new millimeter-wave radar system (for detecting obstacles located in front of a vehicle) with nearly half the volume and at a much lower cost than the previous model. *(See page 7.)*
- Developed remote touch controller. *(See page 8.)*
- Developed a multi-information display. *(See page 9.)*

Electric Systems

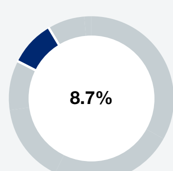
Sales
¥293.6 billion (–20.2%)



- Developed starter for idle-stop system. *(See page 9.)*
- Started production of electronic control unit (ECU) for electric power steering (EPS) system at TIANJIN DENSO ELECTRONICS CO., LTD. in China in May 2008. *(See page 7.)*

Electronic Systems

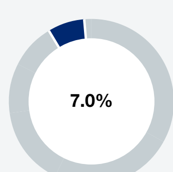
Sales
¥272.9 billion (–22.0%)



- DENSO ELECTRONICS CORPORATION held a completion ceremony in January 2009 for a new factory that produces automotive semiconductor products. (Volume shipments started in April 2009.) *(See page 7.)*
- Developed ECU that is half the size of conventional units. *(See page 9.)*

Small Motors

Sales
¥218.3 billion (–19.4%)

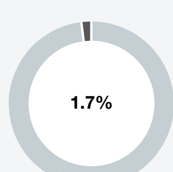


- In China, ASMO (GUANGZHOU) SMALL MOTOR CO., LTD. started production of EPS motors in May 2008.
- Developed a concealed rear wiper. *(See page 9.)*

Non-automotive

Industrial Systems and Consumer Products

Sales
¥52.8 billion (–9.7%)



- Started shipments of the IC (integrated circuit) card reader/writer for the “taspo” contactless IC card for age verification at cigarette vending machines in Japan. *(See page 7.)*
- Developed the ECO-Cute water heater system for small households (one or two individuals). The system uses a natural substance, carbon dioxide (CO_2), as a refrigerant. The space taken up by this system is much less than with conventional water heaters. *(See page 7.)*

Notes: 1. Percentages in parentheses are changes from previous year.
2. In addition to the above, the other business segment recorded net sales of ¥84.7 billion.


DENSO MANUFACTURING KITAKYUSHU CO., LTD.


Millimeter-wave radar

TIANJIN DENSO ELECTRONICS CO., LTD.

DENSO ELECTRONICS CORPORATION


IC card reader/writer


ECO-Cute water heater system for small households

New Products

Thermal Systems

A Smaller Air-Conditioning Unit for Compact Cars

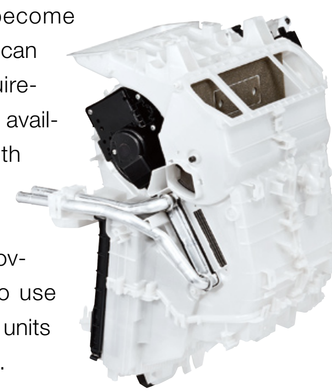
DENSO developed an air-conditioning (AC) unit for compact cars with a volume about 20 percent less than conventional units. This new unit made its debut in the Toyota iQ, which went on sale in Japan in November 2008.

Why create a smaller air-conditioning unit?

When Toyota started development in 2002 of the iQ, its smallest-ever vehicle, an instrument panel project team was formed. The iQ was an unprecedented challenge: creating a four-passenger vehicle less than three meters long. Every component had to be made smaller. Three years later, specifications were finally decided. Engineers had to strike the perfect balance between cost and available space. As part of this project, DENSO developed an AC unit that is approximately 20 percent smaller in volume than a conventional unit (see below). This was accomplished by developing a compact blower unit and then integrating the main unit and blower unit. Moreover, the unit can be placed in the center of the instrument panel between the driver and the front-seat passenger, rather than in front of the passenger seat as is customary. The result is more legroom for the front passenger (see below).

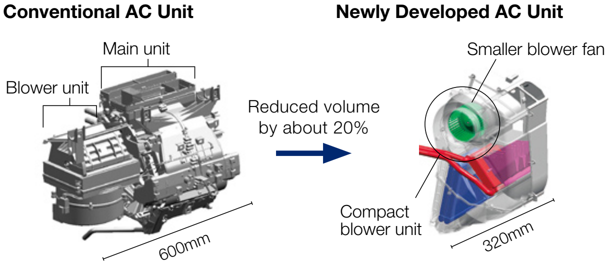
Much potential for growth

This newly developed compact air-conditioning unit was configured specifically for the iQ. For this application, a design with a central vertical center layout was the best solution. Demand from automakers will probably become even greater for AC units that can be shaped to meet the requirements of specific models and available cabin interior space. With this AC unit, DENSO has created proven technologies for downsizing the fan while improving performance. We plan to use these technologies to develop units with even better performance.



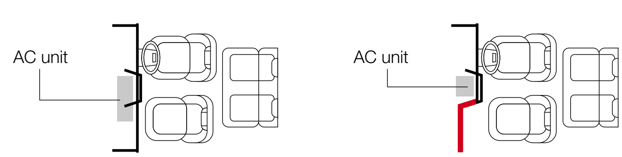
Unitized Design

Conventional AC Unit | **Newly Developed AC Unit**



Central Placement

Conventional Package | **iQ Package**



Making the AC unit smaller opens up more legroom for the front-seat passenger, thereby significantly improving comfort.

Thermal Systems

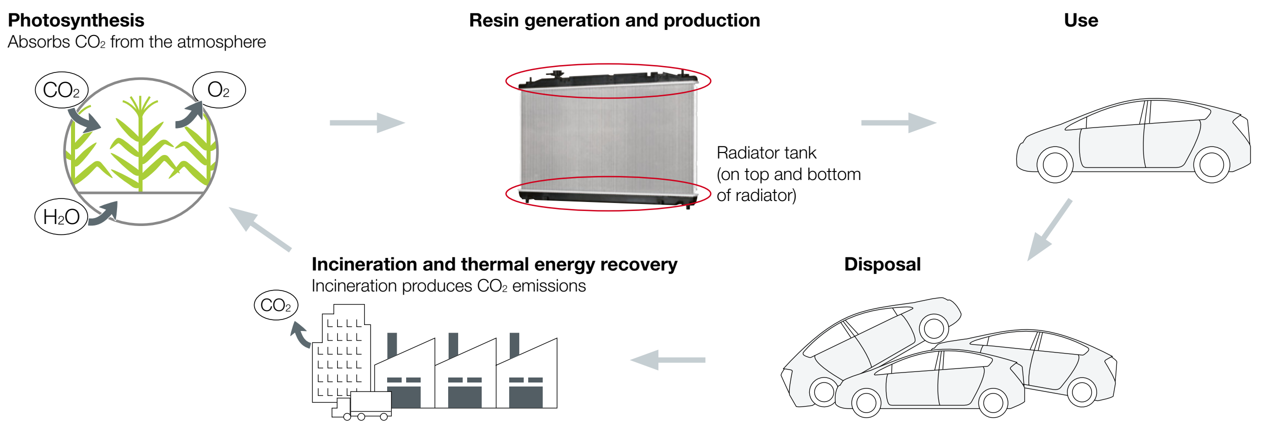
Plant-Derived Resin Radiator Tank

DENSO developed a radiator tank made of a resin that is produced primarily from an organic compound extracted from the castor-oil tree*. Volume production is to begin in the summer of 2009. This innovative resin was jointly developed with DuPont Kabushiki Kaisha.

The main material used for this new radiator tank is extracted from castor-oil trees, which absorb CO_2 from the atmosphere. As a result, the new radiator tank limits the increase in atmospheric CO_2 compared to conventional radiator tanks made of fossil-fuel materials, as thermal energy is recovered during incineration of the tank after use.

* Castor-oil tree: A plant of the euphorbiaceae (spurge) family. Castor oil is extracted from castor bean seeds.

Recycling of Plant-derived Resins

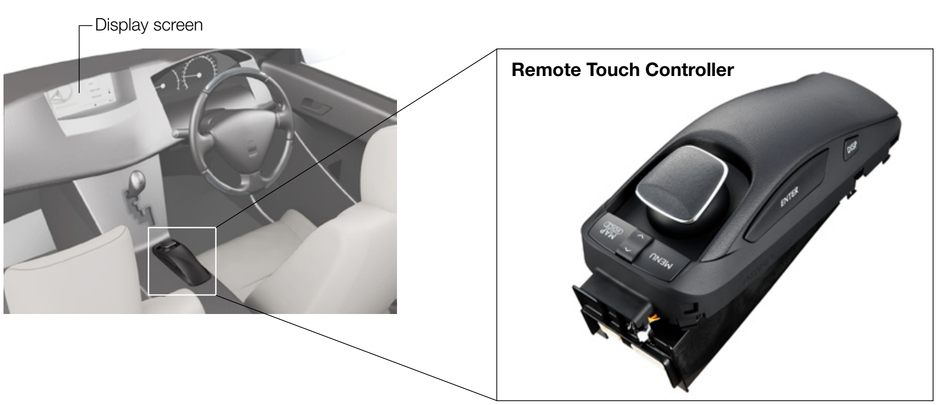


Information and Safety Systems

Remote Touch Controller

Conveniently mounted in the center console, DENSO's remote touch controller allows remote control of a car's navigation system, audio system, air-conditioning system and other cabin equipment. The driver operates these systems by using knobs in the center of the controller. Operating the knobs moves a cursor on the display screen, which is located in the upper section of the center console for easy visibility. The process is much like using a computer mouse. This is the first vehicle systems controller in the world to feature a cursor moving two-dimensionally on the display screen.

Image of Vehicle Installation



Information and Safety Systems

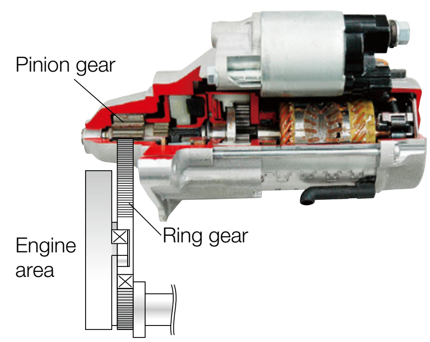
Multi-Information Display

DENSO introduced a multi-information display that for the first time combines information for the SD (secure digital) memory navigation, air-conditioning, audio, drive information warnings and other display functions. The driver selects the navigation mode or multi-information mode by using a switch on the steering wheel.

Electric Systems

Starter for Idle-Stop System

DENSO and Toyota jointly developed a new starter for idle-stop systems, a component that contributes greatly to cutting fuel consumption and CO_2 emissions. Starters for these systems require the durability to withstand engine restarts that follow almost every vehicle stop. In addition to meeting this requirement, the new starter achieves smooth engine stops and restarts by adopting a permanent engagement mechanism for the starter pinion gear and engine ring gear. The new starter made its debut in November 2008 in a new Toyota European model.



Electronic Systems

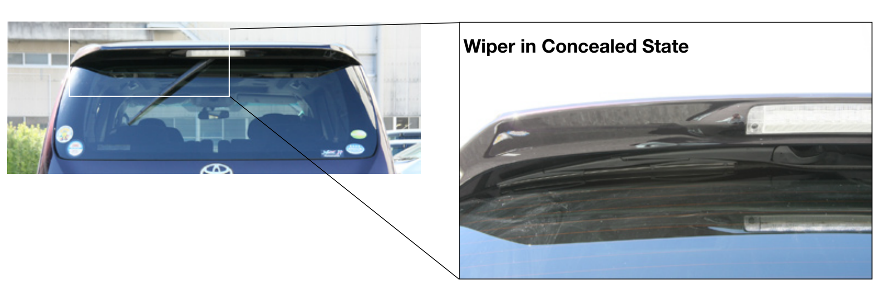
Half-Size Electronic Control Unit

This new ECU uses an eight-layer build-up substrate. This allows us to increase mounting efficiency by adding two layers without changing the substrate thickness. In addition, the new ECU uses a smaller waterproof connector with a redesigned terminal structure. The electronic devices, including the microprocessor and resistors, are reduced in size. Furthermore, several power ICs are integrated into a single power IC. Collectively, these advances made it possible to cut engine ECU volume by about half compared with conventional units.

Small Motors

Concealed Rear Wiper

DENSO developed a compact rear wiper motor that allows placement in the top of a vehicle's rear door. The rear wiper is concealed using the spoiler, which gives the driver an unobstructed rear view.



Wiper in Concealed State

Working to Enhance Corporate Value

CSR Overview

DENSO defines its corporate social responsibility (CSR) as contributing to the sustained development of society to support the continued growth of the Group. Accordingly, in conjunction with our economic contribution to society through our business results, we are also working to enhance our contribution in the environmental and social spheres. With this in mind, we have established a dedicated CSR Promotion Center to strengthen Group-wide CSR activities.

Our CSR activities have earned high marks outside the Group. For example, DENSO has regularly been included in socially responsible investment indices. It has been listed in the Dow Jones Sustainability Indexes (DJSI) for nine consecutive years and in the Ethibel Sustainability Index (ESI) every year since 2004.

CSR Framework

DENSO has created a shared CSR framework, shown in the diagram below, for the entire Group to systemize an emphasis on CSR across all its activities.

CSR Activities

The DENSO Group is leveraging its unique strengths in three key areas of its CSR activities: environmental conservation, corporate citizenship, and respecting associates and their diversity. Below, we explain our activities in these areas in more detail.

Environmental Conservation

Aiming for growth balanced with consideration for the environment, DENSO is working to help solve a wide range of environmental issues. Specifically, we are focusing on four key areas in line with the basic environmental policy and action plan set out in DENSO EcoVision 2015, formulated in fiscal 2006. The policy and action plan guide our approach to issues such as global warming, recycling, and substances with environmental impact. Under EcoVision 2015, our four key areas of focus are: Enhancing the development of environmentally friendly products; Ascertaining then reducing the volume of CO_2 emitted by all our corporate activities; Steadily reducing our global environmental impact; Reinforcing Group-wide environmental management.

Corporate Citizenship

DENSO is aiming to win even greater trust from the international community through efforts to coexist with local communities worldwide. To realize this objective, we formulated the DENSO Group Basic Policy for Corporate Citizenship Activities in fiscal 2007. This policy defines two key areas where DENSO can use its unique strengths to best effect—develop people (creating programs for fostering youth and supporting people with disabilities), and promoting harmony with the environment. The policy also promotes Group-wide efforts to create a corporate culture that encourages the participation of all employees in corporate citizenship activities.

Respecting Associates and Their Diversity

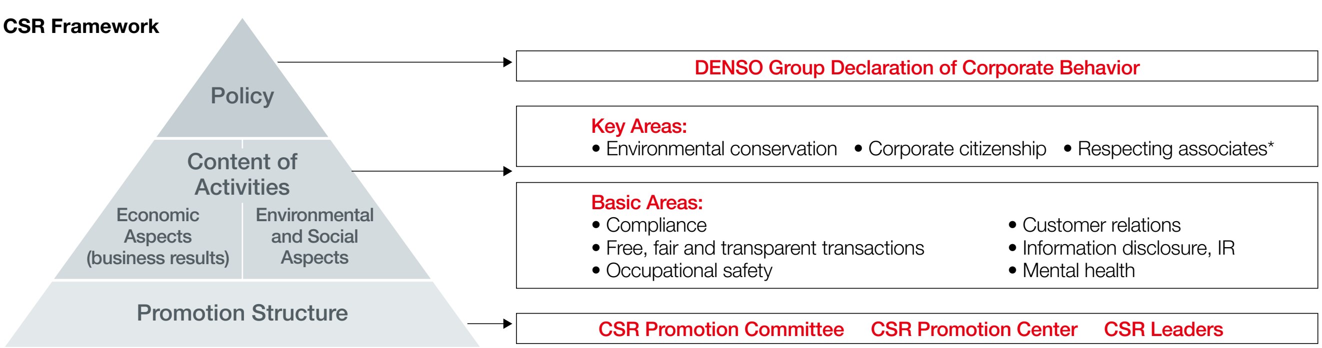
We provide in-depth human resources development from a medium- to long-term perspective so that employees can maximize their capabilities.

DENSO considers the basis of development to be continuous on-the-job training. In addition, DENSO is promoting its off-the-job training designed to enhance the knowledge and skills of employees in a systematic manner. These and other approaches are part of support given to employees to help them demonstrate their abilities and attain even higher goals. For several years now we have been focusing our efforts on the development of a global training system for DENSO Group employees worldwide, who now number approximately 120,000. Measures include teaching employees the “DENSO Approach to Working” and promoting activities designed to share the DENSO Spirit, which embodies the shared set of values we have held dear since our foundation.

Corporate Governance

DENSO regards the establishment of sound corporate governance as a key management task and is working to further improve its provisions in this regard. The Company sees this as vital to raise Group competitiveness, in order to maintain and improve long-term business performance in today’s rapidly changing global markets. DENSO has adopted the corporate auditor system. In addition to statutory bodies such as the General Meeting of Shareholders, the Board of Directors and the Board of Corporate Auditors, as well as the Accounting Auditor, DENSO has put in place a number of

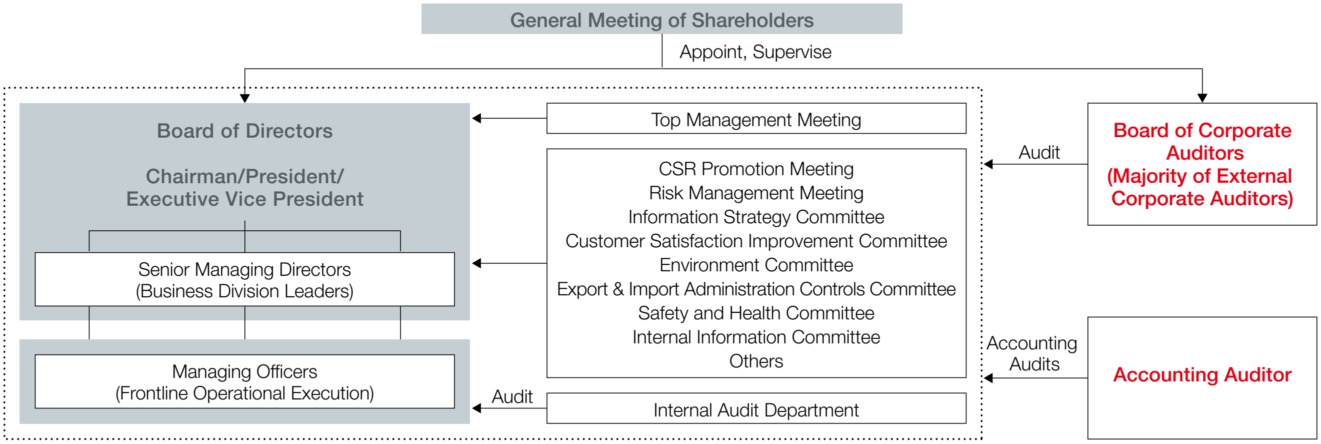
CSR Framework



* Including respect for human rights

Corporate Governance System

Basic internal control policy is decided by the Company's Board of Directors, and the corporate governance system is as illustrated below.



internal control mechanisms. Furthermore, through the ongoing provision of management information to shareholders and other investors, the Company practices sound, highly efficient and transparent management.

In order to speed up decision-making and operational execution, DENSO has adopted a managing officer system, whereby the number of directors is reduced and managing officers are appointed. Under this system, directors oversee activities in all business divisions and play a bridging role between management and day-to-day operations, while managing officers focus exclusively on business execution in each business division. In addition, the term of office for directors is set at one year to create a management structure capable of adapting flexibly to changes in the business environment and to further clarify management responsibility for each business term. DENSO has also established an "executive meeting" system whereby two bodies are involved in making decisions regarding business operations. The Board of Directors makes final decisions on statutory and important matters as the decision-making body, while the Top Management Meeting acts as a deliberative body that debates matters from a Group-wide perspective and submits proposals to the Board of Directors.

The Company's two standing corporate auditors and three external corporate auditors are responsible for monitoring the execution of duties by directors and auditing the operations and financial condition of DENSO Corporation and its domestic and overseas subsidiaries. In addition to the statutory appointment of corporate auditors, the Company's audit system also comprises dedicated internal audit departments at the parent company and key domestic and overseas subsidiaries. There were 40 staff in total assigned to this role as of March 31, 2009. The Company is working to strengthen the corporate auditors' function, having established a Corporate Auditors Office as a full-time staff for corporate auditors. In terms of audit methods, DENSO's business divisions and domestic and overseas subsidiaries have voluntary inspection systems by which they inspect the status of their own internal controls, while the internal audit departments continuously conduct audits to ensure compliance with laws and the appropriateness of the Company's own management and business procedures. DENSO's corporate auditors meet monthly with the departments in charge of these audits to discuss audit results and reports and exchange opinions, working to raise the efficiency and quality of audits. Deloitte Touche Tohmatsu has been selected as DENSO's accounting auditor, and performs accounting audit duties. The corporate auditors, the Internal Audit Department, and the accounting auditor have a cooperative relationship, whereby they exchange information and opinions regularly, or as needed, so as to facilitate appropriate and efficient audits. This cooperation includes holding reporting meetings and giving audit reports.

Compliance

DENSO considers legal compliance as fundamental to appropriate corporate conduct, and is focusing efforts on instilling an awareness of compliance in every single employee. For instance, it formulated the Code of Conduct for DENSO Group Associates, and is taking steps to ensure that all employees are aware of this code and adhere to it as a matter of course. At the same time, the Company has established a Business Ethics Hotline, which offers all employees, including contract, temporary and other employees, the opportunity to ask questions or obtain advice from outside legal counsel and the Company's Legal Department. In fiscal 2008, the hotline received some 180 inquiries. In addition, DENSO is proactive in promoting awareness of ethical matters, offering regular compliance education by employee level and publishing a compliance-related newsletter. In fiscal 2008, the Company started offering twice-yearly e-learning courses to all employees with personal computers.

For further details, please visit http://www.globaldenso.com/en/csr/ on DENSO's website, including the CSR Report

Executive Management

(As of June 24, 2009)

Board of Directors

Chairman
Koichi Fukaya

President and CEO
Nobuaki Katoh

Executive Vice President
Hiromi Tokuda

Executive Vice President
Kenji Ohya

Senior Managing Directors
Mitsuharu Kato
Koji Kobayashi
Kazuo Hironaka
Sojiro Tsuchiya
Hikaru Sugi
Shinji Shirasaki

Director
Shoichiro Toyoda

Corporate Auditors

Standing Corporate Auditors
Toshio Watanabe
Masato Iwase

Corporate Auditors
Fujio Cho*
Tamiki Kishida*
Tsutomu Saito*

*External Corporate Auditors

Managing Officers

Shigehiro Nishimura
Yasushi Nei
Mitsunori Takao
Mitsuhiko Masegi
Masahiko Miyaki
Akio Shikamura
Haruya Maruyama
Manfredo Nicolelli
Yoshikazu Makino
Mikio Kumano
Akio Tajima
Yasushi Yamanaka
Yoshitaka Asano
Michio Adachi
Hiroyuki Wakabayashi
Satoshi Iwata
Akihiro Yukawa
Masahiko Ito
Yoshihiro Saka
Toshiyuki Kato
Sadahiro Usui
Yoshiki Sekiguchi
Hiroyuki Murayama
Hitoshi Tasaka
Koji Arima
Katsuhisa Shimokawa
Tatsuya Toyoda
Yukihiko Murakami
Hiroyuki Ina
Shingo Kuwamura

Financial Section

Contents

Financial Review

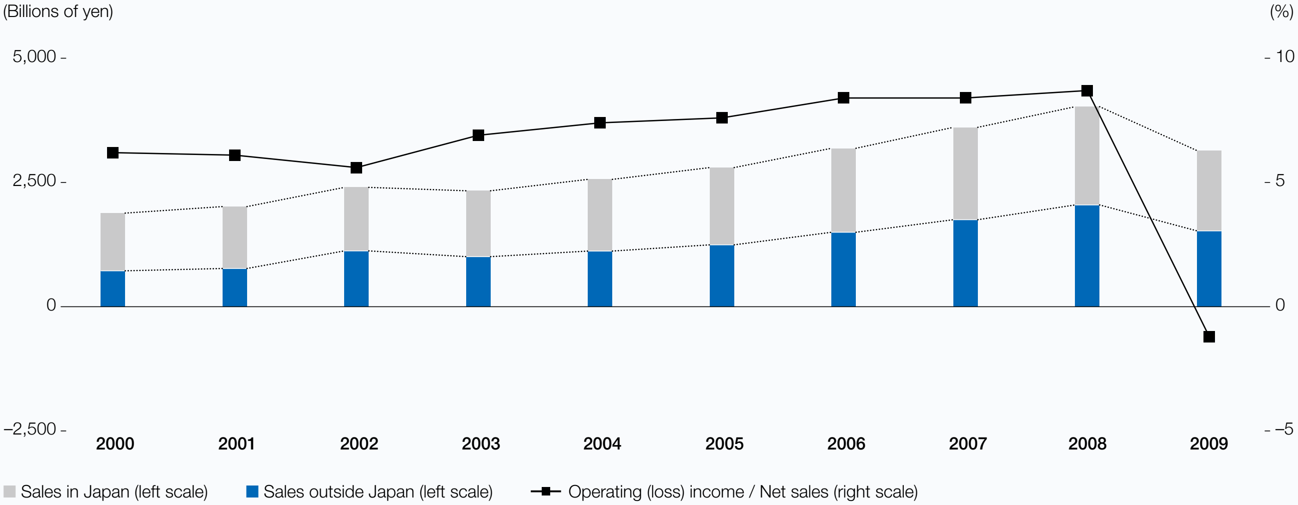
Financial Summary

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31

	2009	2008	2007	2006
Net Sales:	¥3,142,665	¥4,025,076	¥3,609,700	¥3,188,330
Sales in Japan	1,615,771	1,976,877	1,859,046	1,690,215
Sales outside Japan	1,526,894	2,048,199	1,750,654	1,498,115
Operating (Loss) Income	(37,309)	348,652	303,068	266,559
Net (Loss) Income	(84,085)	244,417	205,170	169,648
Total Assets	3,018,438	3,643,418	3,765,135	3,411,975
Equity* *2	1,900,719	2,282,677	2,286,956	2,066,303
Shareholders' Equity	–	–	–	1,970,388
Capital Expenditures	314,425	343,779	312,457	288,714
Depreciation	276,624	263,519	219,873	185,143
R&D Expenses	297,148	311,474	279,890	256,339
Net Cash Provided by Operating Activities	209,915	572,663	406,543	368,575
Per Share:				
Basic net (loss) income	¥ (104.13)	¥ 299.96	¥ 249.88	¥ 204.80
Diluted net income	–	299.70	249.56	204.62
Cash dividends	40.00	54.00	45.00	38.00
Equity*2	2,220.89	2,658.06	2,668.82	2,384.05
Ratios:				
Return on Sales (%)	(2.7)	6.1	5.7	5.3
Current Ratio (%)	208.3	162.6	151.0	160.6
Fixed Ratio (%)	97.8	95.6	104.1	102.1
Return on Equity (%)	(4.3)	11.3	9.9	9.4
Average Number of Shares (in thousands)	807,469	814,833	821,060	825,725
Number of Employees	119,919	118,853	112,262	105,723

Notes: 1. As of March 31, 2009, DENSO CORPORATION had 187 subsidiaries and applied the equity method of accounting with respect to 32 affiliates.
2. The figures for the year ended March 31, 2002 include the effect of an irregular 15-month reporting period, due to certain major overseas consolidated subsidiaries and overseas affiliates (45 companies) deciding to change their year-end to March 31 from December 31.
3. U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23=US$1, the approximate exchange rate prevailing on March 31, 2009, the last trading day of the fiscal year.

Net Sales
(Billions of yen)

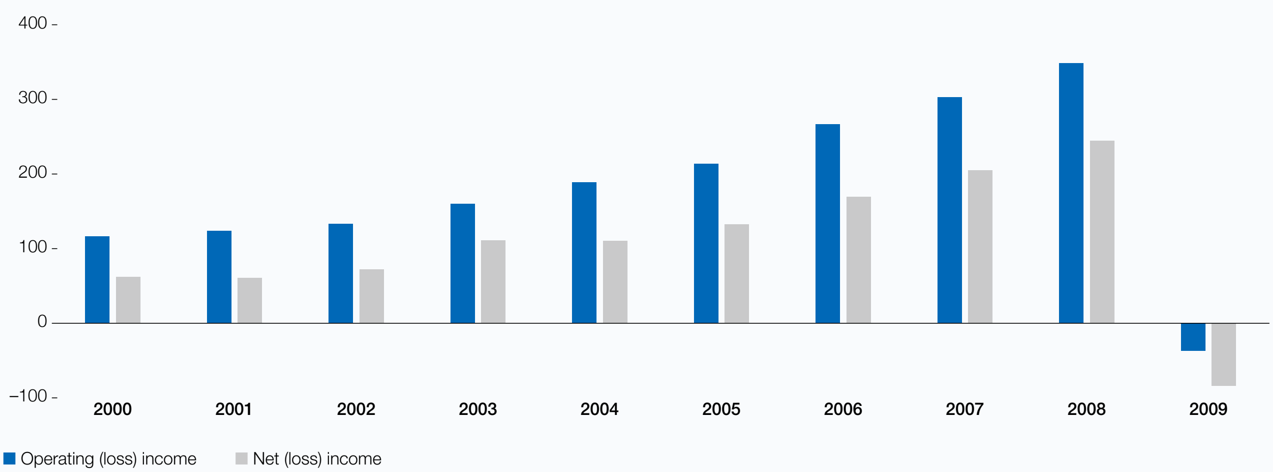


						Millions of yen	Thousands of U.S. dollars
2005	2004	2003	2002	*2002*[1] *unaudited*	2001	2000	2009
¥2,799,949	¥2,562,411	¥2,332,760	¥2,401,098	*¥2,183,062*	¥2,014,978	¥1,883,407	$31,992,925
1,554,795	1,442,645	1,325,637	1,277,865	*1,277,865*	1,245,830	1,161,016	16,448,855
1,245,154	1,119,766	1,007,123	1,123,233	*905,197*	769,148	722,391	15,544,070
213,895	188,659	159,893	133,340	*129,888*	123,526	116,682	(379,813)
132,620	110,027	111,018	72,313	*70,800*	60,799	61,913	(856,001)
2,780,982	2,526,502	2,354,657	2,361,048	–	2,343,328	2,154,251	30,728,270
–	–	–	–	–	–	–	19,349,679
1,643,182	1,509,489	1,397,888	1,421,212	–	1,451,211	1,304,400	–
235,258	196,461	171,108	193,599	*183,977*	140,447	169,953	3,200,906
160,993	151,169	146,651	147,277	*139,991*	134,416	134,706	2,816,085
238,241	214,917	182,886	185,627	*181,044*	176,959	160,055	3,025,023
273,296	231,814	267,344	206,663	–	202,127	196,020	2,136,974
						Yen	U.S. dollars
¥ 159.02	¥ 130.02	¥ 128.37	¥ 80.22	*¥ 78.54*	¥ 66.51	¥ 68.15	$ (1.06)
158.96	130.01	126.65	78.93	*77.29*	65.51	66.73	–
32.00	24.00	20.00	18.00	–	17.00	17.00	0.41
1,990.48	1,809.55	1,656.93	1,641.72	–	1,587.77	1,426.70	22.61
4.7	4.3	4.8	3.0	*3.2*	3.0	3.3	
161.4	163.0	161.2	174.0	–	199.0	227.1	
98.2	97.2	97.3	95.2	–	91.4	77.1	
8.4	7.6	7.9	5.0	*4.9*	4.4	4.9	
830,869	842,005	860,828	901,489	–	914,121	908,519	
104,183	95,461	89,380	86,639	–	85,371	80,795	

*1 The italicized figures for the year ended March 31, 2002 represent unaudited amounts calculated by management to reflect comparative income statement information including the results of these overseas companies for the 12-month period ended December 31, 2001.

*2 Section under “Equity” is newly provided to conform to Japanese new accounting standard for the fiscal 2006 and after.

Profits
(Billions of yen)



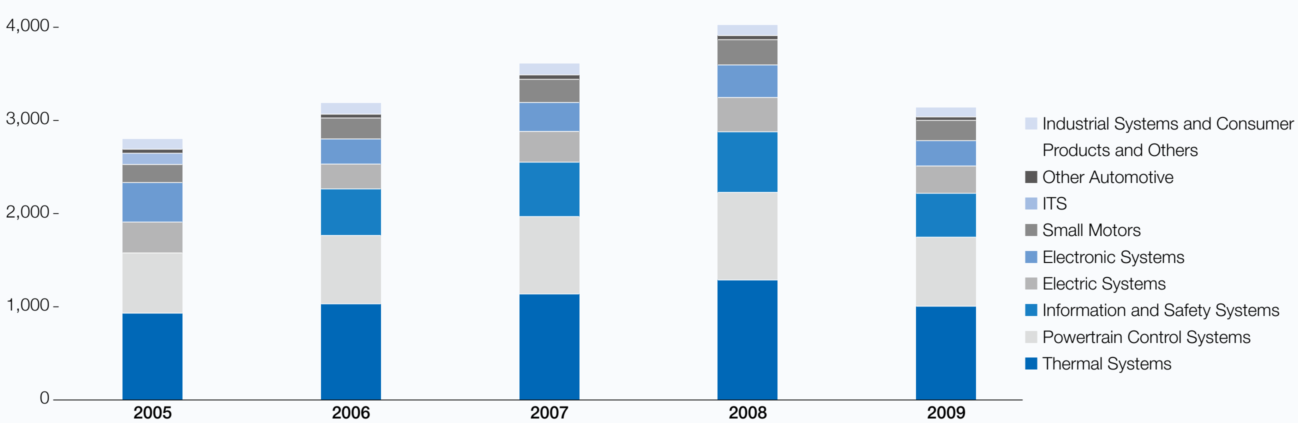
Sales by Business Segment

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31

	Millions of yen (percentage of net sales)					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2009
Thermal Systems	¥1,006,914	¥1,287,900	¥1,137,975	¥1,031,836	¥ 931,568	$10,250,575
	(32.0%)	(32.0%)	(31.5%)	(32.4%)	(33.3%)	
Powertrain Control Systems	741,873	940,162	830,111	733,520	646,166	7,552,408
	(23.6)	(23.4)	(23.0)	(23.0)	(23.0)	
Information and Safety Systems	471,432	650,044	583,873	499,843	–	4,799,267
	(15.0)	(16.2)	(16.2)	(15.7)	–	
Electric Systems	293,647	368,073	329,981	266,139	331,426	2,989,382
	(9.3)	(9.1)	(9.2)	(8.3)	(11.9)	
Electronic Systems	272,909	349,664	310,737	270,040	424,377	2,778,265
	(8.7)	(8.7)	(8.6)	(8.5)	(15.2)	
Small Motors	218,339	270,838	248,772	224,709	193,646	2,222,733
	(7.0)	(6.7)	(6.9)	(7.0)	(6.9)	
ITS	–	–	–	–	120,938	–
	–	–	–	–	(4.3)	
Other Automotive	37,634	44,423	47,513	40,730	42,677	383,121
	(1.2)	(1.1)	(1.3)	(1.3)	(1.5)	
Automotive sub-total	3,042,748	3,911,104	3,488,962	3,066,817	2,690,798	30,975,751
	(96.8)	(97.2)	(96.7)	(96.2)	(96.1)	
Industrial Systems and Consumer Products	52,815	58,511	65,628	70,258	58,920	537,667
	(1.7)	(1.5)	(1.8)	(2.2)	(2.1)	
Others	47,102	55,461	55,110	51,255	50,231	479,507
	(1.5)	(1.3)	(1.5)	(1.6)	(1.8)	
New businesses sub-total	99,917	113,972	120,738	121,513	109,151	1,017,174
	(3.2)	(2.8)	(3.3)	(3.8)	(3.9)	
Total	¥3,142,665	¥4,025,076	¥3,609,700	¥3,188,330	¥2,799,949	$31,992,925
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	

Notes: 1. U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23=US$1, the approximate exchange rate prevailing on March 31, 2009, the last trading day of the fiscal year.
2. Sales by Business Segment for the year ended March 31, 2006 and after are disclosed under new segments restructured in January 2006.

Sales by Business Segment
(Billions of yen)



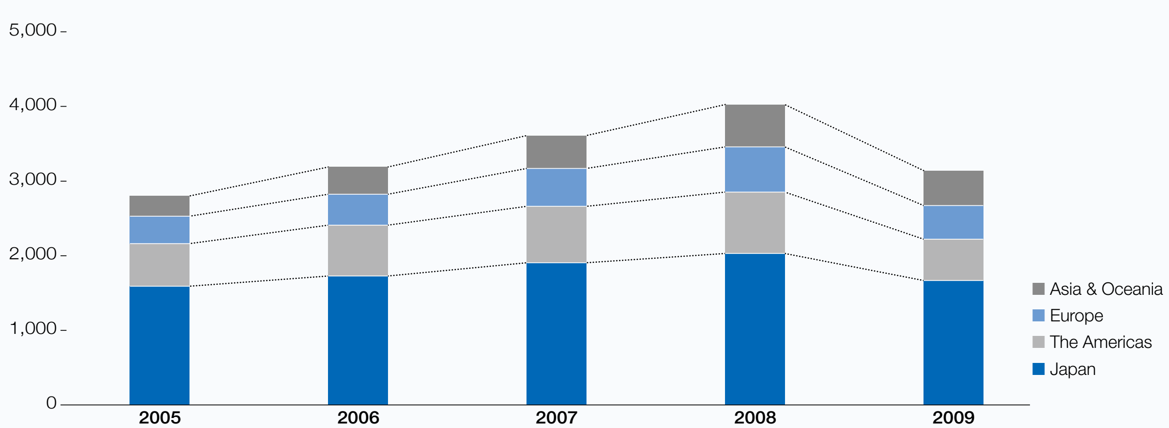
Sales by Company Location

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31

		Millions of yen					Thousands of U.S. dollars
		2009	2008	2007	2006	2005	2009
Japan	Customers	¥1,667,990	¥2,029,482	¥1,905,193	¥1,727,675	¥1,590,666	$16,980,454
	Intersegment	477,646	696,410	636,068	561,284	469,891	4,862,527
	Total	2,145,636	2,725,892	2,541,261	2,288,959	2,060,557	21,842,981
The Americas	Customers	554,213	822,982	756,250	681,367	571,053	5,641,993
	Intersegment	5,554	9,302	12,831	9,076	9,189	56,541
	Total	559,767	832,284	769,081	690,443	580,242	5,698,534
Europe	Customers	451,626	605,373	507,503	414,243	367,082	4,597,638
	Intersegment	10,858	14,904	11,796	8,804	6,968	110,537
	Total	462,484	620,277	519,299	423,047	374,050	4,708,175
Asia & Oceania	Customers	468,836	567,239	440,754	365,045	271,148	4,772,839
	Intersegment	38,847	48,918	39,447	30,064	19,757	395,470
	Total	507,683	616,157	480,201	395,109	290,905	5,168,309
Eliminations		(532,905)	(769,534)	(700,142)	(609,228)	(505,805)	(5,425,074)
Consolidated		¥3,142,665	¥4,025,076	¥3,609,700	¥3,188,330	¥2,799,949	$31,992,925

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23=US$1, the approximate exchange rate prevailing on March 31, 2009, the last trading day of the fiscal year.

Sales by Company Location
(Billions of yen)



Management's Discussion and Analysis

Business Overview

In fiscal year 2009, ended March 31, 2009, the world economy floundered, with economic conditions in developed nations particularly sluggish. The global economic downturn rapidly worsened after the fall of 2008 due to rising financial instability.

In the automotive industry, world markets contracted, reversing their expansionary trend up to the previous year. Vehicle sales in the key U.S. market nosedived year on year due mainly to the impact of stricter loan screening as well as the economic recession. Sales in emerging nations, which had hitherto maintained high growth, were also down. Growth slackened in China and sales declined from the previous year in India. In Japan, vehicle sales fell year on year for the third consecutive year as both new car registrations and sales of light vehicles declined. Vehicle production fell for the first time in seven years since fiscal 2002 because previously strong exports of finished vehicles decreased rapidly from the fall of 2008, and domestic sales slumped.

During the year, the yen gained 10.6% against the U.S. dollar and 8.8% against the euro. Average yen exchange rates against these currencies were ¥101 and ¥146, respectively.

Management Strategy: DENSO VISION 2015

Under these conditions, the Group marshaled its combined strengths to respond to the rapid worsening of its operating environment during the fiscal year under review, as well as to focus on two major policies that are key to realizing DENSO VISION 2015—"Contribute to the creation of an advanced automotive society" and "Evolve into a truly global corporation."

To achieve the first of the two major policies, as countries around the world continue to reduce CO_2 emissions and toughen fuel economy and emission regulations in order to combat global warming, we worked with Toyota Motor Corporation to jointly develop a new type of starter for idle-stop systems that substantially reduces fuel consumption. This product increases the durability of the engine by automatically stopping the engine when the vehicle comes to a stop and restarting it when it begins to move again. The product's unique structure enables the engine to stop and start smoothly. This product has been installed in Toyota vehicles sold in Europe since November 2008. Amid increasing demand for small vehicles with their favorably low fuel consumption, we developed an air conditioning system for use in compact cars that is approximately 20% smaller in size than conventional air conditioning units. This system was installed in the iQ vehicle that Toyota launched in November 2008.

As a part of our efforts to evolve into a truly global corporation, we are making maximum use of the combined strengths of the Group in order to bolster global manufacturing. In February 2009, the Group decided to establish DENSO AIR SYSTEMS CORPORATION to integrate DENSO AIRS CORPORATION, which produces pipes for car air conditioning systems, and GAC CORPORATION's air conditioning hose business. The aim of this move is to enhance the competitiveness of the car air conditioning business by consolidating both companies' development and production activities.

To fully bring to bear the capabilities of every Group employee throughout the world, since April 2008 the Group has been rebuilding the relevant infrastructure, including necessary systems, frameworks and regulations. These efforts are being led by the Globalization Promotion Office, which was established exclusively for this purpose.

One of the key themes of the Group's corporate social responsibility (CSR) initiatives is to give priority to contributing to society. In this vein, the Group conducts a variety of programs centered on developing people and promoting harmony with the environment. Our programs for developing people include those that help people with disabilities to participate in society and become more independent. DENSO Taiyo Co., Ltd., a subsidiary established in 1984 to help people with physical disabilities become more independent, plays a central role in the Group's activities in this regard. As of July 2008, the subsidiary had produced a cumulative total of 20 million vehicle meters. Going forward, every employee of the Group in all the countries and regions in which it conducts business will implement CSR initiatives, aiming to realize a corporate group that earns the trust and respect of society.

In addition to these initiatives, the Group is united in responding to a business environment that has been rapidly worsening since the middle of the fiscal year under review by further enhancing its ongoing cost-reduction activities. This includes implementing company-wide emergency measures such as curbing expenditures by means of full checks on expenses.

Net Sales

Consolidated net sales decreased compared to the previous year, falling 21.9%, or ¥882.4 billion, to ¥3,142.7 billion. This reflected lower production of vehicles worldwide and foreign currency fluctuations.

Sales by Geographic Segment

In Japan, sales totaled ¥2,145.6 billion, a decrease of 21.3%, or ¥580.3 billion, from the previous year. The decrease was due to lower production of vehicles in Japan, reduced exports of parts and other items for overseas production, and exchange rate fluctuations.

In the Americas, decreased production of vehicles in the U.S. reduced sales to ¥559.8 billion, a decrease of 32.7%, or ¥272.5 billion, from the previous year.

In Europe, lower vehicle production in European countries led to sales of ¥462.5 billion, a decrease of 25.4%, or ¥157.8 billion, from the previous year.

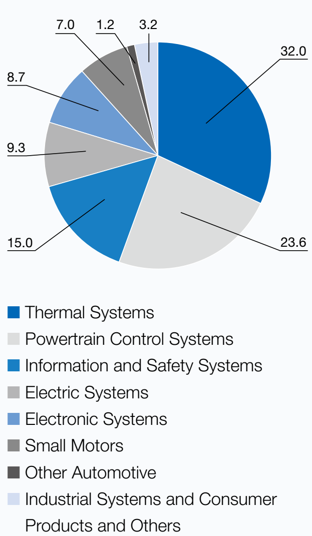
In Asia and Oceania, sales totaled ¥507.7 billion, a decrease of 17.6%, or ¥108.5 billion, from the previous year, because of lower production of Japanese vehicles in ASEAN countries.

Sales by Product Category

In the year under review, the Group recorded a decrease in sales in the automotive field of 22.2%, or ¥868.4 billion, to ¥3,042.7 billion. Sales in this area represented 96.8% of consolidated net sales, compared with 97.2% a year earlier. Sales in new business fields were down 12.3%, or ¥14.1 billion, to ¥99.9 billion, accounting for 3.2% of consolidated net sales, compared with 2.8% last year.

Sales in the six main product categories in the automotive field were as follows:

Sales Breakdown by Product Category
(%)



***Thermal Systems*:** sales decreased 21.8%, or ¥281.0 billion, to ¥1,006.9 billion, mainly due to the fact that sales of car air conditioners for European car manufacturers, which had expanded until the first half of the fiscal year, turned downward from the third quarter due to lower production of cars using these systems, in addition to lower production at Japanese automakers. Sales of thermal systems accounted for 32.0% of consolidated net sales, the same as last year.

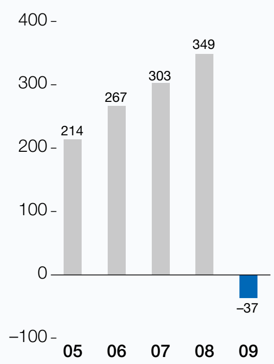
***Powertrain Control Systems*:** sales declined 21.1%, or ¥198.3 billion, to ¥741.9 billion, mainly due to the fact that sales of diesel common-rail injection systems in Europe, which had expanded until the first half of the fiscal year, turned downward from the third quarter due to lower production of cars using these systems, in addition to lower production at Japanese automakers. Sales of powertrain control systems accounted for 23.6% of consolidated net sales, up slightly from 23.4% last year.

***Information and Safety Systems*:** sales fell 27.5%, or ¥178.6 billion, to ¥471.4 billion, mainly due to decreased sales of car navigation systems resulting from lower vehicle production at Japanese and U.S. automakers. Sales in this product category accounted for 15.0% of consolidated net sales, down from 16.2% in the previous year.

***Electric Systems*:** sales decreased 20.2%, or ¥74.4 billion, to ¥293.6 billion, primarily because of lower sales of starters, alternators and other electrical components, due to lower vehicle production at Japanese automobile manufacturers. Sales of electric systems accounted for 9.3% of consolidated net sales, compared with 9.1% last year.

***Electronic Systems*:** sales decreased 22.0%, or ¥76.8 billion, to ¥272.9 billion, reflecting mainly reduced sales of engine ECUs due to lower vehicle production at Japanese automobile manufacturers. Sales of electronic systems accounted for 8.7% of consolidated net sales, the same as last year.

Operating (Loss) Income
(¥ Billion)



***Small Motors*:** sales decreased 19.4%, or ¥52.5 billion, to ¥218.3 billion, mainly due to reduced sales of motors primarily for use in wiper systems and power windows, resulting from lower vehicle production at Japanese and U.S. automakers. Sales of small motors accounted for 7.0% of consolidated net sales, compared with 6.7% in the previous year.

Operating Loss

An operating loss of ¥37.3 billion was recorded, in contrast to operating income of ¥348.7 billion in the previous year. This result was mainly due to capacity utilization losses (up ¥273.6 billion) resulting from decreased sales, foreign exchange losses (up ¥56.6 billion), deterioration in the product mix (up ¥43.2 billion), and increased personnel expenses (up ¥31.3 billion), despite savings from rationalization efforts (up ¥40.0 billion).

Operating (Loss) Income by Geographic Segment

An operating loss was recorded in Japan of ¥114.7 billion, in contrast to operating income of ¥197.5 billion in the previous year, mainly due to losses in capacity utilization resulting from decreased sales, and to foreign exchange losses.

In the Americas, operating income fell 87.8%, or ¥36.5 billion, to ¥5.1 billion, mainly due to losses in capacity utilization resulting from decreased sales.

In Europe, operating income declined 86.4%, or ¥22.9 billion, to ¥3.6 billion, mainly due to losses in capacity utilization resulting from decreased sales.

In Asia and Oceania, operating income decreased 24.8%, or ¥20.0 billion, to ¥60.5 billion, mainly due to losses in capacity utilization resulting from decreased sales.

Other Income (Expenses)

Other expenses-net totaled ¥62.0 billion, a difference of ¥78.2 billion compared with other income-net of ¥16.2 billion in the previous year. This mainly reflected equity in losses of affiliates of ¥8.3 billion, loss on sales of investment securities and affiliates' stock of ¥20.6 billion, and impairment loss on long-lived assets of ¥27.3 billion.

Net Loss

The Group recorded a loss before income taxes and minority interests of ¥99.3 billion for fiscal year 2009, compared with income before income taxes and minority interests of ¥364.8 billion in the previous year. Income taxes were a negative ¥19.8 billion, compared with ¥100.3 billion in income taxes in the previous year.

Minority interests were ¥4.6 billion, down 76.9%, or ¥15.5 billion, from the previous year. As a result, the Group recorded a net loss of ¥84.1 billion, compared with net income of ¥244.4 billion in the previous year.

ROE decreased from 11.3% to –4.3%, and net loss per share of common stock was ¥104.13, compared with net income per share of common stock of ¥299.96 in the previous year.

Policy on Allocation of Earnings

Dividends

The Company aims to consistently increase dividends, while taking into consideration operating results and the dividend payout ratio.

In line with this policy, the Company decreased the dividend applicable to the fiscal year by ¥14.00 to ¥40.00 per share.

The Company uses retained earnings for capital expenditures and research and development to sustain long-term business growth, and to support its share buyback program as a means of returning profits to shareholders.

Treasury Stock Repurchases

The Company repurchases its own shares as part of its strategy to increase ROE, return profits to shareholders and implement a flexible capital policy in response to changes in the operating environment. As of March 31, 2009, the Company had repurchased a total of 154 million shares at an aggregate cost of ¥349.0 billion since the introduction of the share buyback program in the year ended March 31, 1997. This represents 17% of all the Company's outstanding shares as of March 31, 1997. In fiscal year 2009, the Company repurchased 6,981,000 shares in the market at a cost of ¥22.5 billion. In the future, while giving consideration to cash flows, the Company will maintain this share repurchasing policy as an important tool in improving ROE and increasing shareholder value.

Source of Funds and Liquidity Risk Management

The Group's fundamental financial policy is designed to: ensure efficient funding and management of funds for the operational activities of the entire Group, secure an optimum level of funds and liquidity, and maintain a sound financial position.

Global Cash Management System

The Group has created a structure facilitating optimum management of Group-wide funds by integrating financing functions into each Regional Headquarters (RHQ) in Japan, North America, Europe, and Asia. By utilizing this sort of structure, in which each RHQ is responsible for managing funds within its respective region, the Group can procure capital resources and manage excess or deficient funds in a more centralized manner.

Financial Position

Total assets as of March 31, 2009, stood at ¥3,018.4 billion, 17.2%, or ¥625.0 billion, less than the previous fiscal year-end.

Current assets decreased 19.7%, or ¥311.3 billion, to ¥1,266.8 billion, primarily reflecting a decrease in notes and accounts receivable, which outweighed an increase in cash and deposits.

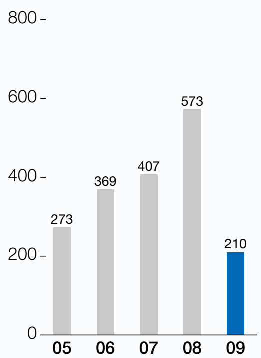
Property, plant and equipment decreased 7.2%, or ¥80.4 billion, to ¥1,034.6 billion, mainly due to curbs on capital investment.

Investments and other assets decreased 24.6%, or ¥233.3 billion, to ¥717.0 billion, mainly due to a decrease in unrealized gains on investment securities.

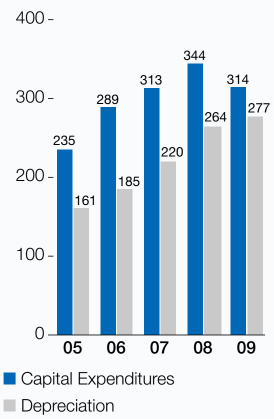
The total of current and long-term liabilities decreased 17.9%, or ¥243.0 billion, to ¥1,117.7 billion, due to decreases in notes and accounts payable, accrued expenses, and income taxes payable, despite the issuance of bonds. Interest-bearing debt increased 69.1%, or ¥145.9 billion, to ¥356.9 billion.

Equity declined 16.7%, or ¥382.0 billion, to ¥1,900.7 billion, primarily reflecting decreases in unrealized gain on available-for-sale securities and retained earnings.

Net Cash Provided by Operating Activities
(¥ Billion)



Capital Expenditures Depreciation
(¥ Billion)



Cash Flows

In terms of cash flows for the fiscal year ended March 31, 2009, net cash provided by operating activities was ¥209.9 billion, net cash used in investing activities was ¥234.3 billion, and net cash provided by financing activities was ¥90.3 billion. As a result, cash and cash equivalents increased ¥41.8 billion from the end of the previous fiscal year to ¥450.5 billion.

Net cash provided by operating activities for the fiscal year ended March 31, 2009, totaled ¥209.9 billion, ¥362.7 billion less than in the previous year. Cash flows chiefly reflected an operating loss of ¥37.3 billion, in contrast to operating income of ¥348.7 billion in the previous year.

Investing activities used net cash of ¥234.3 billion, ¥129.4 billion less than the previous year. This primarily reflected a ¥80.1 billion decrease in cash used for the purchase of available-for-sale securities.

Net cash provided by financing activities was ¥90.3 billion. This was mainly attributable to a ¥100.0 billion increase in proceeds from the issuing of corporate bonds.

Capital Expenditures/Depreciation

The Group applies a number of benchmarks to ensure appropriate decisions are made with regard to capital expenditures. These benchmarks include projected cash flow, ROA, number of years to recover investments, and forecasts of profitability. As part of a drive to reduce medium-term fixed costs, the Group is minimizing the scale of its production lines, standardizing components, and using global procurement to reduce facilities costs.

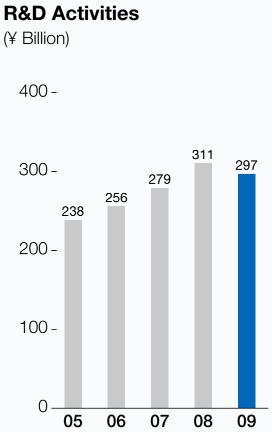
Capital expenditures during the year under review totaled ¥314.4 billion, a decrease of 8.6%, or ¥29.4 billion, from the previous year. Depreciation increased 5.0%, or ¥13.1 billion, to ¥276.6 billion.

Capital Expenditures/Depreciation by Geographic Segment

In Japan, we completed plant expansion at DENSO MANUFACTURING KITAKYUSHU CO., LTD. to manufacture common-rail systems, a core technology supporting the move to clean diesel vehicles, and to enhance the production framework in Western Japan. We commenced production of injectors for common-rail systems in July 2008, and of fuel-pump modules the following August. Moreover, we prepared for the April 2009 commencement of operations at DENSO ELECTRONICS CORPORATION, established in April 2007, which will support growing demand for automotive semiconductor products required for increasingly high-level and complex electronic controls in automobiles. As a result, capital expenditures in Japan were ¥221.6 billion, a decrease of 5.5%, or ¥12.9 billion.

In regions outside Japan, capital expenditures were focused on increasing sales of new products. Capital expenditures in the Americas were ¥31.0 billion, a decrease of 22.5%, or ¥9.0 billion. Capital expenditures in Europe were ¥26.4 billion, a decrease of 16.7%, or ¥5.3 billion. Capital expenditures in Asia & Oceania were ¥35.4 billion, a decrease of 5.9%, or ¥2.2 billion.

In Japan, depreciation amounted to ¥209.5 billion, an increase of 11.4%, or ¥21.4 billion. Meanwhile, it amounted to ¥25.6 billion, a decrease of 6.9%, or ¥1.9 billion, in the Americas; to ¥18.5 billion, a decrease of 24.2%, or ¥5.9 billion, in Europe; and to ¥23.0 billion, a decrease of 6.5%, or ¥1.6 billion, in Asia & Oceania.



Research and Development (R&D) Activities

The Group is making progress in product development that focuses on the four areas of the environment, safety, comfort, and convenience in order to help create an environmentally friendly, accident-free automotive society (gentleness) and for comfortable driving and convenient vehicles (happiness). We also make full use of our technology developed in the automotive field in product development for new businesses, including industrial machinery and equipment and machines for daily life.

Aiming to improve the fuel economy of cars, in the automotive field we are conducting varied product development for the three major types of vehicle: hybrid, diesel-powered and gasoline-powered.

In terms of hybrid vehicles, since 1997 we have been supplying Toyota Motor Corporation with battery ECUs, DC-DC converters, high-voltage relays and other items for the Toyota Prius. Subsequently, we commercialized a high-output power control unit, the heart of a hybrid vehicle, and related products. Going forward, we expect the hybrid vehicle market to expand, and so the Group will work on developing hybrid products that are low-cost, compact and light-weight, and offer advanced performance.

For diesel-powered vehicles, we already lead the world with our common-rail systems (fuel injectors for diesel vehicles) that are required in order to reduce hazardous substances contained in gas emissions. We are now working on making gas emissions even cleaner by further improving fuel injection pressures and through high-precision injection control.

We have developed a plant-derived resin radiator tank whose primary raw material is an organic compound derived from the castor-oil tree*. This resin was jointly developed with DuPont Kabushiki Kaisha. It was created by adding an organic compound made from petroleum to an organic compound derived from the castor-oil tree to cause a chemical reaction, after which glass fiber was added. The new radiator tank curbs increases of CO_2 in the atmosphere compared with conventional products made from fossil fuels even when it is burned after use and heat energy is recovered because its main raw material is derived from the castor-oil tree which absorbs CO_2 in the atmosphere.

*Castor-oil tree: A member of the euphorbiaceae family. The seeds are used to make castor oil.

The Group is working toward a development framework that brings together local carmakers and suppliers in order to win the confidence of customers worldwide. In April 2008, we set up a technical center for product development inside DENSO International Asia Co., Ltd. in Thailand. This technical center will develop products optimized for the Asia & Oceania region. Moreover, we are expanding technical center in Europe, where many technological trends originate, to quickly identify market changes and conduct product planning and technological development.

R&D expenses for the fiscal year ended March 31, 2009 decreased 4.6%, or ¥14.4 billion, to ¥297.1 billion, representing 9.5% of net sales, up from 7.7% in the previous period.

In this way, the Group is working to enhance the welfare of people everywhere by creating products that offer greater innovation, advanced performance, and superior quality.

Risk Management

The Company has established a Risk Management Committee to minimize the diverse risk associated with its global operations. This committee is responsible for mitigating risk that may impact the Group, implementing countermeasures in the event of risks materializing, and taking other steps to enhance the Group's overall capability to deal with risks both in Japan and overseas.

Economic Risk

Demand for auto parts, which account for the major part of the Group's operating revenue around the globe, is easily affected by the economic situation in the countries and regions where the Group has sales bases. Accordingly, an economic downturn and resulting decrease in demand for auto parts in the Group's major markets, including Japan, the Americas, Europe, Asia and Oceania, may have an adverse effect on the Group's operating results and financial condition.

Further, Group operations can be indirectly affected by the economic situation in regions where competitors have their manufacturing bases. For example, if a competitor is able to employ local labor at lower cost and provide equivalent products at prices below those of the Group, this may adversely affect sales. Further, if the local currency of regions where parts and raw materials are sourced falls, there is a chance that the manufacturing cost not only for the Group, but also for other manufacturers, will fall. As a result of these trends, export and price wars may intensify, and have an adverse effect on the Group's operating results and financial condition.

Exchange Rate Risk

Operations within the Group include the sale and manufacture of products around the world. All regional items in local currency including sales, costs and assets are converted to yen for the purpose of creating consolidated financial statements. Based on the exchange rate used in conversion, even though items have not changed as an amount of local currency, there is a possibility that the amount expressed in yen after the conversion has been changed. In general, a strong yen (in particular against the U.S. dollar and euro that constitute a major part of Group sales) has an adverse effect on the Group's operations, and a weak yen has a positive effect on the Group's operations.

For Group operations that manufacture in Japan and export, a strong yen against other currencies decreases the worldwide comparative price competitiveness of their products and can have an adverse effect on operating results. The Group performs currency hedging, and makes efforts to minimize the adverse effect of short-term fluctuations in the exchange rates of major currencies including the U.S. dollar, euro and yen. However, as a result of medium- and long-term movements in exchange rates, there are cases where procurement, manufacturing, distribution and sales cannot be performed exactly as planned and, as a result, exchange rate movements may have an adverse effect on the Group's operating results and financial condition.

Raw Materials and Component Supply Risk

The Group procures raw materials and components used to manufacture its products from numerous external vendors. Although basic business contracts have been concluded with these external vendors, and transactions are generally stable, there is no guarantee of shortages or sharply higher prices for raw materials and components due to fluctuations in market conditions, unforeseen accidents at vendors or other such events. In such cases, the Group could incur higher manufacturing costs or be forced to halt production, which may in turn have an adverse effect on the Group's operating results and financial condition.

New Product Development Risk

While the Group believes that it can continue to develop original and appealing new products, the product development and sales process is, by its nature, complex and uncertain, and is subject to the following risks:

- There is no guarantee of acquiring sufficient funds and resources for investment in new products and new technologies.
- There is no guarantee that long-term investment and allocation of large amounts of resources will lead to the development of successful new products and the creation of new technologies.
- It is not certain that Group will be able to correctly predict which new products and new technologies will earn the support of the Group's customers, and there is no guarantee that the sales of these products will be successful.
- As a result of fast-paced technological advances and changes in market needs, there is a possibility that the Group's products will become outdated.
- As a result of delays in the commercialization of new technologies under development, there is a possibility that market demands might not be met.

Beginning with the risks outlined above, if the Group is unable to fully anticipate industry and market changes, and is unable to develop attractive new products, this may result in a drop in future growth and profitability and may have an adverse effect on the Group's operating results and financial condition.

Pricing Risk

Price competition in the automotive industry is fierce. In particular, demands for price reductions by automakers have increased in recent years. Further, it can be foreseen that the Group will face intensified competition in the component fields and regional markets that it operates in. Competitors include other component manufacturers, and some of these manufacturers are providing products at a lower price than the Group. Also, in line with the evolution of the automotive electronics business, there has been a rise in new competitors, such as consumer-electronics manufacturers and tie-ups between existing competitors, and there is a chance that they will quickly gain a large share in the market.

While we believe that the Group is the leading component manufacturer in the world and continues to develop automotive parts that are technically advanced, of high quality and high added-value, this is no guarantee that the Group will be able to compete effectively in the future. There is always the possibility that pricing pressure and ineffective competitive practices on the Group's part will lead to a decrease in customers, which may have an adverse effect on the Group's operating results and financial condition.

Potential Risks of International Activities and Overseas Expansion

The proportion of manufacturing and sales activities carried out in the Americas and Europe, as well as in developing and emerging markets in Asia and Oceania, has been increasing in recent years. Expansion into these overseas markets has the following inherent risks, which if they materialize, may have an adverse effect on the Group's operating results and financial condition.

- Unforeseen change in laws or regulations.
- Unfavorable political or economic.
- Difficulties in employing and retaining personnel.
- Inadequate social infrastructure that may adversely affect the Group's business activities.
- The potentially adverse impact of tax regulations.
- Social or economic turmoil caused by terrorist incidents, military conflict, epidemics and other events.

Intellectual Property Risk

The Group has accumulated technology and expertise that allows it to differentiate its products from those of its competitors. However, legal restrictions in certain regions and countries are inadequate to fully protect these technologies and expertise as intellectual property. Consequently, the Group may not be able to effectively prevent third parties from using its intellectual property to manufacture similar products. Additionally, because the Group's products employ a broad range of technologies, there is a possibility that these products may be judged to have infringed third-party intellectual property rights in the future.

OEM Customer Risk

The OEM business, which constitutes the majority of the Group's business, serves automobile manufacturers around the world and supplies a wide range of products, including air conditioning, engine, driving control and safety, and information and communication products. Sales to OEM customers are liable to be affected by factors that the Group cannot control such as the operating results of the OEM customer, while demands for reduced prices from the OEM customer may reduce the Group's profit margins. Further, there is a possibility that OEM customer business downturns, unforeseen contract cancellations, changes in OEM customer procurement policies, and price cuts to satisfy large customers may have an adverse effect on the Group's operating results and financial condition.

Sales to the Toyota Group account for roughly half of the Group's sales. Such sales made to a specific client group can be significantly impacted by the operating results of the customer.

Product Defect Risk

The Group manufactures a variety of products to meet internationally recognized quality control standards at factories around the world. However, there is no guarantee that all the Group's products are defect-free and that there will be no product recalls in the future. Also, while the Group does have product liability insurance coverage, there is no guarantee that this insurance will completely cover any compensation that the Group may be forced to pay. Further, the Group may not be able to continue to subscribe to this insurance under conditions acceptable to the Group. Product defects that lead to large-scale product recalls or product liability compensation could have a huge cost and large impact on the Group's reputation, and this may lead to a decrease in sales and adversely affect the Group's operating results and financial condition.

Risks of Natural Disasters and Power Outages

In order to minimize the potential negative impact of manufacturing lines being shut down, the Group carries out disaster-prevention inspections and equipment checks on a regular basis.

However, there is no guarantee that the Group can totally prevent or reduce the impact of natural disasters, power outages or other stoppages of manufacturing lines. For example, many of the Group's places of business are in the Tokai region, and if a disastrous earthquake were to hit this region, there is a possibility that the Group's production and delivery activities would be suspended.

Pension Liability Risk

Costs and liabilities for employees' retirement benefits are calculated based on actuarial assumptions such as the discount rate and the expected rate of return on the pension assets. When actual results differ from the assumptions used for calculation, or when changes are made to the assumptions, the effect is accumulated and brought forward into future calculations, generally resulting in an impact on reported future costs and liabilities.

Risk Management Meeting

With expansion of the Group's overseas business, the rapid development of information technology and greater pressure on companies to fulfill their social responsibility with respect to the environment, managing these diversifying risks from a global perspective is becoming increasingly important. In this context, the Company established a Risk Management Meeting to reinforce its ability to respond to risk. Specifically, the Company has identified 58 areas of risk that require management's attention. The Group, as a whole, has already begun taking steps to mitigate these potential risks by preparing to implement thorough initial response measures in the event that such risks should materialize.

Outlook

The global economic slowdown is projected to be protracted. Some time will be required to eliminate financial instability, and negative growth in developed countries and slower growth in emerging nations seems unavoidable.

In the automotive industry, world markets are likely to continue contracting due to the strong impact of the economic slowdown, despite the measures in many countries to stimulate replacement purchases of automobiles. Moreover, the Company's business environment has become extraordinarily severe, partly as a result of the recent appreciation of the yen.

In this business climate, the Group will unite in taking initiatives to improve earnings under a two-pronged basic policy of streamlining business structures and working toward the next stage of growth.

In terms of the first policy, we will radically reform our earnings structure by rigorously cutting capital expenditures and fixed costs, and through greater standardization and efficiency in back-office administrative work.

To work toward the next stage of growth, we will focus on businesses, costs and management. This includes innovating technologically to improve fuel economy and reduce CO_2 emissions, and developing technology that will lower costs.

Through these actions, the Group will improve its operations and structures, enabling it to quickly respond to changes in the business environment and make the most of opportunities that will drive the next stage of growth.

Based on these initiatives, and assuming U.S. dollar and euro exchange rates of ¥95 and ¥125, respectively, the Group is projecting consolidated net sales of ¥2,720.0 billion, a decrease of 13.4%, or ¥422.7 billion; an operating loss of ¥40.0 billion, an increase of ¥2.7 billion; and a net loss of ¥19.0 billion, a decrease of ¥65.1 billion, for the fiscal year ending March 31, 2010.

Forward-looking Statements

The above forecasts are based on information available as of the date of this report. Actual results may differ materially from forecasts due to a variety of internal and external factors, such as changes in business operations and exchange rates.

Consolidated Balance Sheets

DENSO CORPORATION and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	2009	2008	2009
Current Assets:			
Cash and cash equivalents	¥ 450,490	¥ 408,675	$ 4,586,074
Short-term investments (Note 3)	43,529	41,674	443,133
Notes and accounts receivable:			
Trade	365,286	646,404	3,718,681
Non-consolidated subsidiaries and affiliates	4,301	11,608	43,785
	369,587	658,012	3,762,466
Less: Allowance for doubtful accounts	(2,285)	(2,465)	(23,262)
	367,302	655,547	3,739,204
Inventories (Note 4)	255,526	310,446	2,601,303
Deferred tax assets (Note 6)	61,819	63,458	629,329
Other current assets	88,136	98,270	897,241
Total current assets	1,266,802	1,578,070	12,896,284
Property, Plant and Equipment (Notes 5 and 8)**:**			
Land	154,107	148,723	1,568,838
Buildings and structures	703,912	691,251	7,165,958
Machinery and equipment	2,533,324	2,449,981	25,789,718
Construction in progress	76,181	108,573	775,537
	3,467,524	3,398,528	35,300,051
Less: Accumulated depreciation	(2,432,891)	(2,283,502)	(24,767,291)
Net property, plant and equipment	1,034,633	1,115,026	10,532,760
Investments and Other Assets:			
Investment securities (Note 3)	408,245	724,833	4,156,011
Investments in and advances to a non-consolidated subsidiary and affiliates	36,421	46,070	370,773
Prepaid pension cost (Note 9)	107,781	111,267	1,097,231
Intangible assets	19,959	22,043	203,186
Deferred tax assets (Note 6)	120,977	22,251	1,231,569
Other assets	23,620	23,858	240,456
Total investments and other assets	717,003	950,322	7,299,226
Total	¥ 3,018,438	¥ 3,643,418	$ 30,728,270

See accompanying notes to consolidated financial statements.

Liabilities and Equity	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current Liabilities:			
Short-term borrowings (Note 7)	¥ 31,760	¥ 46,511	$ 323,323
Current portion of long-term debt (Notes 7 and 8)	18,944	9,054	192,854
Notes and accounts payable:			
Trade	267,002	508,733	2,718,131
Non-consolidated subsidiaries and affiliates	14,732	25,588	149,975
	281,734	534,321	2,868,106
Income taxes payable	7,876	51,813	80,179
Accrued expenses	191,938	222,182	1,953,965
Other current liabilities (Note 6)	75,813	106,525	771,790
Total current liabilities	608,065	970,406	6,190,217
Long-Term Liabilities:			
Long-term debt (Notes 7 and 8)	306,186	155,428	3,117,031
Liability for employees' retirement benefits (Notes 2 (K) and 9)	181,317	174,602	1,845,841
Retirement allowances for directors and corporate auditors (Note 2 (L))	2,184	2,290	22,234
Deferred tax liabilities (Note 6)	5,260	45,453	53,548
Other long-term liabilities	14,707	12,562	149,720
Total long-term liabilities	509,654	390,335	5,188,374
Contingent Liabilities (Note 10)			
Equity (Note 11)**:**			
Common stock:			
Authorized: 1,500,000,000 shares in 2009 and 2008			
Issued: 884,068,713 shares in 2009 and 2008	187,457	187,457	1,908,348
Capital surplus	266,635	266,651	2,714,395
Stock acquisition rights	1,852	1,058	18,854
Retained earnings	1,574,515	1,705,299	16,028,861
Unrealized gain on available-for-sale securities	89,000	223,093	906,037
Deferred (loss) gain on derivatives under hedge accounting	(270)	10	(2,749)
Foreign currency translation adjustments	(129,007)	(45,858)	(1,313,316)
Treasury stock, at cost: 78,219,105 shares in 2009 and 71,347,883 shares in 2008	(198,629)	(176,394)	(2,022,081)
Total	1,791,553	2,161,316	18,238,349
Minority interests	109,166	121,361	1,111,330
Total equity	1,900,719	2,282,677	19,349,679
Total	¥3,018,438	¥3,643,418	$30,728,270

Consolidated Statements of Operations

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

			Millions of yen	Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009
Net Sales (Note 13)	¥3,142,665	¥4,025,076	¥3,609,700	$31,992,925
Cost of Sales (Note 14)	2,850,990	3,314,890	2,990,370	29,023,618
Gross profit	291,675	710,186	619,330	2,969,307
Selling, General and Administrative Expenses (Note 14)	328,984	361,534	316,262	3,349,120
Operating (loss) income	(37,309)	348,652	303,068	(379,813)
Other Income (Expenses):				
Interest and dividend income	24,420	25,956	18,224	248,600
Interest expense	(5,593)	(6,814)	(5,709)	(56,938)
Equity in (losses) earnings of affiliates	(8,314)	3,468	1,469	(84,638)
Foreign exchange (loss) gain	(7,770)	(2,710)	5,725	(79,100)
Loss on sale or disposal of property, plant and equipment, net	(2,937)	(4,664)	(2,996)	(29,899)
Impairment loss on investment securities	(8,906)	(45)	(1,807)	(90,665)
(Loss) Gain on sale of investment securities and affiliates' stock	(20,575)	608	147	(209,457)
Impairment loss on long-lived assets (Note 5)	(27,293)	(767)	(1,044)	(277,848)
Loss on liquidation of a subsidiary	(8,661)			(88,170)
Restructuring charges	(1,519)	(808)	(1,659)	(15,464)
Cumulative effect of accounting change for retirement benefit to directors, corporate auditors and managing officers (Notes 2 (K) and 2 (L))		(3,330)		
Reversal of allowance for doubtful accounts			469	
Other, net	5,174	5,283	3,824	52,672
Total	(61,974)	16,177	16,643	(630,907)
(Loss) Income before income taxes and minority interests	(99,283)	364,829	319,711	(1,010,720)
Income Taxes (Note 6)**:**				
Current	27,952	109,432	115,162	284,557
Deferred	(47,798)	(9,125)	(15,194)	(486,593)
Total	(19,846)	100,307	99,968	(202,036)
Minority Interests in Net Income	4,648	20,105	14,573	47,317
Net (loss) income	¥ (84,085)	¥ 244,417	¥ 205,170	$ (856,001)
			Yen	U.S. dollars (Note 1)
Per Share of Common Stock (Notes 2 (V) and 18)**:**				
Basic net (loss) income	¥ (104.13)	¥ 299.96	¥ 249.88	$ (1.06)
Diluted net income	–	299.70	249.56	–
Cash dividends applicable to the year	40.00	54.00	45.00	0.41
Average Number of Shares (in thousands)	807,469	814,833	821,060	

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

DENSO CORPORATION and Consolidated Subsidiaries
Year ended March 31, 2009, 2008 and 2007

	Thousands											Millions of yen
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, April 1, 2006	826,263	¥187,457	¥266,182		¥1,329,974	¥ 319,186		¥ (14,562)	¥(117,849)	¥1,970,388		¥1,970,388
Reclassified balance as of April 1, 2006 (Note 2 (N))											¥ 95,915	95,915
Adjustment of retained earnings for newly consolidated subsidiaries					(9)					(9)		(9)
Net income					205,170					205,170		205,170
Cash dividends, ¥41 per share					(33,779)					(33,779)		(33,779)
Bonuses to directors and corporate auditors					(549)					(549)		(549)
Purchase of treasury stock	(12,622)								(53,170)	(53,170)		(53,170)
Disposal of treasury stock	844		281						1,889	2,170		2,170
Net change in the year				¥ 294		54,874	¥(905)	29,524		83,787	17,033	100,820
Balance, March 31, 2007	814,485	¥187,457	¥266,463	¥ 294	¥1,500,807	¥ 374,060	¥(905)	¥ 14,962	¥(169,130)	¥2,174,008	¥112,948	¥2,286,956
Net income					244,417					244,417		244,417
Cash dividends, ¥49 per share					(39,925)					(39,925)		(39,925)
Purchase of treasury stock	(2,620)								(9,347)	(9,347)		(9,347)
Disposal of treasury stock	856		188						2,083	2,271		2,271
Net change in the year				764		(150,967)	915	(60,820)		(210,108)	8,413	(201,695)
Balance, March 31, 2008	812,721	¥187,457	¥266,651	¥1,058	¥1,705,299	¥ 223,093	¥ 10	¥ (45,858)	¥(176,394)	¥2,161,316	¥121,361	¥2,282,677
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2 (B))					(1,370)					(1,370)		(1,370)
Net loss					(84,085)					(84,085)		(84,085)
Cash dividends, ¥56 per share					(45,329)					(45,329)		(45,329)
Purchase of treasury stock	(7,000)								(22,562)	(22,562)		(22,562)
Disposal of treasury stock	129		(16)						327	311		311
Net change in the year				794		(134,093)	(280)	(83,149)		(216,728)	(12,195)	(228,923)
Balance, March 31, 2009	**805,850**	**¥187,457**	**¥266,635**	**¥1,852**	**¥1,574,515**	**¥ 89,000**	**¥(270)**	**¥(129,007)**	**¥(198,629)**	**¥1,791,553**	**¥109,166**	**¥1,900,719**

											Thousands of U.S. dollars (Note 1)
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, March 31, 2008	$1,908,348	$2,714,558	$10,771	$17,360,267	$2,271,129	$ 101	$ (466,843)	$(1,795,725)	$22,002,606	$1,235,478	$23,238,084
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2 (B))				(13,947)					(13,947)		(13,947)
Net loss				(856,001)					(856,001)		(856,001)
Cash dividends, $0.57 per share				(461,458)					(461,458)		(461,458)
Purchase of treasury stock								(229,685)	(229,685)		(229,685)
Disposal of treasury stock		(163)						3,329	3,166		3,166
Net change in the year			8,083		(1,365,092)	(2,850)	(846,473)		(2,206,332)	(124,148)	(2,330,480)
Balance, March 31, 2009	**$1,908,348**	**$2,714,395**	**$18,854**	**$16,028,861**	**$ 906,037**	**$(2,749)**	**$(1,313,316)**	**$(2,022,081)**	**$18,238,349**	**$1,111,330**	**$19,349,679**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009
Operating Activities:				
(Loss) Income before income taxes and minority interests	¥ (99,283)	¥ 364,829	¥ 319,711	$(1,010,720)
Adjustments for:				
Payment of income taxes	(90,599)	(113,085)	(124,277)	(922,315)
Depreciation	276,624	263,519	219,873	2,816,085
Impairment loss on long-lived assets	27,293	767	1,044	277,848
Amortization of negative goodwill	(304)	(357)	(163)	(3,095)
Equity in losses (earnings) of affiliates	8,314	(3,468)	(1,469)	84,638
Loss on sale or disposal of property, plant and equipment, net	2,937	4,664	2,996	29,899
Loss (Gain) on sale of investment securities and affiliates' stock	20,575	(608)	(147)	209,457
Foreign exchange loss (gain)	4,095	(139)	(2,179)	41,688
Changes in assets and liabilities:				
Decrease (Increase) in notes and accounts receivable	250,991	(19,399)	(53,262)	2,555,136
Decrease (Increase) in inventories	27,808	(13,403)	(14,508)	283,091
Increase in liability for retirement benefits	10,791	2,973	3,653	109,854
(Decrease) Increase in notes and accounts payable	(211,033)	49,632	33,596	(2,148,356)
Decrease in defined contribution pension payable			(525)	
Decrease (Increase) in prepaid pension cost	2,712	(11,222)	(5,903)	27,609
Other, net	(21,006)	47,960	28,103	(213,845)
Total adjustments	309,198	207,834	86,832	3,147,694
Net cash provided by operating activities	209,915	572,663	406,543	2,136,974
Investing Activities:				
Acquisition of property, plant and equipment	(317,805)	(341,363)	(311,196)	(3,235,315)
Proceeds from sale of property, plant and equipment	40,394	13,482	10,764	411,219
Purchase of available-for-sale securities	(18,837)	(98,965)	(80,888)	(191,764)
Proceeds from sale and redemption of available-for-sale securities	80,410	93,520	81,734	818,589
Other, net	(18,468)	(30,423)	(13,317)	(188,008)
Net cash used in investing activities	(234,306)	(363,749)	(312,903)	(2,385,279)
Financing Activities:				
Net decrease in short-term borrowings	(1,795)	(30,974)	(19,838)	(18,274)
Proceeds from long-term borrowings	73,698	26,147	37,241	750,260
Repayments of long-term borrowings	(8,631)	(15,811)	(9,670)	(87,865)
Issuance of bonds	100,000			1,018,019
Repayments of long-term bonds	(34)	(50,074)		(346)
Dividends paid	(45,329)	(39,925)	(33,779)	(461,458)
Purchase of treasury stock	(22,562)	(9,347)	(53,170)	(229,685)
Other, net	(5,021)	(1,903)	(696)	(51,115)
Net cash provided by (used in) financing activities	90,326	(121,887)	(79,912)	919,536
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(24,135)	(15,355)	9,181	(245,699)
Net Increase in Cash and Cash Equivalents	41,800	71,672	22,909	425,532
Cash and Cash Equivalents at Beginning of Period	408,675	337,003	313,611	4,160,389
Cash and Cash Equivalents of Newly Consolidated Subsidiary	15		483	153
Cash and Cash Equivalents at End of Period	¥ 450,490	¥ 408,675	¥ 337,003	$ 4,586,074

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

DENSO CORPORATION and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from accounts and records maintained by DENSO CORPORATION (the "Company"), and consolidated subsidiaries (together, referred to as the "Group") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to U.S. $1, the rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate of exchange.

2. Summary of Significant Accounting Policies

(A) Principles of Consolidation and Accounting for Investments in Non-consolidated Subsidiaries and Affiliates

The Company had 187 subsidiaries at March 31, 2009 (187 for 2008 and 188 for 2007).

The Company applied the "control" concept for its consolidation policy. Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated. The consolidated financial statements for the year ended March 31, 2009 include 187 subsidiaries (186 for 2008 and 188 for 2007). The Company applied the "power to exercise significant influence" concept to determine affiliates to be accounted for by the equity method. Under the influence concept, those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. The Company applied the equity method to all 32 affiliates for the year ended March 31, 2009 (1 non-consolidated subsidiary and 32 affiliates for 2008 and 32 affiliates for 2007).

The fiscal years of subsidiaries are not necessarily the same as that of the Company. Accounts of subsidiaries, which have different fiscal years, have been adjusted for significant transactions to properly reflect their financial position at March 31 of each year and the results of operations and cash flows for the years then ended. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated.

The net excess of the fair value of the net assets of consolidated subsidiaries and affiliates accounted for under the equity method over the acquisition cost of the Company's investments in those companies is amortized over the estimated available life or five years.

(B) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was to decrease operating loss by ¥873 million ($8,887 thousand) and loss before income taxes and minority interests by ¥1,591 million ($16,197 thousand) for the year ended March 31, 2009. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

(C) Cash and Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposits, commercial paper and money management funds, all of which mature or become due within three months of the date of acquisition.

(D) Inventories

Prior to April 1, 2008, finished products, work in process and supplies have been stated principally at cost, and raw materials principally at the lower of cost or market value. In both cases being determined by the annual average method.

In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Group applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to increase loss before income taxes and minority interests by ¥8,201 million ($83,488 thousand) for the year ended March 31, 2009.

(E) Securities

All securities are classified as available-for-sale securities and are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

(F) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed, with minor exceptions, by the declining-balance method at rates based on the estimated useful lives of the assets.

Property, plant and equipment acquired on and after April 1, 2007 by the Company and domestic subsidiaries are depreciated by the declining-balance method in accordance with the revised corporate tax law. The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥11,876 million.

For the fiscal year ended March 31, 2007 and previous fiscal years, property, plant and equipment held by the Company and domestic subsidiaries had been depreciated up to 95% of acquisition cost with 5% of residual value carried forward to the following year. However, beginning in the year ended March 31, 2008, in accordance with the revised corporate tax law, such 5% portion of property, plant and equipment is systematically amortized over 5 years starting in the following year in which the carrying value of property, plant and equipment reaches 5% of the acquisition cost.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥4,322 million.

Effective April 1, 2008, the Company and several domestic consolidated subsidiaries shortened the useful lives of certain machinery after reviewing the expected useful lives following a change in statutory useful life of machinery under the revised corporate tax law of 2008.

The effect of this treatment was to increase loss before income taxes and minority interests for the year ended March 31, 2009 by ¥5,918 million ($60,246 thousand).

The range of useful lives is principally from 10 to 45 years for buildings and structures and mainly 7 years for machinery. Additional depreciation is charged for machinery operated in excess of normal usage.

(G) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset of asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(H) Intangible Assets

Intangible assets consisted of in-house software and others. The straight-line method is primarily used to amortize intangible assets. The amortization of in-house software, which is available to reduce operating costs, is computed using the straight-line method based on the estimated useful life of five years.

(I) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(J) Bond Issue Costs

Bond issue costs are charged to income as incurred.

(K) Liability for Employees' Retirement Benefits

The Group accounted for the liability for employees' retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

Prior to April 1, 2007, retirement benefits to managing officers were expensed when paid. Effective April 1, 2007, managing officers' retirement benefits are provided by the Company and major subsidiaries at the amount that would be required if all managing officers retired at the balance sheet date. The effect of this change is included in the next Note 2 (L).

(L) Retirement Allowances for Directors and Corporate Auditors

Prior to April 1, 2007, retirement benefits to directors and corporate auditors were expensed when paid.

Effective April 1, 2007, retirement benefits to directors and corporate auditors are provided by the Company and major subsidiaries at the amount that would be paid if all directors and corporate auditors retired at the balance sheet date in accordance with a Report of the Auditing and Assurance Practice Committee, "An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors", which was published by the Japanese Institute of Certified Public Accountants on April 13, 2007 and is effective for fiscal years beginning on or after April 1, 2007. The effect of this change including the effect of managing officers' retirement benefits was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥2,183 million, which included a cumulative effect of ¥3,330 million at April 1, 2007. This cumulative effect was presented in other expense in the 2008 consolidated statement of operations.

(M) Stock Options

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value. The Company has applied this accounting standard for stock options to those granted on and after May 1, 2006.

(N) Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The balance of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity

(O) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(P) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. There was no impact on the consolidated statements of operations for the year ended March 31, 2009.

All other leases are accounted for as operating leases.

(Q) Bonuses to Directors and Corporate Auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(R) Income Taxes

The provision for current income taxes is computed based on the pretax income included in the consolidated statements of operations.

The asset and liability approach is used to recognize deferred tax assets and liabilities, which are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Future tax benefits are recognized to the extent that such benefits are likely to be realized.

(S) Foreign Currency Translation

All short-term and long-term monetary receivable and payable accounts denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

(T) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates at the balance sheet date, except for equity, which is translated at the historical rates. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the annual average rates.

(U) Derivative Financial Instruments

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts, currency options and currency swap contracts employed to hedge foreign exchange exposures to the consolidated subsidiaries are measured at fair value, and the unrealized gain/loss are recognized in the consolidated statements of operations.

Interest rate swaps are utilized to hedge interest rate exposures of financial assets and long-term debt (bonds). These swaps, which qualify for hedge accounting, are measured at market value at the balance sheet date and the unrealized gains and losses are deferred until maturity as other liability or asset. When interest rate swap contracts meet specific matching criteria, the interest rate swaps are not re-measured at market value but the differentials paid or received under the swap contracts are recognized and included in interest expense or income.

(V) Net (Loss) Income and Dividends per Share

Basic net income (loss) per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding stock option.

Diluted net income per share was not disclosed due to loss position for the year ended March 31, 2009.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

(W) New Accounting Pronouncements

Construction Contracts

Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 2007, the ASBJ issued a new accounting standard for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

Business Combinations

On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

On December 26, 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments”. The new standard requires adjustments to be made to conform the associate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years’ effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. Short-term Investments and Investment Securities

Short-term investments consisted of time deposits not classified as cash equivalents in the amount of ¥23,102 million ($235,183 thousand) and ¥23,311 million, at March 31, 2009 and 2008, respectively, and debt securities. Investment securities consisted of equity securities and debt securities.

The carrying amounts and aggregate fair values of available-for-sale securities included in short-term investments and in investment securities at March 31, 2009 and 2008 were as follows:

	Millions of yen				Thousands of U.S. dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value	Cost	Unrealized Gain	Unrealized Loss	Fair Value
				2009				2009
Equity securities	¥177,758	¥163,372	¥(13,644)	¥327,486	$1,809,610	$1,663,158	$(138,898)	$3,333,870
Debt securities	88,960	591	(1,037)	88,514	905,630	6,016	(10,557)	901,089
Total	¥266,718	¥163,963	¥(14,681)	¥416,000	$2,715,240	$1,669,174	$(149,455)	$4,234,959

	Millions of yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
				2008
Equity securities	¥177,850	¥382,717	¥ (2,333)	¥558,234
Debt securities	179,401	629	(9,854)	170,176
Total	¥357,251	¥383,346	¥(12,187)	¥728,410

The carrying amounts of available-for-sale securities whose fair value was not readily determinable included in short-term investments and in investment securities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Equity securities	¥12,613	¥14,708	$128,403
Debt securities	59	78	600
Total	¥12,672	¥14,786	$129,003

The carrying amounts of debt securities by contractual maturities for available-for-sale securities at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due in one year or less	¥20,427	$207,951
Due after one year through five years	68,146	693,739
Total	¥88,573	$901,690

4. Inventories

Inventories at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished products	¥103,773	¥127,486	$1,056,429
Work in process	69,831	79,212	710,893
Raw materials and supplies	81,922	103,748	833,981
Total	¥255,526	¥310,446	$2,601,303

5. Long-lived Assets

The Group reviewed its long-lived assets for impairment. As a result, for the year ended March 31, 2009, the Group recognized a total of ¥27,293 million ($277,848 thousand) impairment loss as other expense for long-lived assets used for production due to deterioration of the Group's business environment. The loss was recognized for the powertrain control systems group mainly in the U.S and Hungary, for the small motor group mainly in the U.S. and Italy, for the electric systems group mainly in Korea, for the electronic systems group in Spain, and for the information and safety systems group mainly in the U.S., in the amounts of ¥21,317 ($217,011 thousand), ¥2,674 million ($27,222 thousand), ¥1,251 million ($12,735 thousand), ¥265 million ($2,698 thousand), and ¥1,786 million ($18,182 thousand), respectively. The carrying amounts of the relevant long-lived assets were written down to the recoverable amounts and a ¥21,265 million ($216,482 thousand) loss on machinery and equipment and a ¥6,028 million ($61,366 thousand) loss on buildings and structures were recognized for the year ended March 31, 2009. The recoverable amounts of the asset groups were measured at net sales value or its value in use. The discount rates used for computation of the present value of future cash flows were 9.0% in the U.S., 10.1% in Hungary, 8.0% in Italy, and 5.8% in Korea and Spain, respectively.

Relating to unused land in Japan, the Group recognized impairment losses of ¥17 million and ¥79 million for the years ended March 31, 2008 and 2007 respectively.

The Group recognized an impairment loss of ¥750 million for machinery and equipment in Italy due to the change of business environment for small motors equipment products in Italy and the carrying amount of the relevant long-lived assets were written down to the recoverable amount for the year ended March 31, 2008. The recoverable amount of the asset group was measured at its value in use and the discount rate used for computation of the present value of future cash flows was 4.8%.

The Group recognized an impairment loss of ¥965 million for certain buildings and structures and machinery and equipment in the UK due to the change of business environment for electronic equipment products in the UK and the carrying amount of the relevant long-lived assets were written down to the recoverable amount for the year ended March 31, 2007. The recoverable amount of the asset group was measured at its value in use and the discount rate used for computation of the present value of future cash flows was 5.0%.

6. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in aggregate, resulted in normal statutory tax rates of approximately 40% for the years ended March 31, 2009, 2008 and 2007.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Depreciation	¥ 79,560	¥ 74,681	$ 809,936
Retirement benefits	66,183	63,999	673,756
Tax loss carryforwards	60,403	10,247	614,914
Accrued bonuses to employees	18,359	22,449	186,898
Warranty reserve	17,991	8,693	183,152
Other	90,238	79,851	918,640
Less: Valuation allowance	(34,267)	(13,174)	(348,845)
Total deferred tax assets	¥298,467	¥246,746	$3,038,451
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ 59,777	¥147,819	$ 608,541
Prepaid pension cost	34,739	36,155	353,650
Other	26,866	23,680	273,501
Total deferred tax liabilities	¥121,382	¥207,654	$1,235,692
Net deferred tax assets	¥177,085	¥ 39,092	$1,802,759

Net deferred tax assets presented in the consolidated balance sheets at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets–Deferred tax assets	¥ 61,819	¥ 63,458	$ 629,329
Investments and other assets–Deferred tax assets	120,977	22,251	1,231,569
Current liabilities–Other current liabilities	(451)	(1,164)	(4,591)
Long-term liabilities–Deferred tax liabilities	(5,260)	(45,453)	(53,548)
Net deferred tax assets	¥177,085	¥ 39,092	$1,802,759

The reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Normal effective statutory tax rate	39.89%	39.89%	39.89%
Tax credit of R&D expenses and other	–	(3.16)	(4.17)
Tax effect not recognized on operating loss of subsidiaries	(14.43)	0.59	(0.20)
Income taxes–current for prior years	(7.28)	–	–
Impairment loss on investment securities	(3.32)	0.20	0.20
Dividends received from foreign subsidiaries	(6.87)	1.54	1.56
Items permanently non-taxable such as dividends received	3.23	(0.82)	(0.73)
Lower income tax rates applicable to income in certain foreign countries	12.13	(8.04)	(3.31)
Equity in losses/income of affiliates	(1.83)	(0.26)	(0.14)
Foreign tax credit	–	(1.57)	(1.25)
Other	(1.53)	(0.88)	(0.58)
Actual effective tax rate	19.99%	27.49%	31.27%

7. Short-term Borrowings and Long-term Debt

Short-term borrowings at March 31, 2009 and 2008 consisted of notes to banks and bank overdrafts. The weighted average interest rates applicable to short-term borrowings at March 31, 2009 and 2008 were 2.8% and 2.4%, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unsecured 1.11% yen bonds due 2012	¥ 50,000	¥ 50,000	$ 509,010
Unsecured 1.37% yen bonds due 2013	100,000	–	1,018,019
Secured 1.40% U.S. dollar bonds due serially to 2019	230	325	2,341
Lease obligations	276	65	2,810
Other long-term debt			
(weighted average interest rates of 1.2% in 2009 and 1.6% in 2008)	174,624	114,092	1,777,705
Total	¥325,130	¥164,482	$3,309,885
Less: Current portion	18,944	9,054	192,854
Long-term debt, less current portion	¥306,186	¥155,428	$3,117,031

Annual maturities of long-term debt at March 31, 2009 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 18,944	$ 192,854
2011	33,857	344,671
2012	39,109	398,137
2013	78,794	802,138
2014	114,054	1,161,091
2015 and thereafter	40,372	410,994
Total	¥325,130	$3,309,885

8. Pledged Assets

The following assets were pledged as collateral for secured 1.40% U.S. dollar bonds of ¥230 million ($2,341 thousand) and long-term borrowings including current portion of ¥443 million ($4,510 thousand) at March 31, 2009.

	Millions of yen	Thousands of U.S. dollars
Buildings and structures, net of accumulated depreciation	¥ 636	$ 6,474
Land	403	4,103
Total	¥1,039	$10,577

9. Liability for Employees' Retirement Benefits

Employees are generally entitled to lump-sum severance indemnities determined by current basic rates of pay, length of service, and the conditions under which the termination occurs. The Company and its domestic consolidated subsidiaries have unfunded retirement benefit plans and funded non-contributory pension plans for employees. Under the unfunded retirement benefit plans, the amount of severance indemnities to be paid by the Company and domestic subsidiaries is, in most cases, reduced by the benefits payable under the funded pension plain. The foreign consolidated subsidiaries do not recognize such cost. However, certain foreign subsidiaries adopted individual pension plans.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, the Company implemented a defined contribution pension plan in October 2002 by which a portion of the severance lump-sum payment plan was terminated. Similarly, domestic subsidiaries, ASMO CO., LTD., implemented a defined contribution pension plan in October 2003, by which a portion of the severance lump-sum payment plan was terminated. In October, 2008, certain domestic subsidiaries including ASMO CO., LTD., implemented Denso Group funded pension plan by which existing funded pension plans were transferred to the new group pension plan. The Company contributed certain available-for-sale securities to the employee retirement benefit trust for the Company's pension plan. Certain domestic subsidiaries contribute to a multi-employer pension plan under industry-wide collective agreements.

The liability (asset) for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥ 601,712	¥ 595,420	$ 6,125,542
Fair value of plan assets	(420,032)	(502,756)	(4,276,005)
Unrecognized actuarial loss	(153,205)	(85,576)	(1,559,656)
Unrecognized prior service benefit	45,061	56,247	458,729
Net liability	73,536	63,335	748,610
Prepaid pension cost	107,781	111,267	1,097,231
Liability for employees' retirement benefits	¥ 181,317	¥ 174,602	$ 1,845,841

The components of net periodic retirement benefit costs for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Service cost	¥ 23,843	¥ 24,446	¥ 26,008	$ 242,726
Interest cost	13,712	12,004	11,940	139,591
Expected return on plan assets	(12,697)	(12,622)	(12,081)	(129,258)
Recognized actuarial loss	16,523	10,942	11,343	168,207
Amortization of prior service benefit	(9,056)	(9,247)	(9,239)	(92,192)
Net periodic retirement benefit costs	¥ 32,325	¥ 25,523	¥ 27,971	$ 329,074
Loss on termination of the retirement benefits program due to the liquidation of a subsidiary	8,146	–	–	82,928
Contribution to defined contribution pension plans fund	3,285	3,206	3,139	33,442
Total	¥ 43,756	¥ 28,729	¥ 31,110	$ 445,444

Assumptions used for the years ended March 31, 2009, 2008 and 2007 were set forth as follows:

	2009	2008	2007
Discount rate	mainly 2.0%	mainly 2.0%	mainly 2.0%
Expected rate of return on plan assets	mainly 3.0%	mainly 3.0%	mainly 3.0%
Amortization period of prior service benefit	10 years	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years	10 years

Funded status of the multi-employer pension plan at March 31, 2008 and 2007 (available information as of March 31, 2009 and 2008), to which contributions were recorded as net periodic retirement benefit costs by the Group, was as follows:

	Millions of yen	
	2008	2007
Fair value of plan assets	¥ 158,829	¥ 179,463
Pension benefits obligation recorded by pension fund	(177,921)	(167,432)
Difference	¥ (19,092)	¥ 12,031

	2008	2007
The Group's contribution percentage for multi-employer pension plan	21.96%	21.92%

Notes: 1. Difference resulted from surplus recorded by the pension fund of ¥7,023 million (¥38,661 million in 2007) and prior service cost of ¥26,115 million (¥26,631 million in 2007).
2. Prior service cost is amortized over 19 years under the multi-employer pension plan. Special contributions to the pension fund were recognized as net periodic retirement benefit costs by the Group for the years ended March 31, 2009 and 2008 in the amounts of ¥610 million ($6,210 thousand) and ¥594 million, respectively.
3. The Group's contribution percentage for multi-employer pension plan should not be construed as the Groups' actual obligation percentage.

10. Contingent Liabilities

At March 31, 2009, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of loans from financial institutions to the Group's employees	¥ 3	$ 31
Trade notes sold with recourse	30	305
Bank guarantees for customs duty	1,195	12,165
Total	¥1,228	$12,501

11. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(A) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; 1) having the Board of Directors, 2) having independent auditors, 3) having the Board of Corporate Auditors, and 4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(B) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(C) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. Stock Options

The stock options outstanding as of March 31, 2009 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2002	32 Directors 282 Key Employees	854,000 shares	August 1, 2002	¥ 2,003 ($20.39)	From July 1, 2004 to June 30, 2008
2003	32 Directors 304 Key Employees 96 Directors of subsidiaries	1,114,000 shares	August 1, 2003	¥ 2,090 ($21.28)	From July 1, 2005 to June 30, 2009
2004	13 Directors 24 Managing Officers 320 Key Employees 95 Directors of subsidiaries, etc.	1,199,000 shares	August 3, 2004	¥ 2,740 ($27.89)	From July 1, 2006 to June 30, 2010
2005	13 Directors 27 Managing Officers 343 Key Employees 97 Directors of subsidiaries, etc.	1,270,000 shares	August 1, 2005	¥ 2,758 ($28.08)	From July 1, 2007 to June 30, 2011
2006	13 Directors 27 Managing Officers 364 Key Employees, etc. 106 Directors of subsidiaries, etc.	1,342,000 shares	August 1, 2006	¥ 3,950 ($40.21)	From August 1, 2008 to July 31, 2012
2007	13 Directors 27 Managing Officers 394 Key Employees, etc. 104 Directors of subsidiaries, etc.	1,720,000 shares	August 1, 2007	¥ 5,030 ($51.21)	From August 1, 2009 to July 31, 2013
2008	13 Directors 29 Managing Officers 418 Key Employees, etc. 124 Directors of subsidiaries, etc.	1,873,000 shares	August 1, 2008	¥ 3,447 ($35.09)	From August 1, 2010 to July 31, 2014

The stock option activity is as follows:

								Shares
	2008	2007	2006	2005	2004	2003	2002	2001
Non-vested								
March 31, 2007 – Outstanding	–	–	1,342,000	1,187,000	–	–	–	–
Granted	–	1,720,000	–	–	–	–	–	–
Canceled	–	2,000	137,000	12,000	–	–	–	–
Vested	–	–	–	1,175,000	–	–	–	–
March 31, 2008 – Outstanding	–	1,718,000	1,205,000	–	–	–	–	–
Vested								
March 31, 2007 – Outstanding	–	–	–	–	590,200	214,400	40,200	33,500
Vested	–	–	–	1,175,000	–	–	–	–
Exercised	–	–	–	483,300	224,700	96,000	16,200	33,500
Canceled	–	–	–	2,000	4,000	–	–	–
March 31, 2008 – Outstanding	–	–	–	689,700	361,500	118,400	24,000	–
Non-vested								
March 31, 2008 – Outstanding	–	1,718,000	1,205,000	–	–	–	–	–
Granted	1,873,000	–	–	–	–	–	–	–
Canceled	–	38,000	12,000	–	–	–	–	–
Vested	–	–	1,193,000	–	–	–	–	–
March 31, 2009 – Outstanding	1,873,000	1,680,000	–	–	–	–	–	–
Vested								
March 31, 2008 – Outstanding	–	–	–	689,700	361,500	118,400	24,000	–
Vested	–	–	1,193,000	–	–	–	–	–
Exercised	–	–	–	39,000	26,000	31,900	24,000	–
Canceled	–	–	77,000	51,000	51,600	2,500	–	–
March 31, 2009 – Outstanding	–	–	1,116,000	599,700	283,900	84,000	–	–

							Yen (U.S. dollars)
	2008	2007	2006	2005	2004	2003	2002
Exercise price	¥3,447	¥5,030	¥3,950	¥2,758	¥2,740	¥2,090	¥2,003
	($35.09)	($51.21)	($40.21)	($28.08)	($27.89)	($21.28)	($20.39)
Average stock price at exercise	–	–	–	4,455	4,330	3,501	2,957
	(–)	(–)	(–)	(45.35)	(44.08)	(35.64)	(30.10)
Fair value price at grant date	366	628	730	–	–	–	–
	(3.73)	(6.39)	(7.43)	(–)	(–)	(–)	(–)

The assumptions used to measure fair value of 2008 Stock Options

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	26.9%
Estimated remaining outstanding period:	4 years
Estimated dividend yield:	1.18%
Interest rate with risk free:	0.99%

13. Significant Shareholder

Toyota Motor Corporation ("Toyota") directly owned 199,254 thousand, 199,254 thousand and 201,502 thousand shares of common stock of the Company at March 31, 2009, 2008 and 2007, respectively, which accounted for 22.54%, 22.54% and 22.79% of the total shares of the Company issued at the respective dates.

Sales of the Group to Toyota for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Sales to Toyota (Japan headquarters only)	¥940,898	¥1,206,570	¥1,109,011	$9,578,520

14. Research and Development Expenses

Research and development expenses charged to income were ¥297,148 million ($3,025,023 thousand), ¥311,474 million and ¥279,890 million for the years ended March 31, 2009, 2008 and 2007, respectively.

15. Leases

The Group leases certain machinery, computer equipment and other assets. Total lease expense for finance leases for the years ended March 31, 2009, 2008 and 2007 were ¥1,847 million ($18,803 thousand), ¥2,408 million and ¥2,246 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases and depreciation expenses of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of yen			
	Buildings and structures	Machinery and equipment	Software	Total
				2009
Acquisition cost	¥426	¥6,062	¥725	¥7,213
Accumulated depreciation	58	3,350	221	3,629
Net leased property	¥368	¥2,712	¥504	¥3,584

	Thousands of U.S. dollars			
	Buildings and structures	Machinery and equipment	Software	Total
				2009
Acquisition cost	$4,337	$61,712	$7,381	$73,430
Accumulated depreciation	591	34,103	2,250	36,944
Net leased property	$3,746	$27,609	$5,131	$36,486

	Millions of yen			
	Buildings and structures	Machinery and equipment	Software	Total
				2008
Acquisition cost	¥253	¥9,791	¥851	¥10,895
Accumulated depreciation	42	4,909	122	5,073
Net leased property	¥211	¥4,882	¥729	¥ 5,822

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Obligations under finance leases			
Due within one year	¥1,200	¥2,038	$12,216
Due after one year	2,384	3,784	24,270
Total	¥3,584	¥5,822	$36,486

Obligations under finance leases include the imputed interest expense portion.

Depreciation expenses, which were not reflected in the accompanying consolidated statements of operations for the years ended March 31, 2009, 2008 and 2007, computed by the straight-line method, were ¥1,847 million ($18,803 thousand), ¥2,406 million and ¥2,246 million, respectively.

The rental commitments under non-cancelable operating leases at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 678	$ 6,902
Due after one year	1,621	16,502
Total	¥2,299	$23,404

16. Segment Information

(A) Business Segments

Business segment data for the year ended March 31, 2009 is as follows:

		Millions of yen	Thousands of U.S. dollars
Sales	Automotive	¥3,042,748	$30,975,751
	New business	99,917	1,017,174
	Consolidated	¥3,142,665	$31,992,925
Operating Loss	Automotive	¥ 11,585	$ 117,938
	New business	25,724	261,875
	Consolidated	¥ 37,309	$ 379,813
Assets	Automotive	¥2,570,511	$26,168,289
	New business	68,125	693,525
	Corporate	379,802	3,866,456
	Consolidated	¥3,018,438	$30,728,270
Depreciation	Automotive	¥ 282,378	$ 2,874,661
	New business	2,246	22,865
	Consolidated	¥ 284,624	$ 2,897,526
Capital Expenditures	Automotive	¥ 309,977	$ 3,155,625
	New business	4,492	45,729
	Consolidated	¥ 314,469	$ 3,201,354

	Main Products
Automotive	Air conditioning systems for cars, Radiators, Common rail systems, Car navigation systems, Instrument clusters, Airbag sensors and ECUs, Starters, Alternators, Engine ECUs, Power window motors, etc.
New business	QR code scanners and handy terminals, Industrial robots, CO_2 refrigerant heat-pump water heaters, etc.

As discussed in Note 2 (B), effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The effect of this change was to decrease operating loss of Automotive by ¥873 million ($8,887 thousand) for the year ended March 31, 2009.

As discussed in Note 2 (D), effective April 1, 2008, the Group applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to increase operating loss of Automotive by ¥7,970 million ($81,136 thousand) and operating loss of New business by ¥231 million ($2,352 thousand) for the year ended March 31, 2009.

As discussed in Note 2 (F), effective April 1, 2008, the Company and several domestic consolidated subsidiaries shortened the useful lives of certain machinery. The effect of this was to increase depreciation of Automotive by ¥6,121 million ($62,313 thousand), operating loss of Automotive by ¥5,906 million ($60,124 thousand) and depreciation and operating loss of New business by ¥12 million ($122 thousand) for the year ended March 31, 2009.

As discussed in Note 5, the Group recognized an impairment loss on long-lived assets used for production. The loss was recognized on assets of Automotive in the amount of ¥27,293 million ($277,848 thousand) for the year ended March 31, 2009.

Business segment data for the years ended March 31, 2008 and 2007 is not presented as the automotive segment represented more than 90% of total sales and assets of all business segments and operating income in each fiscal year.

(B) Geographical Segments (by company location)

The geographical segments of the Group for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

			Millions of yen			Thousands of U.S. dollars
Years ended March 31			2009	2008	2007	2009
Sales	Japan	Customers	¥1,667,990	¥2,029,482	¥1,905,193	$16,980,454
		Intersegment	477,646	696,410	636,068	4,862,527
		Total	2,145,636	2,725,892	2,541,261	21,842,981
	The Americas	Customers	554,213	822,982	756,250	5,641,993
		Intersegment	5,554	9,302	12,831	56,541
		Total	559,767	832,284	769,081	5,698,534
	Europe	Customers	451,626	605,373	507,503	4,597,638
		Intersegment	10,858	14,904	11,796	110,537
		Total	462,484	620,277	519,299	4,708,175
	Asia & Oceania	Customers	468,836	567,239	440,754	4,772,839
		Intersegment	38,847	48,918	39,447	395,470
		Total	507,683	616,157	480,201	5,168,309
	Eliminations		(532,905)	(769,534)	(700,142)	(5,425,074)
	Consolidated		¥3,142,665	¥4,025,076	¥3,609,700	$31,992,925
Operating (Loss) Income	Japan		¥ (114,680)	¥ 197,508	¥ 215,317	$(1,167,464)
	The Americas		5,074	41,532	29,188	51,654
	Europe		3,610	26,547	12,161	36,750
	Asia & Oceania		60,469	80,428	45,921	615,586
	Eliminations		8,218	2,637	481	83,661
	Consolidated		¥ (37,309)	¥ 348,652	¥ 303,068	$ (379,813)
Assets	Japan		¥1,897,517	¥2,280,874	¥2,426,778	$19,317,082
	The Americas		259,641	350,440	390,031	2,643,195
	Europe		274,663	357,280	339,721	2,796,121
	Asia & Oceania		361,377	416,171	366,470	3,678,886
	Corporate and Eliminations		225,240	238,653	242,135	2,292,986
	Consolidated		¥3,018,438	¥3,643,418	¥3,765,135	$30,728,270

As discussed in Notes 2 (K) and (L), the Group applied the new accounting for retirement benefits to directors, corporate auditors and managing officers on and after April 1, 2007. The effect of adoption of this accounting policy was to reduce operating costs by ¥1,147 million and to increase operating income by the same amounts in the Japan geographical segment for the year ended March 31, 2008.

As discussed in Note 2 (F), the Company and consolidated domestic subsidiaries changed depreciation method for property, plant and equipment which the Company and consolidated domestic subsidiaries acquired after April 1, 2007 to the declining-balance method in accordance with the revised corporate tax law, effective for fiscal years beginning on and after April 1, 2007. The effect of change of this depreciation method was to increase operating costs by ¥11,876 million and to reduce operating income by the same amounts in the Japan geographical segment for the year ended March 31, 2008.

As discussed in Note 2 (F), the Company and consolidated domestic subsidiaries systematically amortized over 5 years property, plant and equipment which the Company and consolidated domestic subsidiaries acquired before March 31, 2007 from the following year in which the carrying amount of property, plant and equipment reaches 5% of the acquisition cost in accordance with the revised corporate tax law. The effect of change was to increase operating costs by ¥4,322 million and to reduce operating income by the same amounts in the Japan geographical segment for the year ended March 31, 2008.

As discussed in Note 2 (B), effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The effect of this change was to increase operating income in the Americas geographical segment by ¥92 million ($937 thousand), operating income in the Europe geographical segment by ¥287 million ($2,922 thousand) and operating income in the Asia & Oceania geographical segment by ¥494 million ($5,029 thousand) for the year ended March 31, 2009.

As discussed in Note 2 (D), effective April 1, 2008, the Group applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to increase operating loss in the Japan geographical segment by ¥8,201 million ($83,488 thousand) for the year ended March 31, 2009.

As discussed in Note 2 (F), effective April 1, 2008, the Company and several domestic consolidated subsidiaries shortened the useful lives of certain machinery. The effect of this was to increase operating loss in the Japan geographical segment by ¥5,918 million ($60,246 thousand) for the year ended March 31, 2009.

(C) Sales by Customer Location

Sales by Customer Location for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
Years ended March 31	2009	2008	2007	2009
Japan	¥1,615,771	¥1,976,877	¥1,859,046	$16,448,855
	51.4%	49.1%	51.5%	
The Americas	562,302	833,692	768,514	5,724,341
	17.9%	20.7%	21.3%	
Europe	449,047	603,653	507,460	4,571,383
	14.3%	15.0%	14.1%	
Asia & Oceania	505,773	598,276	463,478	5,148,865
	16.1%	14.9%	12.8%	
Others	9,772	12,578	11,202	99,481
	0.3%	0.3%	0.3%	
Net Sales	¥3,142,665	¥4,025,076	¥3,609,700	$31,992,925

The figures in table (B) Geographical Segments are determined based on the locations of the Group companies, and therefore, differ from the figures in table (C) Sales by Customer Location.

17. Derivatives

The Group uses derivatives for the purpose of reducing their exposures to adverse fluctuations in interest rates and foreign exchange rates. Derivatives used include forward exchange contracts, currency swap, currency options and interest rate swaps. The amounts of derivatives are limited by the Group's regulations.

Derivatives are subject to risk, such as fluctuations in interest rates and foreign exchange rates. Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

The execution and control of derivatives at the Company, as approved by the Board of Directors at the beginning of each fiscal period, are governed by internal regulations, which stipulate the purpose of derivatives, their scope of use, and the reporting system.

The fair values of the Group's derivative contracts at March 31, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)
			2009			2009
Forward exchange contracts:						
Buying contracts–						
Yen	¥1,499	¥1,392	¥(107)	$15,260	$14,171	$(1,089)
U.S. Dollar	2,794	2,354	(440)	28,443	23,964	(4,479)
Euro	2,199	2,236	37	22,386	22,763	377
Selling contracts–						
U.S. Dollar	93	98	(5)	947	998	(51)
Interest rate swaps:						
Floating rate receipt, fixed rate payment	¥4,262	¥4,128	¥(134)	$43,388	$42,024	$(1,364)
Currency swaps:						
Receipt U.S. Dollar						
Payment Korean Won (*)	¥5,624	¥5,688	¥ 64	$57,253	$57,905	$ 652
Receipt Yen						
Payment U.S. Dollar (*)	959	1,122	163	9,763	11,422	1,659
Receipt Yen						
Payment Chinese Yuan (*)	70	71	1	713	723	10
Receipt U.S. Dollar						
Payment Chinese Yuan (*)	167	159	(8)	1,700	1,619	(81)

	Millions of yen		
	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)
			2008
Forward exchange contracts:			
Buying contracts–			
Euro	¥ 105	¥ 111	¥ 6
U.S. Dollar	26	25	(1)
Australian Dollar	27	27	0
Currency options:			
Selling contracts–			
English Pound call options	¥ 33		
	<1>	¥ 2	¥ (1)
U.S. Dollar call options	846		
	<14>	139	(125)
Buying contracts–			
English Pound put options	33		
	<0>	1	1
U.S. Dollar put options	846		
	<8>	9	1
Currency swaps:			
Receipt U.S. Dollar			
Payment Korean Won (*)	¥3,033	¥2,886	¥(147)
Receipt Yen			
Payment U.S. Dollar (*)	2,935	3,363	428

The fair value and net unrealized gain/loss on forward exchange contracts, currency swap contracts and interest rate swap contracts employed to hedge exchange rate and other risks on payables and receivables to/from consolidated subsidiaries that have been eliminated in consolidation, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)
			2009			2009
Forward exchange contracts:						
Selling contracts	¥ 8,198	¥ 8,671	¥ (473)	$ 83,457	$ 88,272	$ (4,815)
Buying contracts	3,315	3,227	(88)	33,747	32,851	(896)
Currency swaps:						
Receipt Yen (*)	¥ 936	¥ 862	¥ 74	$ 9,528	$ 8,775	$ 753
Payment U.S. Dollar						
Receipt Euro (*)	3,267	2,481	786	33,259	25,257	8,002
Payment English Pound						
Receipt Euro (*)	409	383	26	4,164	3,899	265
Payment Czech Koruna						
Receipt Thai Baht (*)	8,004	7,773	231	81,482	79,131	2,351
Payment Euro						
Receipt Singapore Dollar (*)	529	529	0	5,385	5,385	0
Payment Thai Baht						
Receipt Singapore Dollar (*)	429	447	(18)	4,367	4,550	(183)
Payment U.S. Dollar						
Receipt Yen						
Payment Korean Won (*)	1,660	2,504	844	16,899	25,491	8,592
Receipt Yen						
Payment U.S. Dollar (*)	20,781	19,770	(1,011)	211,554	201,262	(10,292)
Receipt Yen						
Payment Euro (*)	33,658	33,700	42	342,645	343,072	427
Receipt U.S. Dollar						
Payment Indonesian Rupiah (*)	407	453	46	4,143	4,612	469
Interest rate swaps:						
Floating rate receipt, fixed rate payment	¥11,639	¥11,295	¥ (344)	$118,487	$114,985	$ (3,502)

	Millions of yen		
	Contract or Notional Amounts	Fair Value	Net Unrealized Gain (Loss)
			2008
Forward exchange contracts:			
Selling contracts	¥15,623	¥15,171	¥ 452
Buying contracts	1,900	1,901	1
Currency swaps:			
Receipt Malaysian Ringgit (*)	¥ 9,381	¥ 9,819	¥ (438)
Payment Euro			
Receipt Yen (*)	607	851	(244)
Payment Czech Koruna			
Receipt Singapore Dollar (*)	1,849	1,867	(18)
Payment U.S. Dollar			
Receipt Yen (*)	936	875	61
Payment U.S. Dollar			
Receipt Euro (*)	3,980	4,568	(588)
Payment English Pound			
Receipt Yen			
Payment Korean Won (*)	2,387	2,672	285
Receipt Yen			
Payment Thai Baht (*)	145	112	(33)
Receipt English Pound			
Payment Euro (*)	6,499	6,499	0
Receipt Swedish Krone			
Payment Euro (*)	707	708	1
Receipt Yen			
Payment Euro (*)	25,714	23,606	(2,108)
Receipt Czech Koruna			
Payment Euro (*)	810	798	(12)
Receipt Yen			
Payment U.S. Dollar (*)	10,136	10,043	(93)
Interest rate swaps:			
Floating rate receipt, fixed rate payment	¥18,935	¥19,143	¥ 208

Notes: 1. The fair values of foreign currencies are translated at the spot rate at the balance sheet date.
2. Option premiums within the consolidated balance sheets are disclosed, in brackets (< >), under the contract or notional amounts.
3. Derivatives for which hedge accounting is applied are excluded from this disclosure.
4. The contract or notional amounts of derivatives shown in the above tables do not measure the Group's exposure to credit or market risks.
5. (*) indicates hedged items.

18. Net (Loss) Income per Share

The reconciliation of the differences between basic and diluted net (loss) income per share for the years ended March 31, 2009, 2008 and 2007 was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Loss	Weighted Average Shares	Net Loss per Share	Net Loss per Share
				2009
Net loss per share				
Net loss attributable to common shareholders	**¥(84,085)**	**807,469**	**¥(104.13)**	**$(1.06)**
Effect of dilutive securities				
Stock option	–	–		
Diluted				
Net loss for computation	**¥(84,085)**	**807,469**	–	–

	Millions of yen	Thousands of shares	Yen
	Net Income	Weighted Average Shares	Net Income per Share
			2008
Basic net income per share			
Net income available to common shareholders	¥244,417	814,833	¥299.96
Effect of dilutive securities			
Stock option	–	700	
Diluted net income per share			
Net income for computation	¥244,417	815,533	¥299.70

	Millions of yen	Thousands of shares	Yen
	Net Income	Weighted Average Shares	Net Income per Share
			2007
Basic net income per share			
Net income available to common shareholders	¥205,170	821,060	¥249.88
Effect of dilutive securities			
Stock option	–	1,074	
Diluted net income per share			
Net income for computation	¥205,170	822,134	¥249.56

19. Subsequent Events

On June 24, 2009, at a meeting of the shareholders of the Company, the following items were approved.

(1) Appropriation of Retained Earnings

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥13 ($0.13) per share	**¥10,476**	**$106,648**

(2) Stock Option Plan

The plan provides for issuing stock options mainly to directors, managing officers, key employees and directors of subsidiaries. The options entitle the holders to purchase shares of the Company's common stock up to 2,100 thousand shares. The options will be generally granted at an exercise price of 105% of the average closing price of the per share value of the Company's common stock, according to the Tokyo Stock Exchange, for the month prior to the month in which the options are issued. The Company plans to issue acquired treasury stock on exercise of the stock options. The exercisable period is August 1, 2011 to July 31, 2015.

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
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To the Board of Directors of
DENSO CORPORATION:

We have audited the accompanying consolidated balance sheets of DENSO CORPORATION (the "Company") and consolidated subsidiaries (together the "Group") as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DENSO CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2 (D) to the consolidated financial statements, effective April 1, 2008, the Group adopted the new accounting standard for measurement of inventories.

As discussed in Note 2 (B) to the consolidated financial statements, effective April 1, 2008, the Group applied the new accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements.

As discussed in Note 2 (F) to the consolidated financial statements, effective April 1, 2007, property, plant and equipment acquired on or after April 1, 2007 by the Company and domestic subsidiaries are depreciated by the declining-balance method in accordance with the revised corporate tax law.

As discussed in Notes 2 (K) and (L) to the consolidated financial statements, effective April 1, 2007, retirement benefits to directors, corporate auditors and managing officers are provided by the Company and major subsidiaries at the amount that would be paid if all directors, corporate auditors and managing officers retired at the balance sheet date.

As discussed in Note 2 (N) to the consolidated financial statements, effective May 1, 2006, the consolidated financial statements have been prepared in accordance with the new accounting standard for presentation of equity.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 24, 2009

Member of
Deloitte Touche Tohmatsu

Operations in Japan

	Main Products/Research Fields	Start of Operations	Employees	Location (Prefecture)
Headquarters		1949*	11,411	Aichi
Ikeda Plant	Manufacture of radiators, oil coolers, and inter coolers	1965	765	Aichi
Anjo Plant	Manufacture of starters, alternators, and hybrid vehicle components	1967	2,570	Aichi
Nishio Plant	Manufacture of air conditioners, radiators, fuel injection systems for diesel and electronic fuel injection components	1970	7,198	Aichi
Takatana Plant	Manufacture of instrument clusters, displays, navigation systems, and various sensors	1974	2,842	Aichi
Daian Plant	Manufacture of ignition components, driving control and safety products, valve train components, exhaust emission control components	1982	4,503	Mie
Kota Plant	Manufacture of integrated circuits and electronic control components	1987	3,660	Aichi
Toyohashi Plant	Manufacture of air conditioners and natural refrigerant (CO_2) heat-pump hot water supply systems	1987	1,108	Aichi
Agui Plant	Manufacture of machinery and tools	1990	955	Aichi
Zenmyo Plant	Manufacture of electronic diesel injection systems	1998	1,060	Aichi
DENSO Research Laboratories	Research in semiconductors, information and communications systems, human machine interface technologies	1991	420	Aichi
Nukata Proving Ground	Test driving automotive components	1984	33	Aichi

* The start of operations at the headquarters is recorded as the date of DENSO's independence from Toyota Motor Co. Ltd. (now Toyota Motor Corporation)

(As of March 31, 2009)

Group Companies Worldwide

Country/Region	Major Company	Main Business	% owned by DENSO*	Employees
Japan	☆ ASMO CO., LTD.	• Development and manufacture of small motor systems for automobiles and office automation equipment	73.4	5,025
	☆ ANDEN CO., LTD.	• Manufacture and sale of relays and electronic products	100.0	1,429
	☆ HAMANAKODENSO CO., LTD.	• Manufacture and sale of VSVs, magnet switches, and horns	76.5	1,394
	☆ DAISHINSEIKI CO., LTD.	• Manufacture and sale of equipment and special manufacturing facilities related to fuel injection systems	99.3	665
	☆ KYOSAN DENKI CO., LTD.	• Manufacture and sale of fuel equipment including EFI systems	62.3	1,374
	☆ GAC CORPORATION	• Manufacture and sale of business-use air conditioning systems including car air conditioners and packaged air conditioners • Development and manufacture of equipment for food storage and environmental improvement	57.5	867
	☆ SHIMIZU INDUSTRY CO., LTD.	• Manufacture and sale of dies, and plastic products for car air conditioners and radiators	51.0	521
	☆ DENSO MANUFACTURING KITAKYUSHU CO., LTD.	• Manufacture and sale of air conditioners and fuel injection systems for diesel cars	100.0	772
	☆ DENSOTRIM CO., LTD.	• Manufacture and sale of magnetos parts for motorcycles	80.0	558
	☆ NIPPON WIPER BLADE CO., LTD.	• Manufacture and sale of wiper blades and wiper arms	70.0	738
	☆ DENSO WAVE INC.	• Development, manufacture, and sale of equipment and systems for automatic recognition devices, industrial robots, programmable controllers, etc.	75.0	680
	☆ DENSO FINANCE & ACCOUNTING CENTER CO., LTD.	• Shared service of accounting • Support for accounting • Factoring of accounts receivable	100.0	13
	☆ DENSO TECHNO CO., LTD.	• Design, development, and production of software for information processing and control • Development and design of various equipment	100.0	2,101
	☆ DENSO LOGITEM CORPORATION	• Operation and management of cargo transportation business and distribution center	100.0	181
	☆ DENSO TOKYO CORPORATION	• Sale of DENSO products • Repair service	100.0	526
	☆ DENSO CHUBU CORPORATION	• Sale of DENSO products • Repair service	100.0	415
	☆ DENSO ELECTRONICS CORPORATION	• Manufacture of automotive semiconductor products	100.0	56
	★ ADVICS CO., LTD.	• Development and sale of brake systems and system parts	20.0	891
	★ G. S. ELECTECH INC.	• Manufacture and sale of wire harnesses and lead wires	34.0	559
	★ JECO CO., LTD.	• Manufacture and sale of clocks and applied electronics parts for cars	34.1	543
	★ SHINSEI INDUSTRIAL CO., LTD.	• Manufacture and sale of wire-wound parts and electronic products	34.5	502
	★ TSUDA INDUSTRIES CO., LTD.	• Manufacture and sale of air conditioners, and powertrain and chassis components for cars	22.0	1,011
U.S.A.	☆ DENSO INTERNATIONAL AMERICA, INC.	• Holding company and regional headquarters for North America • Sale of automotive components • Engineering services, design, testing, and R&D	100.0	679
	☆ DENSO SALES CALIFORNIA, INC.	• Sale of automotive components, spot-coolers, and robots	100.0	276
	☆ DENSO MANUFACTURING MICHIGAN, INC.	• Manufacture of car air conditioners and radiators	100.0	2,036
	☆ DENSO MANUFACTURING TENNESSEE, INC.	• Manufacture of automotive electrical components, instrument clusters, and automotive electronic products	100.0	2,512
	☆ DENSO MANUFACTURING ATHENS TENNESSEE, INC.	• Manufacture of injectors, oxygen sensors, and stick coils	100.0	874
	★ MICHIGAN AUTOMOTIVE COMPRESSOR, INC.	• Manufacture of compressors	40.0	541
	☆ DENSO WIRELESS SYSTEMS AMERICA, INC.	• Manufacture of car navigation systems	100.0	200
	☆ ASMO NORTH AMERICA, LLC.	• Headquarters for ASMO U.S. operations	100.0	3
	☆ ASMO NORTH CAROLINA, INC.	• Manufacture of power window regulator motors, blower motors, and electric fan motors	100.0	312
	☆ ASMO GREENVILLE OF NORTH CAROLINA, INC.	• Manufacture of windshield wiper systems and windshield washer systems	100.0	387
Canada	☆ DENSO SALES CANADA, INC.	• Sale of automotive components	100.0	30
	☆ DENSO MANUFACTURING CANADA, INC.	• Manufacture of HVAC and ECM	100.0	279
Mexico	☆ DENSO MEXICO S.A. DE C.V.	• Manufacture of instrument clusters, valves, and VCT	95.0	2,775

Country/Region	Major Company	Main Business	% owned by DENSO*	Employees
Brazil	☆ DENSO DO BRASIL LTDA.	• Manufacture and sale of car air conditioners, compressors, bus air conditioners and radiators	90.6	1,526
Netherlands	☆ DENSO INTERNATIONAL EUROPE B.V.	• Holding company for European operations	100.0	–
	☆ DENSO EUROPE B.V.	• Regional headquarters for Europe • Sale of automotive components • Remanufacture of automotive electrical components	100.0	273
	☆ DENSO FINANCE HOLLAND B.V.	• Financing	100.0	–
United Kingdom	☆ DENSO INTERNATIONAL UK LTD.	• Holding company for operations in the U.K.	100.0	–
	☆ DENSO SALES UK LTD.	• Sale of automotive components • Design and R&D of air conditioners and EMS	100.0	185
	☆ DENSO MANUFACTURING UK LTD.	• Manufacture of car air conditioners and heaters	100.0	857
Germany	★ TD Deutsche Klimakompressor GmbH	• Manufacture of compressors and pulleys • Remanufacture of compressors	35.0	462
Spain	☆ DENSO BARCELONA S.A.	• Manufacture of engine control components and automotive electronic products	100.0	694
Italy	☆ DENSO SALES ITALIA S.R.L.	• Sale of automotive components	100.0	18
	☆ DENSO THERMAL SYSTEMS S.p.A.	• Manufacture and sale of car air conditioners, heaters, and radiators	100.0	2,388
	☆ DENSO MANUFACTURING ITALIA S.p.A.	• Manufacture and sale of starters, alternators, and small motors	100.0	1,003
Hungary	☆ DENSO MANUFACTURING HUNGARY LTD.	• Manufacture of common rail systems, diesel injection pumps, and VCT	100.0	4,503
Poland	☆ DENSO THERMAL SYSTEMS POLSKA Sp.zo.o.	• Manufacture and sale of heaters and cockpit modules	100.0	507
Czech Republic	☆ DENSO MANUFACTURING CZECH s.r.o.	• Manufacture of HVAC units, evaporators, condensers, and radiators	100.0	1,554
South Africa	★ Smiths Manufacturing (Pty) Limited	• Manufacture and sale of car air conditioners and radiators	25.0	977
Australia	☆ DENSO INTERNATIONAL AUSTRALIA PTY. LTD.	• Holding company for Australia • Sale of automotive components	100.0	51
	☆ AUSTRALIAN AUTOMOTIVE AIR PTY. LTD.	• Manufacture of air conditioners, radiators, and instrument clusters	100.0	379
Singapore	☆ DENSO INTERNATIONAL ASIA PTE. LTD.	• Holding company for ASEAN and Taiwan • Regional headquarters for Asia and Oceania (finance, logistics and IS) • Sale of aftermarket products	100.0	72
Thailand	☆ DENSO SALES (THAILAND) CO., LTD.	• Sale of automotive components in Thailand	100.0	114
	☆ DENSO (THAILAND) CO., LTD.	• Manufacture of electrical automotive components, car air conditioners, magnetos, and spark plugs	51.3	2,904
	☆ DENSO INTERNATIONAL ASIA CO., LTD.	• Regional headquarters for Asia and Oceania (business planning, IS, human resources) • Engineering services, design, testing and R&D	100.0	211
	☆ SIAM DENSO MANUFACTURING CO., LTD.	• Manufacture of fuel injection system products (fuel pumps and injectors)	90.0	2,642
Indonesia	☆ PT. DENSO INDONESIA	• Manufacture and sale of car air conditioners, radiators, spark plugs, and filters	58.3	2,225
	☆ PT. DENSO SALES INDONESIA	• Sale of automotive components	100.0	105
Republic of Korea	☆ DENSO PS CORPORATION	• Manufacture and sale of small motors, fuel pumps, and electrical automotive components	72.9	1,287
Malaysia	☆ DENSO (MALAYSIA) SDN. BHD.	• Manufacture and sale of electrical automotive components, car air conditioners, engine ECUs, and programmable logic controller units	72.7	1,174
China	☆ DENSO (CHINA) INVESTMENT CO., LTD.	• Holding company and regional headquarters for China • Sale of automotive components manufactured by companies in China	100.0	502
	☆ TIANJIN DENSO ELECTRONICS CO., LTD.	• Manufacture and sale of automotive electronic control components	93.0	1,117
	☆ TIANJIN FAWER DENSO AIR-CONDITIONER CO., LTD.	• Manufacture and sale of car air conditioners	60.0	416
	☆ DENSO (TIANJIN) THERMAL PRODUCTS CO., LTD.	• Manufacture and sale of heat exchangers for car air conditioners and radiators	100.0	751
	☆ GUANGZHOU DENSO CO., LTD.	• Manufacture and sale of car air conditioners and radiators	60.0	805
	☆ DENSO (GUANGZHOU NANSHA) CO., LTD.	• Manufacture and sale of fuel injection systems for gasoline vehicles	100.0	1,056

☆ Consolidated subsidiary ★ Affiliate under the equity method
* including DENSO Corporation and its subsidiaries

Note: In addition to the companies listed above, there are 127 consolidated subsidiaries and 24 affiliates under the equity method.

(As of March 31, 2009)

Investor Information

(As of March 31, 2009)

Common Stock

Authorized: 1,500,000,000 shares
Issued: 884,068,713 shares

Stock Exchange Listings

Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

Number of Shareholders

79,459

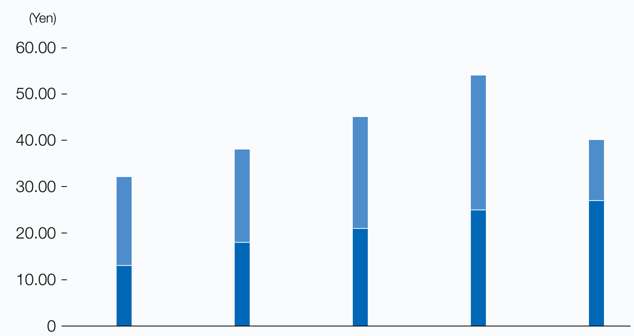
Independent Auditors

Deloitte Touche Tohmatsu (a Japanese member firm of Deloitte Touche Tohmatsu, a Swiss Verein)

Administrator of Shareholders' Register

Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Dividends Paid



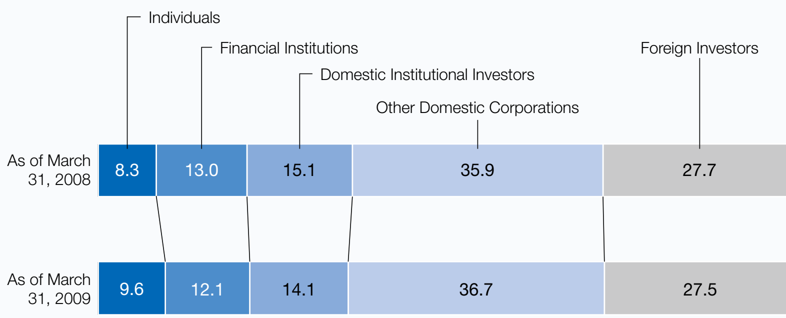
	2005	2006	2007	2008	2009
■ Interim dividends per share (yen)	13.00	18.00	21.00	25.00	27.00
■ Year-end dividends per share (yen)	19.00	20.00	24.00	29.00	13.00
Total (yen)	32.00	38.00	45.00	54.00	40.00

Principal Shareholders (Leading Ten Principal Shareholders)

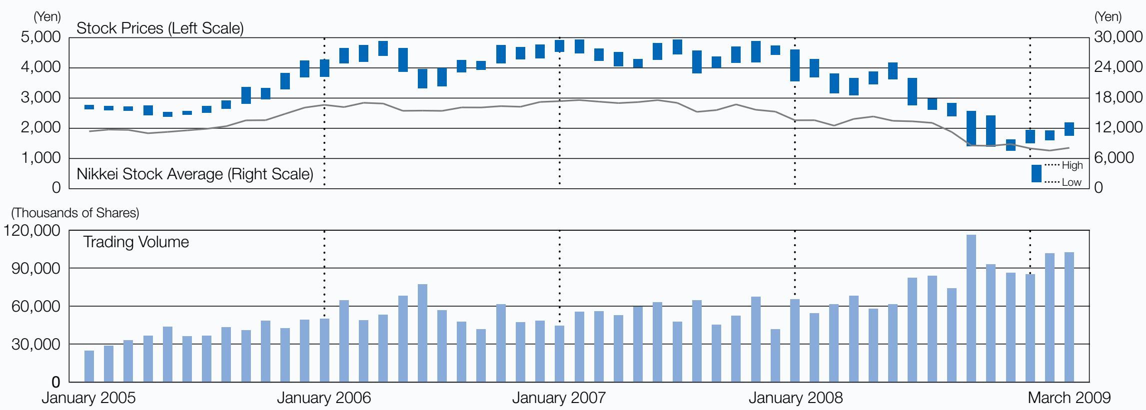
	Number of shares held (thousands)	Voting share ratio (%)
Toyota Motor Corporation	199,254	24.74
Toyota Industries Corporation	69,373	8.61
Robert Bosch Industries AG	47,434	5.89
Japan Trustee Services Bank, Ltd. (Trust Account)	35,642	4.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,070	4.23
Nippon Life Insurance Company	24,050	2.99
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	23,425	2.91
Mitsui Sumitomo Insurance Company, Limited	15,148	1.88
DENSO Employees' Shareholding Association	14,810	1.84
State Street Bank & Trust Company	11,086	1.38

Note: The above table excludes 78,186 thousand shares of treasury stock held by DENSO Corporation.

Breakdown of Shareholders (Voting Share Ratio, %)



DENSO's Common Stock Price Range and Trading Volume on Tokyo Stock Exchange (Adjusted to Reflect Free Share Distributions and Stock Splits)



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December 16, 1949

Publications
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CSR Report

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