FY2006 1st Quarter Financial Results
ended June 30, 2006

July 27th, 2006

DENSO CORPORATION
1. Hit a Sales record high with 13.6% increase

2. Hit record high Operating Income with 16.0% increase

3. Keep original forecast for both first half and fiscal year due to the future possibility of change in currency exchange and raw materials cost
## 1st Quarter Financial Results

### (Unit: Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>06/6</th>
<th>05/6</th>
<th>Increase</th>
<th>Increase(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>856.2</td>
<td>753.4</td>
<td>+102.8</td>
<td>+13.6%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>82.5</td>
<td>71.2</td>
<td>+11.4</td>
<td>+16.0%</td>
</tr>
<tr>
<td>Income before Income Taxes</td>
<td>89.9</td>
<td>65.8</td>
<td>+24.1</td>
<td>+36.6%</td>
</tr>
<tr>
<td>Net Income</td>
<td>58.5</td>
<td>36.0</td>
<td>+22.5</td>
<td>+62.5%</td>
</tr>
</tbody>
</table>

### (Unit: Millions of Units)

<table>
<thead>
<tr>
<th></th>
<th>JPY114/$</th>
<th>JPY107/$</th>
<th>+JPY7</th>
<th>+JPY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange Rate</td>
<td>JPY144/Euro</td>
<td>JPY134/Euro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Car Production (Toyota)</td>
<td>2.72 (1.00)</td>
<td>2.61 (0.92)</td>
<td>+0.11 (+0.08)</td>
<td>+4% (+8%)</td>
</tr>
<tr>
<td>Overseas Car Production of Japanese Manufacturers (Toyota)</td>
<td>2.73 (1.04)</td>
<td>2.72 (0.94)</td>
<td>+0.01 (+0.10)</td>
<td>+0% (+11%)</td>
</tr>
</tbody>
</table>

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Geographical Segments by Company Location

Sales

- Japan: 597.2 (11.6% growth)
- The Americas: 535.2 (10.1% growth)
- Europe: 192.3 (12.7% growth)
- Asia & Oceania: 125.0 (19.4% growth)

Operating Income

- Japan: 58.6 (9.3% growth)
- The Americas: 53.6 (12.7% growth)
- Europe: 8.6 (-4.0% growth)
- Asia & Oceania: 8.7 (16.4% growth)

* The growth rates are indicated in local currency.
The growth rates in parentheses include the reflection of exchange.
(Unit: Billions of Yen)
Change in Consolidated Sales
(by Customer /Business Segment)

By Customer

- TOYOTA Group: +7.8 (+8%)
- GM: +22.9 (+12%)
- HONDA: +8.1 (+19%)
- FORD: +3.5 (+12%)
- FIAT: +14.3 (+53%)
- OE Sales for others: +4.1 (+14%)
- Aftermarket, New Business: +42.1 (+73%)

By Business Segment

- Thermal: +11.6 (+14%)
- Powertrain: +15.7 (+14%)
- Information & Safety: +26.3 (+13%)
- Electronic: +3.1 (+11%)
- Electric: +8.9 (+12%)
- Small Motors & Others: +4.1 (+19%)
- New Business: +102.8 (+12%)

(Unit: Billions of Yen)

( ): Change from previous period

05/6 06/6

753.4 856.2 (+102.8)

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### Change in Income before Income Taxes (05/6-06/6)

#### Breakdown

<table>
<thead>
<tr>
<th>Unit Price</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>202%</td>
</tr>
<tr>
<td>Aluminum</td>
<td>143%</td>
</tr>
<tr>
<td>Platinum, Resin</td>
<td>136%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>05/6</th>
<th>06/6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before Income Taxes</td>
<td>65.8</td>
</tr>
<tr>
<td>Labor Cost</td>
<td>-5.8</td>
</tr>
<tr>
<td>Product Mix</td>
<td>-7.7</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-8.2</td>
</tr>
<tr>
<td>Raw Materials Cost</td>
<td>-9.5</td>
</tr>
<tr>
<td>Expense and others</td>
<td>-1.5</td>
</tr>
<tr>
<td>Total Cost Reduction</td>
<td>+26.5</td>
</tr>
<tr>
<td>Production Volume Increase</td>
<td>+12.7</td>
</tr>
<tr>
<td>Currency Exchange Gain</td>
<td>+8.6</td>
</tr>
<tr>
<td>Non-operating Income Increase</td>
<td>+9.0</td>
</tr>
<tr>
<td>Extraordinary Loss Increase</td>
<td>-4.6</td>
</tr>
</tbody>
</table>

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### Capital Expenditures, Depreciation and R&D

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th>Region</th>
<th>05/6</th>
<th>06/3</th>
<th>06/6</th>
<th>07/3 Estimate</th>
<th>06/6</th>
<th>Rate change from previous year</th>
<th>Progress to 07/3 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>36.9</td>
<td>202.0</td>
<td>40.7</td>
<td>226.5</td>
<td>+10.2%</td>
<td>18.0%</td>
<td></td>
</tr>
<tr>
<td>The Americas</td>
<td>5.7</td>
<td>31.6</td>
<td>8.9</td>
<td>42.0</td>
<td>+57.4%</td>
<td>21.3%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>7.3</td>
<td>23.6</td>
<td>3.7</td>
<td>21.5</td>
<td>-49.7%</td>
<td>17.1%</td>
<td></td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>7.1</td>
<td>31.5</td>
<td>9.1</td>
<td>37.0</td>
<td>+28.6%</td>
<td>24.5%</td>
<td></td>
</tr>
<tr>
<td>Capital Exp.</td>
<td>57.0</td>
<td>288.7</td>
<td>62.4</td>
<td>327.0</td>
<td>+9.5%</td>
<td>19.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>05/6</th>
<th>06/3</th>
<th>06/6</th>
<th>07/3 Estimate</th>
<th>06/6</th>
<th>Rate change from previous year</th>
<th>Progress to 07/3 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>28.7</td>
<td>128.6</td>
<td>34.8</td>
<td>151.5</td>
<td>+21.1%</td>
<td>23.0%</td>
<td></td>
</tr>
<tr>
<td>The Americas</td>
<td>5.2</td>
<td>22.2</td>
<td>5.7</td>
<td>24.0</td>
<td>+9.3%</td>
<td>23.6%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>4.5</td>
<td>18.3</td>
<td>5.0</td>
<td>19.5</td>
<td>+11.7%</td>
<td>25.5%</td>
<td></td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>3.5</td>
<td>16.1</td>
<td>4.7</td>
<td>19.5</td>
<td>+32.6%</td>
<td>23.9%</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>41.9</td>
<td>185.1</td>
<td>50.1</td>
<td>214.5</td>
<td>+19.6%</td>
<td>23.3%</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Expenditure</td>
<td>55.6</td>
<td>256.3</td>
<td>61.8</td>
<td>272.0</td>
<td>+11.1%</td>
<td>22.7%</td>
<td></td>
</tr>
</tbody>
</table>

(Ratio to Sales): Japan (7.4%), The Americas (8.0%), Europe (7.2%), Asia & Oceania (8.0%)
## FY2006 Estimate by Geographical Segments

<table>
<thead>
<tr>
<th></th>
<th>06/9 Est.</th>
<th>05/9</th>
<th>Change</th>
<th>07/3 Est.</th>
<th>06/3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>1,172.0</td>
<td>1,081.2</td>
<td>+8.4%</td>
<td>2,431.0</td>
<td>2,289.0</td>
<td>+6.2%</td>
</tr>
<tr>
<td><strong>The Americas</strong></td>
<td>342.0</td>
<td>327.1</td>
<td>+4.6%</td>
<td>696.0</td>
<td>690.4</td>
<td>+0.8%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>216.0</td>
<td>196.4</td>
<td>+10.0%</td>
<td>447.0</td>
<td>423.0</td>
<td>+5.7%</td>
</tr>
<tr>
<td><strong>Asia &amp; Oceania</strong></td>
<td>215.0</td>
<td>183.6</td>
<td>+17.1%</td>
<td>451.0</td>
<td>395.1</td>
<td>+14.1%</td>
</tr>
<tr>
<td><strong>Eliminations</strong></td>
<td>-310.0</td>
<td>-281.7</td>
<td>-</td>
<td>-645.0</td>
<td>-609.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sales Total</strong></td>
<td>1,635.0</td>
<td>1,506.6</td>
<td>+8.5%</td>
<td>3,380.0</td>
<td>3,188.3</td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>Operating Income Total</strong></td>
<td>128.0</td>
<td>119.7</td>
<td>+6.9%</td>
<td>282.0</td>
<td>266.6</td>
<td>+5.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>06/9 Est.</th>
<th>07/3 Est.</th>
<th>06/3</th>
<th>Change</th>
<th>06/9 Est.</th>
<th>07/3 Est.</th>
<th>06/3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>97.0</td>
<td>214.0</td>
<td>207.7</td>
<td>9.1%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>207.7</td>
<td>9.1%</td>
</tr>
<tr>
<td><strong>The Americas</strong></td>
<td>12.5</td>
<td>25.5</td>
<td>21.9</td>
<td>3.2%</td>
<td>16.6%</td>
<td>16.6%</td>
<td>21.9</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>4.0</td>
<td>9.0</td>
<td>1.6</td>
<td>0.4%</td>
<td>-</td>
<td>-</td>
<td>1.6</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Asia &amp; Oceania</strong></td>
<td>15.0</td>
<td>34.5</td>
<td>36.7</td>
<td>9.3%</td>
<td>-6.0%</td>
<td>-6.0%</td>
<td>36.7</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>Eliminations</strong></td>
<td>-0.5</td>
<td>-1.0</td>
<td>-1.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating Income Total</strong></td>
<td>128.0</td>
<td>282.0</td>
<td>266.6</td>
<td>8.4%</td>
<td>5.8%</td>
<td>5.8%</td>
<td>266.6</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

(Unit: Billions of Yen)

No Change from Estimation at the Beginning of the Term

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2010 Long-term Plan
2010 Long-term Plan

1. DENSO VISION 2015
2. Summary of Long-term Plan
3. Primary Tasks
4. Capital Policy
5. Goal in 2010
1. DENSO VISION 2015

DENSO VISION 2015 (announced in April 2004)

The Aim of DENSO VISION

- Contribute to the creation of an advanced automotive society
- Evolve into a truly global corporation

Goal

Bring “Consideration” and “Fulfillment” to the world

Action Principles

DENSO Spirit

Foresight  Credibility  Collaboration
2. Summary of Long-term Plan: Target in 2015

VISION 2015

- Leadership for Development of Automotive Society
  DENSO continuously develops the first and best products and contributes to development of society and customers, and prosperity of industry through constant growth.

- Presence in each Region of the World
  DENSO offers high-quality products to the world and realizes well-balanced profits globally.

- Reliable Corporation Policy
  In addition to the economy, DENSO takes responsibility for the environment and society. Our stakeholders rely on us.

- Evolution of Worldwide Wisdom
  DENSO keeps evolving with input from 100,000 people in group companies, which have local autonomy.

Management as Global Excellent Company

Bring “Consideration” and “Fulfillment” to the world

The Aim

Contribute to the creation of an advanced automotive society

Evolve into a truly global corporation

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2. Summary of Long-term Plan: Goal by 2010

Contributing to the creation of an advanced automotive society

**Product Development**
- Develop low-cost and high-functional products for unique market demands
- Offer the world-first and market-leading products in systems and components

**New Business Development**
- Establish aftermarket and non-automotive business to support the growth of DENSO
- Achieve success from the point of new business

**Way of Manufacturing**
- Achieve “zero-trouble” by quality improvement
- Realize the best QCD and an active workplace in each company of the world
2. Summary of Long-term Plan: Goal by 2010

Evolving into a truly global corporation

Business Operations
- Implement development and design in each region of the world with input from all employees
- Realize stable business against shifting exchange rates through suitable centralization and decentralization of global production

Management of DENSO Group Companies
- Implement activities with DENSO’s characteristic for a world top-class CSR corporation
- Encourage autonomy of group companies through horizontal enhancement of function and addition of local viewpoint

Encourage Associates
- Realize autonomous PDCA by setting DENSO’s sense of value and business in each region
- Have a best workplace and atmosphere for employees to express their opinions and put their skills into practice
3. Primary Tasks

Product Development

Promote Development of Innovative Component and System in Four Important fields (Environment, Safety, Comfort, Convenience)

- Accelerate creation of world-first product with new technique and function
- Expansion of “World-Leading Product”

> World-first and Market-Leading products will make up two-thirds of the growth toward 2010

**Environment**
Earth-friendly car
Hybrid Vehicle, Common Rail System, CO2 Air Conditioner, Ejector, etc.

**Convenience**
Convenient HMI system
Next Generation ETC, Next Generation Navigation, Driver Assist, etc.

**Safety**
Accident-Free Car
Crash Prevention and Avoidance
Laser, Millimeter Wave Sensor, Lane Keeping, Pre-Crash, Remote Security

**Comfort**
Car Promotes Tireless Driving
Multi-climate Control, Thermal Management

HMI: Human/Machine Interface

DENSO
Business group reorganization in January 2006
Integrate ITS Product Division, Body Electronics Product Division, Driving Safety Product Division as Information & Safety Business Group and strengthen system development.

Offer new values through the development of products and services connecting cars to people and society
new value = “Consideration(safety,ease)” and “Fulfillment(convenience)” on driving
Connecting to Person □ Driver Assistant System

3. Primary Tasks

Product Development

Driver Monitoring ECU

Steering Electrocardiographic Sensor

Camera
Confirmation of Face, Count of Blink

Seat, Side Mirror
(Adjust to driver’s position)

Air Conditioner
(Blow cold air when sleepiness is detected → awakening)

Seat Position

Security ECU
(Send monitoring data to outside)

Meter (indicate to driver)

Cold Air

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3. Primary Tasks

Product Development

Connecting to Society ➔ Safety System of Harmonized Infrastructure

- Global Positioning Satellite (GPS)
- Communication Hot Spot
- Network
- Traffic Control Center
- Communication between Two Cars
- Communication between Car and Road
3. Primary Tasks

The number of Engineers in 2010 (increase from 2004)

Europe
- 800 (+150)
  - Germany (Munchen, Aachen)
  - UK
  - Sweden
  - Italy

China
- 50 (+40)
  - Beijing, Tianjin, Shanghai

Japan
- 14,500 (+2,700)
  - DENTSO, ASMO, ANDEN, etc.

Asia & Oceania
- 800 (+400)
  - Thailand, Philippine, Vietnam, Korea, Taiwan, Australia

The Americas
- 800 (+300)
  - Michigan, California, Brazil

In addition to the Americas and Europe, establish Technical Center in Asia/China

Note: including outsourcing and management level of development and design

Strengthen local management ability and achieve the complete application design in local areas

<table>
<thead>
<tr>
<th>Ratio of application design in local areas</th>
<th>2004</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40%</td>
<td>60%</td>
<td>100%</td>
</tr>
</tbody>
</table>
3. Primary Tasks

**Group Management - CSR activity**

(CSR = Corporate Social Responsibility)

- Achieve growth of DENSO groups through contribution to sustainable development of society
- Practice responsible corporate activities with a good balance of economic (business results), environmental and social aspects.

Framework

**Policy**
- Contents and Objectives of action
  - Economic aspects (business results)
  - Environmental & Social aspects

**Promotion**

- “The DENSO Group Declaration of Corporate Behavior”
  - Announced in April 2006

- Main Activity Fields
  - Environmental Preservation, Contribution to Society, Respect for Employees,
  - Compliance, Customer Service, Disclosure, IR, Free & Fair & Clear Business, etc.

- Establish “CSR Promotion Committee” at Headquarters,
  - Assign CSR Leader in each company
### 3. Primary Tasks

**Group Management - CSR activity**

(CSR = Corporate Social Responsibility)

- Develop and integrate activities of all DENSO groups to promote “Environment Preservation”, “Contribution to Society” and “Respect for Employees”
- Spread and establish “Compliance” for CSR to all members of DENSO group

#### Examples of Activity

<table>
<thead>
<tr>
<th>Fields</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Preservation</td>
<td>Promote prevention of “Global Warming” (reduction of CO2)</td>
</tr>
<tr>
<td>-</td>
<td>Act on overall corporate activities (development of new technology, factory management, employee activities)</td>
</tr>
<tr>
<td>Contribution to Society</td>
<td>Promote community activities in regions where DENSO operates</td>
</tr>
<tr>
<td>-</td>
<td>Act on common theme of welfare for disabled people, youth development and environmental coexistence</td>
</tr>
<tr>
<td>Respect for Employees</td>
<td>Promote the activity of various human resources to support business management all over the world</td>
</tr>
<tr>
<td>-</td>
<td>Establish a workplace and atmosphere for all people including women, elderly, disabled and local people</td>
</tr>
<tr>
<td>Compliance</td>
<td>Promote the common compliance program of DENSO group</td>
</tr>
<tr>
<td>-</td>
<td>Spread action policy of employees, assign office leaders, introduce monitoring system(reporting system, etc.)</td>
</tr>
</tbody>
</table>

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4. Capital Policy

Return to Stockholders

1. Dividends
   Execute increased dividends by taking consolidated financial results into consideration

2. Share buybacks
   Share buybacks in a timely manner under the consideration of cash flow to improve stockholder value
5. Goal by 2010

### < 2005 >
- World's automotive production: 65.7 million units
- Sales: 3,188.3 billion yen
- ROE: 9.4%

### < 2010 >
- World's automotive production: 77.0 million units (3% growth/year)
- Sales: More than 4,000 billion yen (5% growth/year)
- ROE: 10%

Sales breakdown:
- Overseas: 52%
- Japan: 48%
[Appendix] Sales by Geographical Segments

- **Japan**
  - 2005: 2,290 billion yen
  - 2010: 2,630 billion yen
  - Annual rate: 3.0%
  - Automobile: 10.7 → 11.1 million units
    + 0.7% (annual rate)

- **Europe**
  - 2005: 420 billion yen
  - 2010: 590 billion yen
  - Annual rate: 7.0%
  - Automobile: 21 → 24 million
    + 2.7% (annual rate)

- **The Americas**
  - 2005: 690 billion yen
  - 2010: 780 billion yen
  - Annual rate: 2.5%
  - Automobile: 18.3 → 20.4 million
    + 2.2% (annual rate)

- **Oceania & Asia**
  - 2005: 400 billion yen
  - 2010: 680 billion yen
  - Annual rate: 7.0%
  - Automobile: 5.4 → 10.4 million
    + 14.0% (annual rate)

- **Consolidated elimination:**
  - 2005: 600 billion yen
  - 2010: 680 billion yen
  - Automobile: 10.7 → 21.5 million
    + 6.5% (annual rate)

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