

(TRANSLATION ONLY)

Stock Code: 6902

June 8, 2009



**To Those Shareholders with Voting Rights**

Nobuaki Kato  
President and CEO  
DENSO CORPORATION  
1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

## **NOTICE OF THE 86TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you of the 86th Ordinary General Meeting of Shareholders to be held as follows.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please read the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS and return the Voting Rights Exercise Form with your vote of approval or disapproval so that it will be delivered to us before 5:40 p.m. on Tuesday, June 23, 2009.

**1. Date:** 10 a.m., Wednesday, June 24, 2009

**2. Place:** Head Office, DENSO CORPORATION  
1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

### **3. Objectives of the Meeting:**

#### **Reports:**

- (1) Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors for the 86th Fiscal Term (from April 1, 2008, to March 31, 2009)**
- (2) Non-Consolidated Financial Statements for the 86th Fiscal Term (from April 1, 2008, to March 31, 2009)**

#### **Agenda:**

**Proposal No. 1: Distribution of Surplus**

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

**Proposal No. 3: Election of Eleven (11) Directors due to Expiration of the Term of Office of All the Current Directors**

**Proposal No. 4: Election of Two (2) Corporate Auditors due to Expiration of the Term of Office of the Two (2) Current Corporate Auditors**

**Proposal No. 5: Issuance of Stock Acquisition Rights as Stock Options**

**Proposal No. 6: Presentation of Retirement Benefits to a Retiring Corporate Auditor**

**For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.**

**Any amendment to the REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS or the Attachment will be disclosed on the Company's Web site.**

(<http://www.denso.co.jp>)

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**Attachment****BUSINESS REPORT**

(April 1, 2008, through March 31, 2009)

**1. CURRENT SITUATION OF THE CORPORATE GROUP****(1) Process and Results of Operations of Our Group**

During the year ended March 31, 2009, the global economy was initially stagnant in some developed countries but rapidly worsened with the worldwide financial crisis from the autumn of 2008.

As for the automotive industry, the underlying trend of sales expansion that had continued until 2007 reversed with a sharp shrinkage of global markets. In the United States, one of the industry's major markets, sales were considerably lower than the previous year's level, affected by the adverse effects of more rigorous car loan credibility examination and the serious recession. In the emerging markets that had maintained higher growth rates, sales growth slowed in China and sales were lower than the previous year's level in India. Meanwhile, domestic vehicle sales were lower than the previous year's level reflecting a decline in the number of registered cars and a decline in sales of light vehicles, which resulted in a year-over-year decline for the third consecutive year. Domestic vehicle production also recorded a year-over-year decline for the first time since the year ended March 31, 2002, reflecting a sharp fall in exports for finished vehicles in the autumn of 2008, together with the lingering anemic sales in the domestic market.

To cope with the rapidly deteriorating business climate, the DENSO Group took group-wide emergency actions to check and restrict expenses in all respects by accelerating conventional cost-cutting activities and raising operating efficiency mainly at managerial and indirect sections from early the year ended March 31, 2009, under the recognition that a considerable profit decline was inevitable.

Regarding operating results for the year ended March 31, 2009, consolidated net sales decreased ¥882.4 billion, or 21.9%, compared with the previous fiscal year to ¥3,142.7 billion, affected by the global reduction in vehicle production and foreign exchange loss. A consolidated ordinary loss of ¥35.3 billion was recorded compared with ordinary income of ¥368.3 billion for the previous fiscal year, mainly due to the deterioration losses for capacity utilization through decreased sales and foreign exchange loss despite our efforts to reduce costs and to streamline and enhance efficiency throughout our operations. Furthermore, a net loss of ¥84.1 billion was recorded compared with net income of ¥244.4 billion for the previous fiscal year by recording extraordinary losses of ¥66.9 billion including an impairment loss on long-lived assets.

By geographical segment, sales in Japan amounted to ¥2,145.6 billion, down ¥580.3 billion, or 21.3%, from the previous year, mainly due to a sharp decrease in the domestic production of vehicles for export, a decline in exports of components for overseas production and foreign exchange loss. An operating loss of ¥114.7 billion was recorded compared with operating income of ¥197.5 billion for the previous fiscal year, affected mainly by certain deterioration losses for capacity utilization through decreased sales and foreign exchange loss.

Sales in the Americas were ¥559.8 billion, a decrease of ¥272.5 billion, or 32.7%, mainly due to the decrease in vehicle production in the United States. Operating income was ¥5.1 billion, a decline of ¥36.5 billion, or 87.8%, mainly due to the fallen capacity utilization through decreased sales.

Sales in Europe were ¥462.5 billion, a decline of ¥157.8 billion, or 25.4%, mainly due to decreased sales resulting from a reduction of vehicle production in the related European countries. Operating income plummeted ¥22.9 billion, or 86.4%, to ¥3.6 billion mainly due to deterioration losses for capacity utilization through decreased sales.

Sales in the Asia and Oceania regions were ¥507.7 billion, a decrease of ¥108.5 billion, or 17.6%, reflecting decreased production of Japanese vehicles especially in the ASEAN countries. Operating income amounted to ¥60.5 billion, down ¥20.0 billion, or 24.8%, mainly due to foreign exchange loss and the deterioration losses for capacity utilization.

Given these difficult circumstances, the Group steadily focused on the priority principles of "Contribute to the creation of an advanced automotive society" and "Evolve into a truly global corporation".

To **"Contribute to the creation of an advanced automotive society,"** the Group addressed technological development to reduce the environmental impact of CO<sub>2</sub> emissions and strengthened restrictions on fuel consumption and car exhaust to prevent global warming. Jointly with Toyota Motor Corporation, we developed a new-type starter for idle-stop systems, which could have a considerable impact on improving fuel consumption. The newly developed starter has achieved improved durability, which is required for frequent engine starts and stops, as well as smooth and natural operation, due to its original structure. The new starter was first mounted

onboard a Toyota Motor's European model that was launched in November 2008. Giving the rising demand for compact cars with good fuel consumption, we developed an air conditioner for compact vehicles, of which cubic volume is 20% less than conventional models. It was mounted onboard the Toyota iQ model, which was launched in November 2008.

Meanwhile, to “**Evolve into a truly global corporation,**” the Group is endeavoring to globally reinforce the Denso Way *Monozukuri* (the creation of reliable products) by creating synergies from our integrated group power. In February 2009, we determined to establish a new corporation, DENSO Air Systems Corporation, by integrating DENSI AIRS Corporation, a manufacturer of air-conditioning piping for vehicles, and the hose business of GAC CORPORATION. We will pursue group-wide improvement of competitiveness in the application of car air-conditioning systems by standardizing the development and production processes that have been separately developed by both companies. Moreover, the Company newly established in April 2008 the Globalization Promotion Center, which is a dedicated section to restructure such infrastructure as the improvement of necessary systems, mechanisms and/or regulations. Its future operation will serve to create comfortable worksites where every employee of the respective Group companies can maximize their effectiveness.

As a major initiative in its CSR activities, the Group is committed to various activities mainly with the themes of “human resource development (“*hitozukuri*”)” and “environmental symbiosis” as part of the focused field of social contribution programs. As for *hitozukuri*, we actively support activities to help handicapped people participate in society and achieve self-reliance. DENSO TAIYO CO., LTD., is a symbolic subsidiary that was established in 1984 to support the self-reliance of handicapped persons. DENSO TAIYO achieved cumulative production output of 20 million units of automotive meters in July 2008. In the field of welfare for the handicapped, DENSO TAIYO plays a central role of the DENSO Group. We aim to be a trustworthy, global corporate group embraced by local communities and society. Every employee in the Group is determined to practice CSR activities in all the countries and regions where the DENSO Group actively conducts business operations.

## **(2) Capital Expenditures and Financing**

During the year under review, capital expenditures of ¥314.4 billion were invested mainly to shift to highly cost-competitive next-generation products and improve product quality and reliability.

To apply the funds to future capital investment projects, the Company principally financed ¥55.0 billion from bank borrowings and issued ¥100.0 billion in straight bonds during the year.

## **(3) Our Challenge for Future Success**

For the near-term global economy, it will likely take considerable time for the financial concerns to be addressed and the potential for recovery revitalized. As a result, developed countries will unavoidably record negative growth rates, whereas growth will slow in the the emerging countries. The current recession could therefore linger for several years.

In the automotive industry, the global market is anticipated to reduce in size owing to the harsh economic setback despite active incentive measures taken by respective governments to encourage consumers to replace existing vehicles with new ones. In addition, the business environment surrounding the Group has become unprecedentedly stringent with many adverse factors including the effects of the appreciation of the yen.

Amid these harsh circumstances, the Group will continue its group-wide commitment to the following mainstay principles to achieve the earnings improvement targets for the fiscal year ending March 31, 2010.

- 1) “Structural reform to build a lean and streamlined business structure” and
- 2) “Structural reform for next growth”

As for Principle 1), we will vigorously promote radical reforms in the earnings-creating structure through the reduction of fixed expenses such as capital investment and diverse expenses, as well as with the standardization and efficiency improvement of managerial and indirect operations.

As for Principle 2), we will promote establishing technological innovation for further fuel consumption improvement and reduction of CO<sub>2</sub> emissions based on our solidified pillars of business, cost and management.

The DENSO Group will thus commit itself to realizing reform in terms of the corporate climate and operating systems by proactively taking these initiatives so that we address and take advantage of next growth opportunities in response to environmental changes.

**(4) Operating Results and Financial Position of the Group**

(Millions of yen)

Fiscal period	83rd Term (April 2005– March 2006)	84th Term (April 2006– March 2007)	85th Term (April 2007– March 2008)	86th Term (April 2008– March 2009)
Account item				
Net Sales	3,188,330	3,609,700	4,025,076	3,142,665
Ordinary Income (Loss)	283,054	322,128	368,308	(35,327)
Net Income (Loss)	169,648	205,170	244,417	(84,085)
Net Income (Loss) per Share (yen)	204.80	249.88	299.96	(104.13)
Equity	1,970,388	2,286,956	2,282,677	1,900,719
Total Assets	3,411,975	3,765,135	3,643,418	3,018,438

**(5) Significant Subsidiaries**

Name	Common Stock	The Company's Ratio of Voting Rights (%)	Principal Businesses
ASMO CO., LTD.	JPY4,500 million	73.37*	Manufacture and sale of small motors
ANDEN CO., LTD.	JPY1,002 million	100.00	Manufacture and sale of electronic systems
DENSO TOKYO CORPORATION	JPY175 million	100.00	Sale of automotive components and environmental systems
DENSO INTERNATIONAL AMERICA, INC.	USD226,750 thousand	100.00	— Holding company and regional headquarters for North America — Sale and R&D of automotive components
DENSO MANUFACTURING MICHIGAN, INC.	USD125,000 thousand	100.00*	Manufacture and sale of thermal systems
DENSO MANUFACTURING TENNESSEE, INC.	USD73,900 thousand	100.00*	Manufacture and sale of electronic and electric systems
DENSO MANUFACTURING ATHENS TENNESSEE, INC.	USD100 thousand	100.00*	Manufacture and sale of powertrain control systems
DENSO SALES CANADA, Inc.	CAD100 thousand	100.00	Sale of automotive components
DENSO EUROPE B.V.	EUR1,361 thousand	100.00*	— Regional headquarters for Europe — Sale of automotive components
DENSO THERMAL SYSTEMS S.p.A.	EUR170,900 thousand	100.00*	Manufacture and sale of thermal systems
DENSO MANUFACTURING HUNGARY LTD.	EUR190,912 thousand	100.00*	Manufacture and sale of powertrain control systems
DENSO SALES UK LTD.	GBP4,897 thousand	100.00*	Sale and R&D of automotive components
DENSO SALES (THAILAND) CO., LTD.	THB100 million	100.00*	Sale of electrical automotive components
DENSO (THAILAND) CO., LTD.	THB200 million	51.25*	Manufacture and sale of electric and thermal systems
DENSO (CHINA) INVESTMENT CO., LTD.	China Yuan 2,150 million	100.00	— Holding company and regional headquarters for China — Sale of automotive components

\*Indicates the ratio of ownership including shareholdings by any of the Company's subsidiaries.

## **(6) Principal Businesses of the Group**

Manufacture and sale of the following products:

### **(Automotive Businesses)**

Powertrain Control Systems	(e.g., Powertrain control products for diesel engines, Powertrain control products for gasoline engines, Ignition coils, Various valves)
Electric Systems	(e.g., Starters, Alternators, Inverters, DC-DC converters)
Electronic Systems	(e.g., Engine control computers, Various semiconductor sensors, Hybrid ICs)
Thermal Systems	(e.g., Car air-conditioning systems, Bus/construction equipment air-conditioning systems, Radiators, Cooling fans)
Information & Safety Systems	(e.g., Various sensors & computers for airbags, Actuators & computers for ABS, Meters, Car navigation systems)
Small Motors	(e.g., Windshield wiper systems, Windshield washer systems, Power window motors)
<b>(New Businesses)</b>	
Industrial Systems	(e.g., Barcode handy scanners & handy terminals, QR code scanners & handy terminals, Industrial robots)
Consumer Products	(e.g., CO <sub>2</sub> refrigerant heat-pump water heaters)

## (7) Principal Offices and Plants

1) The Company	
Head Office	1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Headquarters	Tokyo
Branches	Tokyo, Osaka, Hiroshima
Factories	Kariya, Ikeda, Anjo, Nishio, Takatana, Kota, Toyohashi, Agui and Zenmyo (Aichi Pref.), Daian (Mie Pref.),
Research Institute	DENSO Research Laboratories (Aichi Pref.)
Experiment Station	Nukata (Aichi Pref.)
2) Subsidiaries	
Major Sales Companies	Japan DENSO TOKYO CORPORATION (Metropolis of Tokyo) Americas DENSO INTERNATIONAL AMERICA, INC. (Michigan, U.S.A.), DENSO SALES CANADA, Inc. (Ontario, Canada) Europe DENSO EUROPE B.V. (Weesp, the Netherlands), DENSO SALES UK LTD. (Hertfordshire, U.K.) Asia & Oceania DENSO SALES (THAILAND) CO., LTD. (Samutprakarn, Thailand), DENSO (CHINA) INVESTMENT CO., LTD.(Beijing, China)
Major Manufacturing Companies	Japan ASMO CO. LTD. (Shizuoka Pref.), ANDEN CO., LTD. (Aichi Pref.) Americas DENSO MANUFACTURING MICHIGAN, INC. (Michigan, U.S.A.), DENSO MANUFACTURING TENNESSEE, INC. (Tennessee, U.S.A.), DENSO MANUFACTURING ATHENS TENNESSEE, INC. (Tennessee, U.S.A.) Europe DENSO THERMAL SYSTEMS S.p.A. (Turin, Italy), DENSO MANUFACTURING HUNGARY LTD. (Szekesfehervar, Hungary) Asia & Oceania DENSO (THAILAND) CO., LTD. (Samutprakarn, Thailand)

**(8) Employees within the Group**

Number of Employees	Increase/Decrease from the Preceding Fiscal Year
119,919	1,066 (increase)

Note: "Number of Employees" indicates the number of persons working within the Group (i.e., exclusive of those loaned from within the Group to outside the Group and inclusive of those loaned from outside the Group to within the Group).

**(9) Major Lenders**

Name of Lender	Balance of Borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan	13,000
Fukoku Mutual Life Insurance Co.	10,000
The Hokkaido Bank, Ltd.	10,000
North Pacific Bank, LTD.	10,000
The 77 Bank, Ltd.	10,000
THE TOHO BANK, LTD.	10,000
The Dai-ichi Mutual Life Insurance Company	7,000
THE BANK OF NAGOYA, Ltd.	6,000
Other	67,000
Total	143,000

Notes:

1. "Major lenders" of the corporate group above means the Company's major lenders.
2. The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan refers to a syndicate loan involving four corporations for which the lead manager is The Bank of Tokyo-Mitsubishi UFJ, Ltd.

## 2. SHARES OF THE COMPANY

(1) Total Number of Issued Shares: 805,882,419 shares (excluding treasury stock of 78,186,294 shares)

(2) Number of Shareholders: 79,459 persons

### (3) Major Shareholders

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Ratio of Voting Rights (%)
Toyota Motor Corporation	199,254	24.74
TOYOTA INDUSTRIES CORPORATION	69,373	8.61
Robert Bosch Industrieanlagen GmbH	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 Co., Ltd.	15,148	1.88
Denso Employees' Shareholding Association	14,810	1.84
State Street Bank & Trust Company	11,086	1.38

Notes:

- The Company holds its treasury stock of 78,186 thousand shares, and the Company itself is excluded from the list above.
- "Investment in the Company" by TOYOTA INDUSTRIES CORPORATION is stated after excluding the Company's 6,798 thousand shares (ratio of voting rights: 0.84%), which are contributed as a trust asset for employees' retirement benefits by TOYOTA INDUSTRIES CORPORATION. (These shares are registered in the name of "Japan Trustee Services Bank, Ltd. (Trust Account of TOYOTA INDUSTRIES CORPORATION Employees' Retirement Benefits for the Re-trust by Chuo Mitsui Asset Trust and Banking Company, Limited)," and TOYOTA INDUSTRIES CORPORATION reserves the right of instruction in exercising the shares' voting rights.)
- We have received a revised substantial shareholding report dated July 28, 2008, submitted by Robert Bosch Industrieanlagen GmbH stating that it transferred all of the 47,434 thousand DENSO shares it held to Robert Bosch Investment Nederland B.V. on July 21, 2008.

Meanwhile, we received a substantial shareholding report dated July 28, 2008, submitted by Robert Bosch Investment Nederland B.V., stating that it acquired 47,434 thousand DENSO shares as of July 21, 2008, and has held them since then.

The name regarding the relevant shares on the register of shareholders is, however, still Robert Bosch Industrieanlagen GmbH, and we could not confirm the number of shares substantially held thereby as of March 31, 2009. The content of the revised substantial shareholding report and the substantial shareholding report is as follows:

Name or Designation	Address	Number of Shares Held (Thousand shares)	Ratio of Shares Held to Total Number of Issued Shares (%)
Robert Bosch Industrieanlagen GmbH	1, Robert Bosch Platz, Gerlingen-Schillerhöhe, 70839 Germany	—	—
Robert Bosch Investment Nederland B.V.	1, Kruisbroeksestraat, Boxtel, 5281 the Netherlands	47,434	5.37

Notes:

- The above two companies are subsidiaries of Robert Bosch GmbH, Germany.
- The ratio of voting rights of these shares held as of March 31, 2009, was 5.89%.

### 3. STOCK ACQUISITION RIGHTS, ETC., OF THE COMPANY

#### (1) Status of Stock Acquisition Rights, at the End of the Year

##### 1) Number and outline of the stock acquisition rights.

Date when the resolution for issuance was adopted	June 27, 2003	June 24, 2004	June 22, 2005
Number of the stock acquisition rights	840 units	2,839 units	5,997 units
Type of shares subject to the stock acquisition rights	Common stock		
Number of shares subject to the stock acquisition rights	84,000 shares	283,900 shares	599,700 shares
Issue price	Without charge		
Exercise price	¥2,090/share	¥2,740/share	¥2,758/share
Exercise period	From July 1, 2005, to June 30, 2009	From July 1, 2006, to June 30, 2010	From July 1, 2007, to June 30, 2011

Date when the resolution for issuance was adopted	June 27, 2006	June 26, 2007	June 25, 2008
Number of the stock acquisition rights	11,160 units	16,800 units	18,730 units
Type of shares subject to the stock acquisition rights	Common stock		
Number of shares subject to the stock acquisition rights	1,116,000 shares	1,680,000 shares	1,873,000 shares
Issue price	Without charge		
Exercise price	¥3,950/share	¥5,030/share	¥3,447/share
Exercise period	From August 1, 2008, to July 31, 2012	From August 1, 2009, to July 31, 2013	From August 1, 2010, to July 31, 2014

##### 2) Stock acquisition rights held by the Company's directors

Date when the resolution for issuance was adopted	June 27, 2003	June 24, 2004	June 22, 2005
Number of the stock acquisition rights	200 units	478 units	742 units
Number of holders	2	6	8

Date when the resolution for issuance was adopted	June 27, 2006	June 26, 2007	June 25, 2008
Number of the stock acquisition rights	1,500 units	3,500 units	3,700 units
Number of holders	13	13	13

**(2) Stock Acquisition Rights Issued during the Year**

1) Content of the stock acquisition rights issued

Date when the resolution for issuance was adopted	June 25, 2008
Number of the stock acquisition rights	18,730 units
Type and number of shares subject to the stock acquisition rights	1,873,000 shares of common stock
Issue price of the stock acquisition rights	Without charge
Amount to be paid per share upon exercise of the stock acquisition rights	¥3,447
Exercise period of the stock acquisition rights	From August 1, 2010, to July 31, 2014
Conditions for the exercise of the stock acquisition rights	<p>1) Those who have been granted the stock acquisition rights (hereinafter the “Grantees”) must be in the position of Director, Managing Officer or employee of the Company, or Director or certain officers of its subsidiaries when exercising his/her stock acquisition rights; provided, however, that a Grantee may exercise his/her stock acquisition rights for a period of one (1) year (but only during the exercise period) following the date of resignation or retirement if the Grantee forfeits any position mentioned above due to resignation or retirement from the Company or any of its subsidiaries.</p> <p>2) In case a Grantee no longer qualifies for the exercise conditions of stock acquisition rights, the Grantee shall immediately lose such stock acquisition rights and return them to the Company immediately without receipt of any consideration.</p> <p>3) Other applicable exercise conditions (including details regarding Item 1), above) shall be as prescribed by the “Stock Acquisition Rights Allocation Agreement,” which shall be entered into by and between each Grantee and the Company, and by the “Detailed Regulations concerning the Stock Acquisition Rights Allocation Agreement,” which shall be determined by the Board of Directors in compliance with the said Stock Acquisition Rights Allocation Agreement, pursuant to the relevant resolutions by both the Ordinary General Meeting of Shareholders and the Board of Directors.</p>

2) Status of the stock acquisition rights issued to certain employees of the Company, as well as to certain officers and employees of its subsidiaries

Category	Employees of the Company	Certain Officers and Employees of Subsidiaries of the Company
Number of the stock acquisition rights	12,170 units	2,860 units
Type of shares subject to the stock acquisition rights	Common stock	Common stock
Number of shares subject to the stock acquisition rights	1,217,000 shares	286,000 shares
Total number of granted persons	447	124

#### 4. OFFICERS OF THE COMPANY

##### (1) Directors and Corporate Auditors

Name	Position	Assignment in the Company and Important Posts Concurrently Held at Other Corporations
Akihiko Saito	Chairman*	
Koichi Fukaya	Vice Chairman*	(Important posts concurrently held) Outside corporate auditor, JTEKT Corporation
Nobuaki Kato	President and CEO*	
Shinro Iwatsuki	Executive Vice President*	
Hiromi Tokuda	Executive Vice President*	Powertrain Control Systems Business Group (Important posts concurrently held) Director, TOYOTA BOSHOKU CORPORATION
Mitsuharu Kato	Senior Managing Director	Electric Systems Business Group; Information & Safety Systems Business Group (Important posts concurrently held) Outside director, Jeco Co., Ltd.
Kenji Ohya	Senior Managing Director	Administration Center; Sales Group; Secretarial Dept.; Sales Administration Dept.
Koji Kobayashi	Senior Managing Director	Corporate Center; Procurement Group; Audit Dept.; Corporate Communications Dept.
Kazuo Hironaka	Senior Managing Director	Deputy Chief, Sales Group; Toyota Dept.; Tokyo Branch; Chubu Sales Branch; Osaka Branch; Hiroshima Branch; Market Development Project Office
Sojiro Tsuchiya	Senior Managing Director	Production Promotion Center; Prototype Mfg. Dept; Construction Dept.; Production Engineering Dept.; Production Control Dept.; Logistics Planning Dept.
Hikaru Sugi	Senior Managing Director	Engineering Research & Development Center; Thermal Systems Business Group; DENSO Research Laboratories; IT Planning Dept.
Shinji Shirasaki	Senior Managing Director	Electronic Systems Business Group; Devices Business Dept.; Electronic Systems Testing & Evaluation Dept. (Important posts concurrently held)
Shoichiro Toyoda	Director	Outside corporate auditor, TOKAI RIKKA CO., LTD. (Important posts concurrently held) Honorary Chairman and Director, Toyota Motor Corporation Outside corporate auditor, AISIN SEIKI CO., LTD. Honorary Chairman, Japan Business Federation
Nobuaki Horiuchi	Standing Corporate Auditor	(Important posts concurrently held) Outside corporate auditor, Jeco Co., Ltd.
Toshio Watanabe	Standing Corporate Auditor	
Fujio Cho	Corporate Auditor	(Important posts concurrently held) Chairman, Toyota Motor Corporation Outside director, Central Japan Railway Company Outside director, Sony Corporation Vice Chairman, Japan Business Federation
Tamiki Kishida	Corporate Auditor	(Important posts concurrently held) Professor, Course of Economics Research, Graduate School of Nagoya University
Tsutomu Saito	Corporate Auditor	(Important posts concurrently held) Lawyer

Notes:

1. The directors marked with an asterisk (\*) are representative directors.
2. Corporate Auditors Fujio Cho, Tamiki Kishida and Tsutomu Saito are outside corporate auditors as stipulated in Article 2, Paragraph 16, of the Companies Act.
3. Corporate Auditor Fujio Cho has representative right at Toyota Motor Corporation as Chairman.

## (2) Remuneration, etc., Payable to Directors and Corporate Auditors Pertaining to the Year under Review

15 directors                      ¥757 million  
5 corporate auditors              ¥90 million                      (including 3 outside corporate auditors: ¥24 million)

Notes:

1. The amounts for remuneration, etc., paid to directors above include the remuneration as stock options granted to directors.
2. The amounts for remuneration, etc., paid to directors above include the retirement allowance for directors and corporate auditors for the fiscal year ended March 31, 2009.

## (3) Outside Corporate Auditors

### 1) Important combination of offices at other corporations

Name	Combination of Offices at Other Corporations
Fujio Cho	Chairman, Toyota Motor Corporation Outside director, Central Japan Railway Company Outside director, Sony Corporation

Note: Toyota Motor Corporation is a major shareholder of the Company, and the Company sells 47.6% of its products to Toyota Motor.

### 2) Major activities during the year

Name	Major Activities
Fujio Cho	He attended 14 of 22 Board of Directors meetings and 11 of 12 Board of Corporate Auditors meetings held in the year. At these meetings, he appropriately remarked on general management affairs based on his abundant experience as an executive at several corporations.
Tamiki Kishida	He attended 19 of 22 Board of Directors meetings and 12 of 12 Board of Corporate Auditors meetings held in the year. At these meetings, he mainly remarked on the business administration system of the Company based on his professional viewpoint as a professor of a university.
Tsutomu Saito	He attended 19 of 22 Board of Directors meetings and 12 of 12 Board of Corporate Auditors meetings held in the year. At these meetings, he mainly remarked on the compliance systems of the Company based on his professional viewpoint as lawyer.

### 3) Outline of the agreement with outside corporate auditors to limit their liability for damage

The Company has entered into an agreement with each outside corporate auditor to limit his liability with regard to the damages stipulated in Article 423, Paragraph 1, of the Companies Act. As a result, his liability shall be the amount set forth in Article 425, Paragraph 1, of the Companies Act.

## 5. INDEPENDENT AUDITORS

### (1) Designation of the Independent Auditors

Deloitte Touche Tohmatsu

### (2) Remuneration, etc., Payable to Independent Auditors for the Year

1)	Amount of remuneration, etc., to be paid by the Company to the independent auditors pertaining to the fiscal year under review	¥76 million
2)	Sum of money and other financial profits to be paid by the Company and its subsidiaries to the independent auditors	¥125 million

Notes:

1. The audit agreement entered into by the independent auditors and the Company does not distinguish the amount derived from the audit under the Companies Act and the one derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount in 1) above indicates the total of these two kinds of amounts.
2. Of the Company's significant subsidiaries, 12 subsidiaries, including DENSO INTERNATIONAL AMERICA, INC., DENSO EUROPE B.V. and DENSO SALES (THAILAND) CO., LTD., receive their audits by Certified Public Accountants or auditing firms (including those that have qualifications equivalent to these qualifications) other than the Independent Auditors of the Company.

### (3) Policy on Decisions of Dismissal or Non-Reappointment of the Independent Auditors

The Board of Corporate Auditors shall, upon consent of all the corporate auditors, dismiss the Independent Auditors if it determines a circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act, to have taken place.

In addition, if the Company judges it necessary to do so, for example, in case of any event that may raise a significant question in its employment of the Independent Auditors regarding the performance of appropriate audits, the Company shall, upon consent of the Board of Corporate Auditors, or upon a request by the Board of Corporate Auditors, submit a proposal for the dismissal or non-reappointment of the Independent Auditors to a general meeting of shareholders.

## **6. SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS**

The Company has resolved at its Board of Directors meetings the following basic policies for its internal control.

### **(1) Systems to Ensure Compliance of the Execution of Duties by Directors with Laws, Regulations and the Articles of Incorporation**

- 1) Directors shall thoroughly disseminate the universal values, ethics and convictions set forth in the DENSO Philosophy and the DENSO Spirit through their behavior and corporate documents.
- 2) Effective mutual supervision by and among directors shall be pursued for decision making by cross-sectional collegial bodies such as various meetings and committees in addition to the executive collegial bodies consisting of the Board of Directors, the Top Management Meeting and the Executive Meeting.

### **(2) Systems to Keep and Manage Information Pertaining to the Execution of Duties by Directors**

The Company shall appropriately keep and manage important information in accordance with the in-house rules. The minutes of the Board of Directors meetings shall be kept forever.

### **(3) Rules and Other Systems Regarding Loss Risk Management**

- 1) The risks involved in our businesses and investment shall be managed companywide by the executive collegial bodies such as the Board of Directors and the Top Management Meeting in accordance with the in-house rules. At the same time, the Group Leaders and the Center Leaders shall manage divisional risks in their respective fields.
- 2) As for other risk management, the Risk Management Committee shall generally streamline and manage relevant companywide systems, whereas each competent department shall manage relevant risk factors.

### **(4) Systems to Ensure the Efficient Execution of Directors' Duties**

- 1) The Company shall pursue a downsized, efficient management by leveraging the managing officer system with fewer directors.
- 2) The organizational systems, organizational management and authority of the respective organizations shall be determined in accordance with the in-house rules for more systematic and efficient operation of business activities.
- 3) Under the long-term management guidelines of the DENSO VISION 2015, the Company shall prepare management policies and plans to form a unified companywide intention to achieve its goals. The progress of the goals and plans, as well as operations at the respective departments, shall be periodically reported in accordance with the in-house rules.

### **(5) Systems to Ensure Compliance of the Execution of Duties by Employees with Laws, Regulations and the Articles of Incorporation**

- 1) The Corporate Ethics Committee shall establish and revise the Code of Conduct, and conduct necessary enlightenment activities and prepare proposals for the relevant organizations.
- 2) The Code of Conduct shall be fully disseminated among all employees via hierarchical compliance education.
- 3) The "Corporate Ethics Hotline" allows any employee who has an ethical or compliance-related concern to directly communicate that to the competent internal department or an outside lawyer.
- 4) The Audit Department shall internally audit the legality, the propriety and the efficiency of operations in accordance with the in-house rules and improve and reinforce the business management and operation systems at the respective departments based on such valuable input from the Audit Department.

### **(6) Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company, Its Parent and Its Subsidiaries**

- 1) Decision making at the respective Group companies shall be conducted on a "reserved power" basis pursuant to the respective in-house rules, according to a policy of maximally respecting the autonomy of each company.
- 2) Groupwide policies and plans shall be prepared under the long-term management guidelines of the DENSO VISION 2015 to unify the Group's intention to achieve its goals. The progress of the goals and plans shall be periodically reported in accordance with the in-house rules.
- 3) As for risk management and compliance within the Group companies, the Company shall offer guidelines to

the respective Group companies to promote the establishment and operation of groupwide systems. The DENSO Group Employee Code of Conduct shall be shared by and disseminated to all the Group companies.

- 4) CSR shall be an important management priority, and the CSR Promotion Council shall have the functions of orientation and follow-up on relevant activities as a core decision-making organ.
- 5) The Domestic DENSO Group Corporate Ethics Hotline shall be operated as an internal informant protection system for the Group companies in Japan.

**(7) Employees in Cases Where a Corporate Auditor Requests That the Company Place Several Employees as Assistants to Support His/Her Duties, and the Independence of the Employees Concerned from Directors in Such Cases**

- 1) The Audit Office, which was established as a dedicated organ, shall support the corporate auditors in conducting their duties.
- 2) Personnel changes and organizational restructuring of the Audit Office shall require the prior consent of the Board of Corporate Auditors.

**(8) Systems to Help Directors and Employees Report to the Corporate Auditors and Other Systems Relating to Reporting to the Corporate Auditors**

- 1) The corporate auditors shall endeavor to properly understand and audit the execution of business operations by attending the meetings of the Board of Directors and other important conferences such as various committees and carefully checking important documents such as *kessaisho* (documents for approval) on operations.
- 2) The directors, managing officers and employees of the Company shall periodically or occasionally report on their operations to the Corporate Auditors.

**(9) Other Systems to Ensure Effective Audits by the Corporate Auditors**

- 1) The corporate auditors shall have regular or occasional meetings or exchange information as required with the Audit Department and the Independent Auditors.
- 2) The corporate auditors shall check documents that will be submitted for discussion and deliberation at important conferences such as the Board of Directors meetings prior to such events.

## **7. POLICY REGARDING A DECISION OF DIVIDENDS FROM SURPLUS**

As for dividends from surplus, the Company's basic dividend policy is to attain stable improvement of the dividend level with due consideration to the operating results and the payout ratio for each fiscal year.

Moreover, the Company intends to allocate retained earnings not only to the capital investment and R&D investment required to maintain long-term business development but also to the acquisition of treasury stock in the pursuit of distributing its profits to the shareholders.

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The amounts stated in this Business Report are rounded off to the nearest unit.

**Consolidated Balance Sheet (As of March 31, 2009)**

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>1,266,802</b>	<b>Current Liabilities</b>	<b>608,065</b>
Cash and deposits	386,177	Notes and accounts payable—trade	281,734
Notes and accounts receivable—trade	369,587	Short-term borrowings	50,517
Marketable securities	107,842	Straight bonds redeemable within one year	57
Inventories	255,526	Accrued expenses	93,653
Deferred tax assets	61,819	Income taxes payable	7,876
Other current assets	88,136	Accrued bonuses to employees	47,718
Allowance for doubtful accounts	(2,285)	Accrued bonuses to directors and corporate auditors	221
		Reserve for product warranties	50,346
		Other current liabilities	75,943
<b>Fixed Assets</b>	<b>1,751,636</b>	<b>Long-Term Liabilities</b>	<b>509,654</b>
<b>Property, plant and equipment</b>	<b>1,034,633</b>	Straight bonds	150,173
Buildings and structures	260,534	Long-term borrowings	155,867
Machinery and transportation equipment	469,915	Deferred tax liabilities	5,260
Land	154,107	Liability for employees' retirement benefits	181,317
Construction in progress	76,181	Retirement allowance for directors and corporate auditors	2,184
Other	73,896	Negative goodwill	1,025
		Other long-term liabilities	13,828
		<b>Total Liabilities</b>	<b>1,117,719</b>
<b>Intangible Assets</b>	<b>19,959</b>	<b>(Equity)</b>	
Software	13,551	<b>Shareholders' equity</b>	<b>1,829,978</b>
Other intangible assets	6,408	Common stock	187,457
<b>Investments and Other Assets</b>	<b>697,044</b>	Capital surplus	266,635
Investment securities	432,636	Retained earnings	1,574,515
Long-term loans receivable	2,882	Treasury stock, at cost	(198,629)
Deferred tax assets	120,977	<b>Variance of the Estimate / Conversion</b>	<b>(40,277)</b>
Prepaid pension cost	107,781	Net unrealized gain on available-for-sale securities	89,000
Other assets	33,030	Deferred gain on derivatives under hedge accounting	(270)
Allowance for doubtful accounts	(262)	Foreign currency translation adjustments	(129,007)
		<b>Stock acquisition rights</b>	<b>1,852</b>
		<b>Minority interests</b>	<b>109,166</b>
		<b>Total Equity</b>	<b>1,900,719</b>
<b>Total Assets</b>	<b>3,018,438</b>	<b>Total Liabilities and Equity</b>	<b>3,018,438</b>

**Consolidated Statement of Income** (From April 1, 2008, to March 31, 2009)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>3,142,665</b>
Cost of sales		2,850,990
<b>Gross profit</b>		<b>291,675</b>
Selling, general and administrative expenses		328,984
<b>Operating loss</b>		<b>(37,309)</b>
<b>Non-operating income</b>		
Interest and dividend income	24,420	
Other non-operating income	11,298	35,718
<b>Non-operating expenses</b>		
Interest expense	5,593	
Other non-operating expenses	28,143	33,736
Ordinary loss		(35,327)
<b>Extraordinary gains</b>		
Gain on sales of fixed assets	2,990	2,990
<b>Extraordinary losses</b>		
Loss on sales on investment securities	20,574	
Impairment loss on long-lived assets	27,293	
Valuation loss on investment securities	8,300	
Valuation loss on investments in equity	599	
Business structure improvement cost	1,519	
Loss on reorganization of subsidiaries and affiliates	8,661	66,946
<b>Loss before income taxes and minority interests</b>		<b>(99,283)</b>
Income taxes—current	20,721	
Income taxes for prior years	7,231	
Income taxes—deferred	(47,798)	(19,846)
Minority interests in net income		4,648
<b>Net loss</b>		<b>(84,085)</b>

**Consolidated Statement of Changes in Equity**  
(From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total shareholders' equity
<b>Balance as of March 31, 2008</b>	<b>187,457</b>	<b>266,651</b>	<b>1,705,299</b>	<b>(176,394)</b>	<b>1,983,013</b>
<b>Decrease due to change in accounting policy of overseas subsidiaries</b>			<b>(1,370)</b>		<b>(1,370)</b>
<b>Changes in the year:</b>					
Dividends from surplus			(45,329)		(45,329)
Net loss			(84,085)		(84,085)
Purchase of treasury stock				(22,562)	(22,562)
Disposal of treasury stock		(16)		327	311
Net changes in items other than those in shareholders' equity					
<b>Total of changes in the year</b>	<b>—</b>	<b>(16)</b>	<b>(129,414)</b>	<b>(22,235)</b>	<b>(151,665)</b>
<b>Balance as of March 31, 2009</b>	<b>187,457</b>	<b>266,635</b>	<b>1,574,515</b>	<b>(198,629)</b>	<b>1,829,978</b>

	Variance of the Estimate / Conversion			Stock acquisition rights	Minority interests	Total equity
	Net unrealized gain on available-for-sale securities	Deferred gains on derivatives under hedge accounting	Foreign currency translation adjustments			
<b>Balance as of March 31, 2008</b>	<b>223,093</b>	<b>10</b>	<b>(45,858)</b>	<b>1,058</b>	<b>121,361</b>	<b>2,282,677</b>
<b>Decrease due to change in accounting policy of overseas subsidiaries</b>						<b>(1,370)</b>
<b>Changes in the year:</b>						
Dividends from surplus						(45,329)
Net loss						(84,085)
Purchase of treasury stock						(22,562)
Disposal of treasury stock						311
Net changes in items other than those in shareholders' equity	(134,093)	(280)	(83,149)	794	(12,195)	(228,923)
<b>Total of changes in the year</b>	<b>(134,093)</b>	<b>(280)</b>	<b>(83,149)</b>	<b>794</b>	<b>(12,195)</b>	<b>(380,588)</b>
<b>Balance as of March 31, 2009</b>	<b>89,000</b>	<b>(270)</b>	<b>(129,007)</b>	<b>1,852</b>	<b>109,166</b>	<b>1,900,719</b>

## Notes to the Consolidated Financial Statements

### 1. Basis of Presenting the Consolidated Financial Statements

#### (1) Scope of consolidation

1) Number of consolidated subsidiaries: 187

2) Names of the principal consolidated subsidiaries:

(Domestic)

A total of 68 companies including ASMO CO., LTD., ANDEN CO., LTD., and DENSO TOKYO CORPORATION

(Overseas)

A total of 119 companies including DENSO INTERNATIONAL AMERICA, INC., DENSO MANUFACTURING MICHIGAN, INC., DENSO MANUFACTURING TENNESSEE, INC., DENSO MANUFACTURING ATHENS TENNESSEE, INC., DENSO SALES CANADA, Inc., DENSO EUROPE B.V., DENSO THERMAL SYSTEMS S.p.A., DENSO MANUFACTURING HUNGARY LTD., DENSO SALES UK LTD., DENSO SALES (THAILAND) CO., LTD., DENSO (THAILAND) CO., LTD., and DENSO (CHINA) INVESTMENT CO., LTD.

MARCON DENSO CO., LTD., an unconsolidated subsidiary, which was excluded for the previous fiscal year from consolidation because it recently became a subsidiary through an additional acquisition of its shares by the Company and for which its total assets, net sales, net income/loss for the year (corresponding to the equity held by the Company) and retained earnings (corresponding to the equity held by the Company) had no significant impact on these account items in the consolidated financial statements, has been included into the scope of consolidation effective from the year under review.

#### (2) Application of the equity method

1) Number of affiliates accounted for by the equity method: 32

2) Names of the principal affiliates accounted for by the equity method:

(Domestic) TSUDA INDUSTRIES CO., LTD., and 12 other companies (a total of 13)

(Overseas) MICHIGAN AUTOMOTIVE COMPRESSOR, INC., and 18 other companies (a total of 19)

#### (3) Summary of significant accounting policies

1) Standard and method of valuation of securities

Available-for-sale securities for which the market price is readily determinable:

Stated at the market price, based on the market quotation at the balance sheet date. Unrealized gains and losses are reported, net of applicable taxes, as a separate component of equity. The cost of securities sold is mainly determined based on the moving-average method.

Available-for-sale securities for which the market price is not readily determinable:

Stated at cost mainly determined by the moving-average method.

2) Derivatives are stated at the market price.

3) Inventories are mainly stated at cost determined by the gross average method (write-down of book values due to the decline in profitability for the amount to be stated in the consolidated balance sheet).

4) Depreciation of property, plant and equipment (excluding leased property) is mainly computed by the declining-balance method, and the amortization of intangible assets (excluding leased property) and leased property is computed using the straight-line method.

Of finance leases that do not transfer ownership of leased property to the lessee, those of which the commencement day of the lease transaction is prior to March 31, 2008, are accounted in the same manner as ordinary rental transactions.

5) Accounting of deferred charges

Bond issue cost is charged to income in full amounts when disbursed.

6) Accounting policies for reserves

Allowance for doubtful accounts:

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the past loan loss ratio for bad debts for ordinary receivables and on the estimated recoverability for specific doubtful receivables.

Accrued bonuses to employees:

The accrued bonuses to employees are provided for payments of bonuses to employees at an estimated amount to be recorded for the year.

Accrued bonuses to directors and corporate auditors:

The accrued bonuses to directors and corporate auditors are provided for payments of bonuses to directors and corporate auditors at an estimated amount to be recorded for the year.

Reserve for product warranties:

The reserve for product warranties is provided at an amount projected for after-sales service of products based on past experience.

Liability for employees' retirement benefits:

The liability for employees' retirement benefits is provided at an amount calculated based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is amortized, starting in the fiscal year the cost was incurred, on a straight-line basis over a specific period (principally 10 years), which is shorter than the average remaining service period of employees at the time of the occurrence.

Actuarial gains or losses are amortized from the fiscal year following the occurrence on a pro rata basis by the straight-line method over a specific period (principally 10 years), which is shorter than the average remaining service years for employees at the time of the occurrence.

To prepare for possible payments of retirement benefits for managing officers, the liability to be borne by the Company based on its in-house rules is provided at an amount considered necessary to be recorded for the year at the balance sheet date.

Retirement allowance for directors and corporate auditors:

The retirement allowance for directors and corporate auditors is provided at an amount considered necessary to be borne by the Company based on its in-house rules at the balance sheet date of the fiscal year under review to prepare for possible payments to retiring directors and corporate auditors.

7) Standards for translation of important receivables and payables denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated balance sheet date. The resulting differences are charged or credited to income.

The assets and liabilities of our overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rates as of the consolidated balance sheet date. Revenue and expenses of our overseas consolidated subsidiaries are translated into Japanese yen based on the average exchange rates during the fiscal year, and the resulting differences are included in "Foreign currency translation adjustments" and "Minority interests" under "Equity" on the consolidated balance sheet.

8) Hedge accounting

Interest rate swap agreements, forward exchange contract hedging for prospective foreign currency transactions and currency options are accounted for by deferred hedging accounting (valuation gains/losses on hedging instruments are deferred as assets/liabilities until the gains/losses on the underlying hedged instruments are realized). Preferential treatment accounting is applied to certain interest rate swap agreements that satisfy the requirements.

Hedge accounting is not applied to forward exchange contracts, currency options and currency swap agreements that were concluded for the purpose of hedging receivables and payables denominated in foreign currencies for consolidated subsidiaries, which are set off and written off on the consolidated balance sheet. Such contracts and agreements were valued at the market price as of the end of this fiscal year. The resulting profit or loss is reported as non-operating income or expenses for the year under review.

9) Transactions subject to the consumption tax and local consumption taxes are recorded at amounts exclusive of the consumption tax.

(4) The assets and liabilities of consolidated subsidiaries are fully valued at the market price at the respective dates when the subsidiaries were initially consolidated.

(5) Amortization of goodwill and negative goodwill

The amount of goodwill and negative goodwill is amortized over the estimated years for cases where years can be substantially estimated starting from the year of the initial occurrence, whereas it is evenly amortized on a straight-line basis over 5 years for other cases.



Straight bonds redeemable within one year	¥57 million
Long-term borrowings	¥382 million
<u>Straight bonds</u>	<u>¥173 million</u>
Total	¥673 million

- (3) Liabilities for guarantee
- |   |            |
|---|------------|
| Guarantee of loans from finance institutions to the Groups' employees | ¥3 million |
|---|------------|
- (4) Trade notes sold with resource
- |  |             |
|--|-------------|
|  | ¥30 million |
|--|-------------|
- (5) Bank guarantees for customs duty
- |  |                |
|--|----------------|
|  | ¥1,195 million |
|--|----------------|

### 3. Notes to the Consolidated Statement of Income

(1) The severance cost derived from the reviewed business projects at overseas consolidated subsidiaries is charged to income as a "Business structure improvement cost."

(2) "Loss on sales on investment securities" includes ¥13,774 million in "Loss on redemption of investment securities."

### 4. Notes to the Consolidated Statement of Changes in Equity

(1) Type and total number of issued shares as of March 31, 2009:  
884,068,713 shares of common stock

(2) Stock acquisition rights

Date when the resolution for issuance was adopted	June 27, 2003	June 24, 2004	June 22, 2005	June 27, 2006
Number of the stock acquisition rights	840 units	2,839 units	5,997 units	11,160 units
Type of shares subject to the stock acquisition rights	Common stock			
Number of shares subject to the stock acquisition rights	84,000 shares	283,900 shares	599,700 shares	1,116,000 shares

Note: The shares for which the initial date of exercise period has not come are excluded.

### (3) Dividends

#### 1) Dividends paid

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2008	Common stock	23,570	29	March 31, 2008	June 26, 2008
Board of Directors meeting held on October 30, 2008	Common stock	21,759	27	September 30, 2008	November 26, 2008

2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2009, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2010

A resolution is planned to be adopted at the 86th Ordinary General Meeting of Shareholders to be held on June 24, 2009.

Resolution	Type of shares	Total dividend amount (Millions of yen)	Source of funds for dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 24, 2009	Common stock	10,476	Retained earnings	13	March 31, 2009	June 25, 2009

### 5. Notes to Per Share Data

(1) Equity per share	¥2,220.89
(2) Net loss per share	(¥104.13)

### 6. Note to Subsequent Events

Nothing noteworthy

### 7. Other Note

The amounts stated in the consolidated financial statements are rounded off to the nearest unit.

**Non-Consolidated Balance Sheet (As of March 31, 2009)**

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>726,085</b>	<b>Current Liabilities</b>	<b>490,973</b>
Cash and deposits	213,928	Notes payable—trade	3,607
Notes receivable—trade	1,871	Accounts payable—trade	217,207
Accounts receivable—trade	206,290	Current portion of long-term borrowings	10,000
Marketable securities	51,274	Accounts payable—other	31,225
Finished goods	28,730	Accrued expenses	66,316
Work in process	43,583	Advances received	12
Raw materials and supplies	7,542	Deposits received	82,570
Advance payments	23,731	Accrued bonuses to employees	30,941
Prepaid expenses	1,794	Reserve for product warranties	42,224
Deferred tax assets	45,778	Reserve for loss on reorganization of subsidiaries and affiliates	6,616
Short-term loans receivable from subsidiaries and affiliates	39,763	Other current liabilities	255
Accounts receivable—other	50,710	<b>Long-term Liabilities</b>	<b>428,572</b>
Other current assets	11,408	Straight bonds	150,000
Allowance for doubtful accounts	(317)	Long-term borrowings	133,000
		Liability for employees' retirement benefits	137,164
<b>Fixed Assets</b>	<b>1,612,635</b>	Retirement allowance for directors and corporate auditors	844
<b>Property, plant and equipment</b>	<b>525,544</b>	Other long-term liabilities	7,564
Buildings	103,486	<b>Total Liabilities</b>	<b>919,545</b>
Structures	17,556	<b>(Equity)</b>	
Machinery and equipment	215,840	<b>Shareholders' Equity</b>	<b>1,329,018</b>
Vehicles and transportation equipment	2,416	<b>Common stock</b>	<b>187,457</b>
Tools, furniture and fixtures	36,342	<b>Capital surplus</b>	<b>266,576</b>
Land	106,376	Additional paid-in capital	265,985
Construction in progress	43,528	Other capital surplus	591
<b>Intangible assets</b>	<b>14,000</b>	<b>Retained earnings</b>	<b>1,073,599</b>
Software	10,461	Legal reserve	43,274
Other intangible assets	3,539	Other retained earnings	1,030,325
		Reserve for special depreciation	190
<b>Investments and Other Assets</b>	<b>1,073,091</b>	Reserve for advanced depreciation of fixed assets	223
Investment securities	223,586	General reserve	896,390
Investment in subsidiaries and affiliates	530,516	Earned surplus carried forward	133,522
Investments in equity	3,750	<b>Treasury stock, at cost</b>	<b>(198,614)</b>
Investments in equity of subsidiaries and affiliates	49,102	<b>Variance of the Estimate / Conversion</b>	<b>88,305</b>
Long-term loans receivable from subsidiaries and affiliates	62,435	Net unrealized gain on available-for-sale securities	88,575
Deferred tax assets	92,561		
Prepaid pension cost	106,101	Deferred gains on derivatives under hedge accounting	(270)
Other assets	5,172	<b>Stock acquisition rights</b>	<b>1,852</b>
Allowance for doubtful accounts	(132)	<b>Total Equity</b>	<b>1,419,175</b>
<b>Total Assets</b>	<b>2,338,720</b>	<b>Total Liabilities and Equity</b>	<b>2,338,720</b>

**Non-Consolidated Statement of Income**  
(From April 1, 2008, to March 31, 2009)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>1,939,832</b>
Cost of sales		1,887,403
<b>Gross profit</b>		<b>52,429</b>
Selling, general and administrative expenses		161,305
<b>Operating loss</b>		<b>(108,876)</b>
<b>Non-operating income</b>		
Interest and dividend income	42,304	
Other non-operating income	9,400	51,704
<b>Non-operating expenses</b>		
Interest expense	2,100	
Other non-operating expenses	5,816	7,916
<b>Ordinary loss</b>		<b>(65,088)</b>
<b>Extraordinary gains</b>		
Reversal of allowance for doubtful accounts	216	
Gain on sales of fixed assets	872	1,088
<b>Extraordinary losses</b>		
Loss on sales of investment securities	20,574	
Valuation loss on investment securities	8,300	
Valuation loss on investments in equity	599	
Valuation loss on investment securities of subsidiaries and affiliates	20,800	
Valuation loss on investments in equity of subsidiaries and affiliates	10,302	
Provision of reserve for loss on reorganization of subsidiaries and affiliates	6,616	67,191
<b>Loss before income taxes</b>		<b>(131,191)</b>
Income taxes—current	(850)	
Income taxes for prior years	7,231	
Income taxes—deferred	(44,876)	(38,495)
<b>Net Loss</b>		<b>(92,696)</b>

**Non-Consolidated Statement of Changes in Equity**  
(From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Legal reserve	Retained earnings				Treasury stock, at cost	Shareholders' equity
		Additional paid-in capital	Other capital surplus	Reserve for special depreciation		Other retained earnings					
						Reserve for advanced depreciation of fixed assets	General reserve	Earned surplus carried forward			
<b>Balance as of March 31, 2008</b>	187,457	265,985	607	43,274	268	169	566,390	601,523	(176,379)	1,489,294	
<b>Changes in the year:</b>											
Dividends from surplus								(45,329)		(45,329)	
Reversal of reserve for special depreciation					(78)			78		—	
Reserve for advanced depreciation of fixed assets						54		(54)		—	
General reserve							330,000	(330,000)		—	
Net loss								(92,696)		(92,696)	
Purchase of treasury stock									(22,562)	(22,562)	
Disposal of treasury stock			(16)						327	311	
Net changes in items other than those in shareholders' equity											
<b>Total of changes in the year</b>	—	—	(16)	—	(78)	54	330,000	(468,001)	(22,235)	(160,276)	
<b>Balance as of March 31, 2009</b>	187,457	265,985	591	43,274	190	223	896,390	133,522	(198,614)	1,329,018	

	Variance of the Estimate / Conversion		Stock acquisition rights	Total equity
	Net unrealized gain on available-for-sale securities	Deferred gains on derivatives under hedge accounting		
<b>Balance as of March 31, 2008</b>	222,263	2	1,058	1,712,617
<b>Changes in the year:</b>				
Dividends from surplus				(45,329)
Reversal of reserve for special depreciation				—
Reserve for advanced depreciation of fixed assets				—
General reserve				—
Net loss				(92,696)
Purchase of treasury stock				(22,562)
Disposal of treasury stock				311
Net changes in items other than those in shareholders' equity	(133,688)	(272)	794	(133,166)
<b>Total of changes in the year</b>	(133,688)	(272)	794	(293,442)
<b>Balance as of March 31, 2009</b>	88,575	(270)	1,852	1,419,175

## Notes to the Non-Consolidated Financial Statements

### 1. Significant Accounting Policies

(1) Standard and method of valuation of securities

1) Investment in subsidiaries and affiliates

Stated at cost using the moving-average method.

2) Available-for-sale securities

Available-for-sale securities for which the market price is readily determinable:

Stated at the market price, based on the market quotation at the balance sheet date. Unrealized gains and losses are reported, net of applicable taxes, as a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Available-for-sale securities for which the market price is not readily determinable:

Stated at cost mainly determined by the moving-average method.

(2) Derivatives are stated at the market price.

(3) Inventories are mainly stated at cost determined by the gross average method (write-down of book values due to the decline in profitability for the amount to be stated in the non-consolidated balance sheet)

(4) Depreciation of property, plant and equipment (excluding leased property) is mainly computed by the declining-balance method, and the amortization of intangible assets (excluding leased property) and leased property is computed using the straight-line method.

Of finance leases that do not transfer ownership of leased property to the lessee, those of which the commencement day of the lease transaction is prior to March 31, 2008, are accounted in the same manner as ordinary rental transactions.

Accounting of deferred charges

(5) Bond issue cost is charged to income in full amounts when disbursed.

(6) Accounting policies for reserves

Allowance for doubtful accounts:

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the past loan loss ratio for bad debts for ordinary receivables and on the estimated recoverability for specific doubtful receivables.

Accrued bonuses to employees:

The accrued bonuses to employees are provided for payments of bonuses to employees at an amount estimated by the Company to be recorded for the year.

Accrued bonuses to directors and corporate auditors:

The accrued bonuses to directors and corporate auditors are provided for payments of bonuses to directors and corporate auditors at an amount estimated by the Company to be recorded for the year.

Reserve for product warranties:

The reserve for product warranties is provided at an amount projected for after-sales service of products based on past experience.

Reserve for loss on reorganization of subsidiaries and affiliates

The reserve for loss on reorganization of subsidiaries and affiliates is provided for disbursements due to the possible liquidation of any subsidiaries and affiliates at an amount estimated to be borne by the Company.

Liability for employees' retirement benefits:

The liability for employees' retirement benefits is provided at an amount calculated based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is amortized, starting in the fiscal year the cost was incurred, on a straight-line basis over a specific period of 10 years, which is shorter than the average remaining service period of employees at the time of the occurrence.

Actuarial gains or losses are amortized from the fiscal year following the occurrence on a pro rata basis by

the straight-line method over a specific period of 10 years, which is shorter than the average remaining service years for employees at the time of the occurrence.

To prepare for possible payments of retirement benefits for managing officers, the liability to be borne by the Company based on its in-house rules is provided at an amount considered necessary to be recorded for the year at the balance sheet date.

Retirement allowances for directors and corporate auditors:

The retirement allowance for directors and corporate auditors is provided at an amount considered necessary to be borne by the Company based on its in-house rules at the balance sheet date of the fiscal year under review to prepare for possible payments to retiring directors and corporate auditors.

(7) Hedge accounting

Interest rate swap agreements, currency options and forward exchange contracts hedged for projected foreign currency transactions are accounted for by deferred hedging accounting (valuation gains/losses on hedging instruments are deferred as assets/liabilities until the gains/losses on the underlying hedged instruments are realized). Preferential treatment accounting is applied to certain interest rate swap agreements that satisfy the requirements.

Monetary receivables denominated in foreign currencies with forward exchange contracts are accounted for by the allocation method (derivative financial instruments are accounted for as if each hedging instrument and hedged item were one combined financial instrument).

(8) Transactions subject to the consumption tax and local consumption taxes are recorded at amounts exclusive of the consumption tax.

**[Change in accounting policy]**

1. Accounting Standard for Measurement of Inventories

Finished goods, work in process and supplies held for ordinary selling purpose were previously stated at cost determined by the gross-average method, and raw materials were stated at the lower of cost determined by the gross-average method or market. Effective from the fiscal year ended March 31, 2009, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006) and therefore the assessment standard for these account items has been changed from the previous cost method to a cost method according to which cost is determined by the gross average method (write-down of book values due to the decline in profitability for the amounts stated on the non-consolidated balance sheet). As a result of this change, the operating loss, the ordinary loss and the loss before income taxes each increased ¥6,044 million compared with the respective amounts that would have been reported under the previous accounting method.

2. Accounting Standard for Lease Transactions

Effective from the fiscal year ended March 31, 2009, the Company has applied ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993, and revised on March 30, 2007), and the "Implementation Guidance for the Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 of the Accounting System Committee of the Japanese Institute of Certified Public Accountants issued on January 18, 1994, and revised on March 30, 2007). Consequently, the finance leases that do not transfer ownership of leased property to the lessee, which were previously accounted for as rental transactions, have come to be accounted for by the accounting method for ordinary sales transactions. The finance leases of which the commencement day of the lease transaction is prior to March 31, 2008, are continuously accounted for as ordinary rental transactions. There is no impact on income and loss for the fiscal year ended March 31, 2009.

**[Additional information]**

Effective from the fiscal year ended March 31, 2009, the Company has reduced the number of years as useful lives of relevant property, plant and equipment through a review on the projected period for their service availability by taking advantage of the change in legal useful lives of machinery and equipment pursuant to the revision to the Corporation Tax Law in 2008.

As a result of this change, depreciation and amortization increased ¥5,259 million, whereas the operating loss, the ordinary loss and the loss before income taxes each increased ¥5,065 million compared with the previous depreciation method for property, plant and equipment.

**[Change in presentation method]**

The account items of “Short-term loans receivable from subsidiaries and affiliates,” which was included in “Short-term loans receivable,” “Long-term loans receivable from subsidiaries and affiliates,” which was included in “Long-term loans receivable,” and “Accounts receivable—other,” which was included in “Other current assets” under “Current Assets,” are separately presented for the fiscal year under review. “Short-term loans receivable” and “Long-term loans receivable,” both of which include loans other than those relative to subsidiaries and affiliates, have been included in “Other current assets” under “Current assets” and “Other assets” under “Investments and Other Assets” due to the insignificance of the corresponding amounts, effective from the fiscal year under review.

At the end of the previous fiscal year (March 31, 2008), short-term loans receivable from subsidiaries and affiliates were ¥24,793 million, long-term loans receivable from subsidiaries and affiliates were ¥35,109 million and accounts receivable—other were ¥52,908 million.

**2. Notes to the Non-Consolidated Balance Sheet**

(1) Short-term receivables due from subsidiaries and affiliates	¥152,641 million
(2) Short-term payables due to subsidiaries and affiliates	¥221,978 million
(4) Accumulated depreciation of property, plant and equipment	¥1,598,698 million
(5) Liabilities for guarantee	
Liabilities for guarantee for borrowings of the Company employees payable to financial institutions	¥3 million
Liabilities for guarantee for borrowings of subsidiaries and affiliates payable to financial institutions	¥20,034 million
<hr/>	
Total	¥20,037 million

**3. Notes to the Non-Consolidated Statement of Income**

(1) Sales to subsidiaries and affiliates	¥1,452,924 million
(2) Purchases from subsidiaries and affiliates	¥691,833 million
(3) Other operating transactions with subsidiaries and affiliates	¥45,689 million
(4) Transactions with subsidiaries and affiliates other than operating transactions	¥40,782 million
(5) “Loss on sales on investment securities” includes a ¥13,774 million “Loss on redemption of investment securities.”	

**4. Note to the Non-Consolidated Statement of Changes in Equity**

Number of treasury stock at the end of the year:	78,186,294 shares
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## 5. Note to Tax-Effect Accounting

The significant components of deferred tax assets and liabilities are summarized as follows:

	(Millions of yen)
(Deferred tax assets)	
Depreciation and amortization	66,783
Liability for employees' retirement benefits	54,715
Loss carryforwards	28,302
Accrued bonuses to employees	12,342
Valuation loss on investment in subsidiaries and affiliates	17,272
Reserve for product warranties	16,843
Other	62,453
<hr/> Subtotal deferred tax assets	258,710
Valuation reserve	(21,969)
<hr/> Total deferred tax assets	236,741
 (Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	(59,741)
Prepaid pension cost	(34,433)
Other	(4,228)
<hr/> Total deferred tax liabilities	(98,402)
<hr/> <hr/> Net deferred tax assets	138,339

## 6. Notes to Fixed Assets Used under Lease Contracts

(1) Assumed acquisition cost at the end of the year	¥3,293 million
(2) Assumed accumulated depreciation at the end of the year	¥1,557 million
(3) Assumed future lease payments at the end of the year	¥1,736 million

## 7. Notes to Transactions with Related Parties

### (1) Transactions with subsidiaries

Company name	Ownership percentage of voting rights (%)	Business line	Relationship with the Company	Description of important transactions		Transaction amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
DENSO FINANCE & ACCOUNTING CENTER CO., LTD.	Directly holding 100%	Entrusted accounting and financial operations as well as factoring	Factoring	Factoring		121,356	Accounts payable—trade	63,632
							Accounts payable—other	13,495
DENSO MANUFACTURING KITAKYUSHU CO., LTD.	Directly holding 100%	Manufacture and sale of automotive components	The Company purchases various automotive components therefrom.	Sale of fixed assets	Sale of buildings, machinery and equipment	1,655	—	—
					Gain on sales of fixed assets	650	—	—
DENSO EUROPE B.V.	Directly holding 100%	Sale of automotive components	The Company sells its products thereto.	Lending of loans receivable	Lending of loans receivable	10,000	Long-term loans receivable	48,000
					Reception of interest	368	Accrued interest	64

Notes:

1. The transaction amount and the year-end balance for DENSO FINANCE & ACCOUNTING CENTER CO., LTD., includes consumption taxes.
2. A portion of the payments for accounts payable—trade and accounts payable—other are settled via factoring under the master agreement entered into by and between the Company, its certain suppliers and DENSO FINANCE & ACCOUNTING CENTER CO., LTD.
3. The transactions with DENSO FINANCE & ACCOUNTING CENTER CO., LTD., indicate the average balance during the year.
4. As for the transactions with DENSO FINANCE & ACCOUNTING CENTER CO., LTD., the transfer of monetary payables is conducted at the net book value of the Company.
5. As for the transactions with DENSO MANUFACTURING KITAKYUSHU CO., LTD., the sale of fixed assets is conducted at the book values for tax purposes of the Company.
6. The lending of loans receivable to DENSO EUROPE B.V. and the reception of interest therefrom are determined by fully taking into account the market interest rate and other factors.

## (2) Transactions with other subsidiaries/affiliates

Company name	Ownership percentage of voting rights (%)	Business line	Relationship with the Company		Description of important transactions		Transaction amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
			Officers' posts concurrently held (persons)	Business relationship					
Toyota Motor Corporation	Directly holding 24.74%	Manufacture and sale of automobiles and automotive components	Posts concurrently held: 2 Employment transfer: 3	The Company's products are sold thereto.	Operating transactions	Sale of various automotive components	923,989	Accounts receivable—trade	56,065
	Purchase of various automotive components					38,739		Accounts receivable—other	1,255
	Indirectly holding 0.17%						Accounts payable—trade	1,034	
							Accrued expenses	36	

Notes:

1. The transaction amount does not include consumption taxes, whereas the year-end balance includes consumption taxes.
2. The above transactions are conducted through negotiations by taking into account the market price and other factors similar to those for general transactions.

## (3) Transactions with a subsidiary of other subsidiaries/affiliates

Company name	Ownership percentage of voting rights (%)	Business line	Relationship with the Company	Description of important transactions		Transaction amount (Millions of yen)	Account item	Year-end balance (Millions of yen)
Daihatsu Motor Co., Ltd.	—	Manufacture and sale of automobiles and automotive components	The Company's products are sold thereto.	Operating transactions	Sale of various automotive components	71,885	Accounts receivable—trade	26,649
					Purchase of various automotive components		684	Accounts payable—trade
							Accrued expenses	5

Notes:

1. The transaction amount does not include consumption taxes, whereas the year-end balance includes consumption taxes.
2. The above transactions are conducted through negotiations by taking into account the market price and other factors similar to those for general transactions.

## 8. Notes to Per Share Data

(1) Equity per share	¥1,758.72
(2) Net loss per share	(¥114.79)

## 9. Note to Subsequent Events

Nothing noteworthy

## 10. Other Note

The amounts stated in the non-consolidated financial statements are rounded off to the nearest unit.

<Certified Copy of the Independent Auditors' Report on the Consolidated Financial Statements>

**INDEPENDENT AUDITORS' REPORT**

May 6, 2009

To the Board of Directors of DENSO CORPORATION

Deloitte Touche Tohmatsu

Masato Nishimatsu,  
Designated and Engagement Partner  
Certified Public Accountant

Hideyuki Ohashi,  
Designated and Engagement Partner  
Certified Public Accountant

Tatsuharu Ito,  
Designated and Engagement Partner  
Certified Public Accountant

Pursuant to Article 444, Paragraph 4, of the Companies Act, we have audited the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements of DENSO CORPORATION ("the Company") and its consolidated subsidiaries applicable to the fiscal year from April 1, 2008, through March 31, 2009. 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 audit 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the DENSO Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

**Additional Information**

As discussed in the "Change in the Basis of Presenting the Consolidated Financial Statements," effective from the 86th Term, the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Accounting Standard for Measurement of Inventories and the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements in the Preparation of the Consolidated Financial Statements.

We have no interest in the Company that should be disclosed in compliance with the Certified Public Accountants Law.

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The above represents a translation, for convenience only, of the original report issued in the Japanese language.

<Certified Copy of the Independent Auditors' Report>

**INDEPENDENT AUDITORS' REPORT**

May 6, 2009

To the Board of Directors of DENSO CORPORATION

Deloitte Touche Tohmatsu

Masato Nishimatsu,  
Designated and Engagement Partner  
Certified Public Accountant

Hideyuki Ohashi,  
Designated and Engagement Partner  
Certified Public Accountant

Tatsuharu Ito,  
Designated and Engagement Partner  
Certified Public Accountant

Pursuant to Article 436, Paragraph 2, Item 1, of the Companies Act, we have audited the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Equity and the Notes to the Non-Consolidated Financial Statements and the supplementary schedules of DENSO CORPORATION (the "Company") for the 86th Fiscal Term from April 1, 2008, through March 31, 2009. These non-consolidated financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements and the related supplementary schedules based on our audit.

We conducted our audit 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 non-consolidated financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of DENSO CORPORATION applicable to the fiscal year ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

**Additional Information**

As discussed in the "Change in accounting policy" of the Notes to the Non-Consolidated Financial Statements, effective from the 86th Term, the year ended March 31, 2009, the Company has adopted the Accounting Standard for Measurement of Inventories.

We have no interest in the Company that should be disclosed in compliance with the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

<Certified Copy of the Audit Report of the Board of Corporate Auditors>

## CORPORATE AUDITORS' REPORT

Regarding the performance of duties by directors for the 86th Fiscal Term, which began April 1, 2008, and ended March 31, 2009, the Board of Corporate Auditors of DENSO CORPORATION (the "Company") hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective corporate auditors.

1. Auditing Methods Employed by Corporate Auditors and the Board of Corporate Auditor and Substance Thereof  
The Board of Corporate Auditors determined auditing policies, auditing plans and other guidelines; received reports about the progress and results of audits from each Corporate Auditor; received reports on the execution of their duties; and requested explanations, as required, from the Directors and the Independent Auditors.

In compliance with the audit standards specified by the Board of Corporate Auditors and based on the auditing policies, assigned tasks and other guidelines above, each Corporate Auditor has communicated with the Directors and other relevant personnel of the Audit Department and others to collect necessary information and improve the auditing environment. Similarly, each Corporate Auditor has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the Directors and other relevant personnel; requested explanations therefrom, as required; examined important authorized documents and associated information; and studied the operations and financial position at headquarters and principal offices. In addition, each Corporate Auditor has supervised and verified the substance of the resolution adopted by the Board of Directors with regard to the improvement of the systems stipulated in Article 362, Paragraph 4, Item 6, of the Companies Act and in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act as the "Systems to Ensure Compliance of the Execution of Duties by Directors and Employees with Laws, Regulations and the Articles of Incorporation" described in the Business Report, as well as the current situation of in-house systems (internal control systems) that have been improved pursuant to the resolution concerned. Moreover, the Corporate Auditors have communicated and exchanged information with the Directors, Corporate Auditors and other relevant personnel of the subsidiaries and received reports on operations therefrom, as required. In the manner explained above, the Corporate Auditors have examined the Business Report and supplementary schedules thereof pertaining to the fiscal year ended March 31, 2008.

Furthermore, the corporate auditors have supervised and verified whether the Independent Auditors maintain independence and have done appropriate audits, and have received reports on the execution of their duties and requested explanations, as required, from the Independent Auditors. In the manner explained above, the corporate auditors have examined the non-consolidated financial statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and supplementary schedules thereof of the Company, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements), pertaining to the fiscal year ended March 31, 2008.

### 2. Audit Results

(1) Audit results regarding the Business Report and the supplementary schedules thereof

- i) In our opinion, the Business Report and the supplementary schedules thereof fairly represent the Company's conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- ii) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any Directors with regard to the execution of their duties.
- iii) In our opinion, the substance of the resolution regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the execution of duties by the Directors concerning the internal control systems.

(2) Audit results regarding the non-consolidated financial statements and the supplementary schedules thereof

In our opinion, the audit methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu, are fair and reasonable. We have found no matters to remark with regard to the system to ensure appropriate execution of duties by the Independent Auditors (Matters as set forth in Article 131 of the Ordinance for Corporate Accounting).

May 7, 2009

Board of Corporate Auditors of DENSO CORPORATION	
Standing Corporate Auditor	Nobuaki Horiuchi
Standing Corporate Auditor	Toshio Watanabe
Outside Corporate Auditor	Fujio Cho
Outside Corporate Auditor	Tamiki Kishida
Outside Corporate Auditor	Tsutomu Saito

## REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and References

#### Proposal No. 1: Distribution of Surplus

The Company intends to maintain a policy of stable improvement of the dividend level with due consideration to the operating results and the payout ratio for each fiscal year for the distribution of profits to shareholders. Accordingly, we hereby propose that you approve the year-end dividend for the year ended March 31, 2009, as described below.

- (1) Type of property for dividends: Money
- (2) Allotment of property for dividends to shareholders and total amount thereof:  
¥13 per share of the Company's common stock for a total of ¥10,476,471,447  
The annual dividend proposed for the year, including the interim dividend, is ¥40 per share.
- (3) Effective date of the dividends from surplus:  
June 25, 2009

#### Proposal No. 2: Partial Amendments to the Articles of Incorporation

We hereby propose to partially amend the existing Articles of Incorporation as described below.

##### 1. Reasons for the amendments

Pursuant to the implementation on January 5, 2009, of the Law for Partial Amendments to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities (Law No. 88 of 2004; hereinafter the "Settlement Streamlining Law"), we hereby propose to make necessary amendments to the current Articles of Incorporation due to the following reasons.

- (1) The relevant article of the Company's current Articles of Incorporation shall be deleted because the Company is deemed to have resolved a revision to the Articles of Incorporation in that the provision regarding the issuance of share certificates be abolished on the enforcement date (January 5, 2009) of the Settlement Streamlining Law in compliance with Article 6, Paragraph 1, of the Supplementary Provisions to the Settlement Streamlining Law. At the same time, the relevant provisions regarding shares less than one base unit for handling and the register of lost share certificates shall be deleted (Article 6, Paragraph 2; Article 7, Paragraph 2; and Article 11, Paragraph 3, of the Company's current Articles of Incorporation). Provided, however, that relevant supplementary provisions shall be established as a transitional measure with regard to the register of lost share certificates, of which related administrative services are prescribed by the Companies Act to be handled by the custodian of the shareholders' register until the date when one (1) year passes from the day following the implementation date of the Settlement Streamlining Law.
- (2) The relevant provisions regarding "beneficiary shareholders" and the "register of beneficiary shareholders" of the Company's current Articles of Incorporation shall be deleted, pursuant to the abolition of the Act on Custody and Transfer of Share Certificates, etc. (Law No. 30 of 1984), in compliance with Article 2 of the Supplementary Provisions to the Settlement Streamlining Law (Article 9 and Article 11, Paragraph 3, of the Company's current Articles of Incorporation).

##### 2. Summary draft of this proposal

The proposed amendments are as follows:

(The "Corporate Code" in the Articles of Incorporation is synonymous with the "Companies Act.")

(Amendments indicated by underlines)

Existing articles	Proposed amendments
Article 6. (Total Number of Issuable Shares <u>and Issuance of Share Certificates</u> ) 1) The total number of shares issuable by the	Article 6. (Total Number of Issuable Shares) (The same as the existing one)

Existing articles	Proposed amendments
<p>Company shall be one billion five hundred million (1,500,000,000).</p> <p><u>2) The Company shall issue share certificates in respect of shares.</u></p> <p>Article 7. (Number of Shares as One Base Unit <u>and Non-issuance of Share Certificates for Less Than One Base Unit for Handling</u>)</p> <p>1) One base unit for handling shares of the Company shall be one hundred (100) shares.</p> <p><u>2) Regardless of the preceding paragraph, the Company shall not issue share certificates with respect to shares less than one base unit for handling. However, this rule shall not apply if any provision is laid down in the regulations relative to the handling of shares.</u></p> <p>Article 8. (The related provision omitted)</p> <p>Article 9. (Rights to shares less than one base unit for handling) The shareholders of the Company <u>(including beneficiary shareholders; hereinafter the same shall apply)</u> cannot exercise any rights other than those stipulated below with regard to the shares less than one base unit for handling held by them.</p> <ol style="list-style-type: none"> <li>1. Rights set forth as respective items in Article 189, Paragraph 2, of the Corporate Code;</li> <li>2. Right to receiving the issued shares and stock acquisition rights offered for subscription, in proportion to the number of shares held by each shareholder;</li> <li>3. Right to requesting the Company to sell the exact number of shares that would constitute one base unit regarding the shares less than one base unit for handling held by them, which is stipulated in the following article</li> </ol> <p>Article 10. (The related provision omitted)</p> <p>Article 11. (Custodian of the Shareholders' Register)</p> <p>1) The Company shall have a custodian of the shareholders' register.</p> <p>2) The custodian of the shareholders' register and its place of business shall be determined by a resolution of the Board of Directors and announced by public notice.</p> <p>3) The register of shareholders <u>(including the register of beneficiary shareholders, hereinafter the same shall apply)</u> the register of stock acquisition rights <u>and the register of lost share certificates</u> of the Company shall be made and kept by the custodian of the shareholders' register.</p> <p>Other administrative services relating to the register of shareholders, the register of stock acquisition rights <u>and the register of lost share certificates</u> shall be delegated to the custodian of the shareholders' register, and such services shall not be handled by the Company.</p>	<p>(To be deleted)</p> <p>Article 7. (Number of Shares as One Base Unit)</p> <p>(The same as the existing one)</p> <p>(To be deleted)</p> <p>Article 8. (The same as the existing one)</p> <p>Article 9. (Rights to Shares Less Than One Base Unit for Handling) The shareholders of the Company cannot exercise any rights other than those stipulated below with regard to the shares less than one base unit for handling held by them.</p> <p style="padding-left: 40px;">1. through 3. (The same as the existing ones)</p> <p>Article 10. (The same as the existing one)</p> <p>Article 11. (Custodian of the Shareholders' Register)</p> <p>1) (The same as the existing one)</p> <p>2) (The same as the existing one)</p> <p>3) The register of shareholders <u>and</u> the register of stock acquisition rights of the Company shall be made and kept by the custodian of the shareholders' register. Other administrative services relating to the register of shareholders and the register of stock acquisition rights shall be delegated to the custodian of the shareholders' register, and such services shall not be handled by the Company.</p>

Existing articles	Proposed amendments
Articles 12 through 37. (The related provisions omitted)  (New establishment)	Articles 12 through 37. (The same as the existing ones)  <u>Supplementary Provisions</u> <u>Article 1.</u> <u>The preparation and keeping of the register of lost share certificates and other administrative services with regard to the register of lost share certificates shall be entrusted to the custodian of the shareholders' register and not be held by the Company.</u> <u>Article 2.</u> <u>The preceding article and this article shall remain effective by and before January 5, 2010, and be deleted as of January 6, 2010.</u>

**Proposal No. 3: Election of Eleven (11) Directors due to Expiration of the Term of Office of All the Current Directors**

The terms of office of all the current directors expires at the conclusion of this 86th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect eleven (11) directors.

The nominees for director are as follows:

No.	Name (Date of birth)	Brief personal history, posts, assignments in the Company and representative positions in other companies	Number of the Company's shares owned
1	Koichi Fukaya (December 3, 1943)	April 1966      Joined DENSO CORPORATION March 1995      Director, DENSO CORPORATION June 1998      Managing Director, DENSO CORPORATION  June 2002      Senior Managing Director, DENSO CORPORATION June 2003      President & CEO, DENSO CORPORATION June 2008      Vice Chairman, DENSO CORPORATION (current position)	38,300
2	Nobuaki Kato (November 3, 1948)	April 1971      Joined DENSO CORPORATION June 2000      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION  June 2007      Senior Managing Director, DENSO CORPORATION June 2008      President and CEO (current position)	30,400
3	Hiroshi Tokuda (November 25, 1948)	April 1971      Joined DENSO CORPORATION June 2000      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION  June 2006      Senior Managing Director, DENSO CORPORATION June 2008      Executive Vice President (current position) (Current assignments in the Company) Powertrain Control Systems Business Group	18,000

No.	Name (Date of birth)	Brief personal history, posts, assignments in the Company and representative positions in other companies	Number of the Company's shares owned
4	Kenji Ohya (November 4, 1949)	April 1972      Joined DENSO CORPORATION June 2000      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION June 2007      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Administration Center; Sales Group	19,090
5	Mitsuharu Kato (January 3, 1947)	July 1969      Joined DENSO CORPORATION June 1998      Director, DENSO CORPORATION June 2003      Managing Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION June 2006      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Electric Systems Business Group; Information & Safety Systems Business Group	19,400
6	Koji Kobayashi (October 23, 1948)	April 1972      Joined Toyota Motor Co., Ltd. June 2004      Managing Officer, DENSO CORPORATION June 2007      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Corporate Center; Procurement Group	17,019
7	Kazuo Hironaka (December 9, 1950)	April 1973      Joined DENSO CORPORATION June 2002      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION June 2007      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Deputy Chief, Sales Group	20,700
8	Sojiro Tsuchiya (May 17, 1949)	April 1975      Joined DENSO CORPORATION June 2002      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION June 2007      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Production Promotion Center	16,736
9	Hikaru Sugi (May 1, 1950)	April 1974      Joined DENSO CORPORATION June 2002      Director, DENSO CORPORATION June 2004      Managing Officer, DENSO CORPORATION June 2008      Senior Managing Director, DENSO CORPORATION (current position) (Current assignments in the Company) Engineering Research & Development Center; Thermal Systems Business Group	25,100

No.	Name (Date of birth)	Brief personal history, posts, assignments in the Company and representative positions in other companies	Number of the Company's shares owned
10	Shinji Shirasaki (March 8, 1952)	<p>April 1974      Joined DENSO CORPORATION</p> <p>June 2003      Director, DENSO CORPORATION</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2008      Senior Managing Director, DENSO CORPORATION (current position)</p> <p>(Representative positions in other companies) Chairman, Tianjin DENSO Electronics Co, Ltd.</p>	11,100
11	Shoichiro Toyoda (February 27, 1925)	<p>August 1958    Corporate Auditor, DENSO CORPORATION</p> <p>August 1964    Resigned Corporate Auditor, DENSO CORPORATION Director, DENSO CORPORATION (current position)</p> <p>June 1981      President, Toyota Motor Sales Co., Ltd.</p> <p>July 1982      President, Toyota Motor Corporation</p> <p>September 1992    Chairman, Toyota Motor Corporation</p> <p>June 1999      Honorary Chairman, Toyota Motor Corporation (current position)</p> <p>(Representative positions in other companies) Representative Director, Toyota Central R&amp;D Labs., Inc. Representative Director, GENESIS RESEARCH INSTITUTE INC. Chairman, TOWA Real Estate Co., Ltd.</p>	693,160

Note: No nominee has any special interest in the Company.

**Proposal No. 4: Election of Two (2) Corporate Auditors due to Expiration of the Term of Office of the Two (2) Current Corporate Auditors**

The terms of office of the current corporate auditors—Nobuaki Horiuchi (Standing Corporate Auditor) and Tsutomu Saito (Corporate Auditor)—expire at the conclusion of this 86th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect two (2) corporate auditors.

The Board of Corporate Auditors has given its prior consent to this Proposal.

The nominees for corporate auditors are as follows:

No.	Name (Date of birth)	Brief personal history, posts and representative positions in other companies	Number of the Company's shares owned
1	Tsutomu Saito (September 12, 1951)	April 1977 Registered as a lawyer April 1993 Vice President, The Nagoya Bar Association June 2005 Corporate Auditor, DENSO CORPORATION (current position)	500
2	Masato Iwase* (February 4, 1955)	April 1978 Joined DENSO CORPORATION January 2002 Secretariat to President, Associated Fuel Pump Systems Corporation January 2003 General Manager, Legal Affairs Dept., DENSO CORPORATION	9,000

1. No nominee has any special interest in the Company.
2. Tsutomu Saito is a candidate for outside corporate auditor. A summary regarding him is as follows:
  - (1) The Company chose this candidate for outside corporate auditor based on his abundant expertise as a lawyer and our expectation that he will contribute to the Company's audits.  
Although he has never directly engaged in corporate management, we expect that he will appropriately fulfill the duties as an outside corporate auditor with his broad experience and insight in the professional field.
  - (2) The number of years as an outside corporate auditor of the Company will be four (4) years at the conclusion of this 86th Ordinary General Meeting of Shareholders.
  - (3) The Company has entered a into liability limitation agreement with Tsutomu Saito who is an incumbent outside corporate director, which limits the liabilities of each outside director to the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, with regard to the liability for damages stipulated in Article 423, Paragraph 1, of said Act.
3. An asterisk (\*) indicates a new nominee.

## Proposal No. 5: Issuance of Stock Acquisition Rights as Stock Options

Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, we hereby propose that you approve the issuance of stock acquisition rights as stock options to the Company's directors, managing officers, employees, etc., and the directors, etc., of its subsidiaries without receipt of consideration (the so-called grant of stock options) and entrust the Company's Board of Directors with the determination of the terms and conditions of the offer in the following manner. As the issuance of the stock acquisition rights to the directors of the Company without receipt of consideration falls under non-monetary remuneration, etc., to directors, and such amount is not determined, we also request approval of the calculation method for the issuance of the stock acquisition rights to be allotted as remuneration. If the above Proposal No. 3: Election of eleven (11) Directors due to Expiration of the Term of Office of All the Current Directors is approved, the number of eligible Directors of the Company who will be allocated with the stock acquisition rights will be 11, and the number of the stock acquisition rights to be allocated to the directors of the Company will be 3,100 units.

### 1. Reason for Issuing Stock Acquisition Rights without Contribution

The Company will issue the stock acquisition rights in the following manner for the purpose of increasing the eagerness and morale of the directors, managing officers, employees, etc., of the Company and the directors, etc., of its subsidiaries toward improvement of business growth and to share interests with the shareholders of the Company to further enhance the consolidated corporate value.

### 2. Eligible Persons Subject to Allocation of Stock Acquisition Rights

Directors, managing officers, employees, etc., of the Company and directors, etc., of its subsidiaries

### 3. Terms and Conditions for Issuance of the Stock Acquisition Rights

#### (1) Type and number of shares of the stock acquisition rights granted

The Company's shares issued upon exercise of the stock acquisition rights shall be up to 2,100,000 shares of common stock of the Company.

In case the Company splits (including the allocation of shares without receipt of consideration; hereinafter the same shall apply) or consolidates its shares, the number of shares under the stock acquisition rights shall be adjusted according to the following formula; provided, however, that such adjustment shall be made with respect to the number of shares under the stock acquisition rights that have not been exercised as of such point, and the number of shares less than one unit arising as a result of adjustment shall be truncated.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split or consolidation

In addition, in case the Company merges or consolidates with another corporation and the stock acquisition rights are succeeded, or the Company separates by new incorporation (*shinsetsu bunkatsu*) or by absorption (*kyushu bunkatsu*), the Company will adjust the number of shares as it deems necessary.

#### (2) Total number of the stock acquisition rights granted

The stock acquisition rights to be granted shall be up to 21,000 units. (The number of shares under each stock acquisition right (hereinafter the "Number of Granted Shares") shall be 100 shares; provided, however, that in case of adjustment of the number of shares in the preceding Paragraph (1), the same adjustment shall be made.)

#### (3) Amount to be paid in exchange for the stock acquisition rights

No payment of money shall be required with respect to the stock acquisition rights for which the terms and conditions of the offer can be determined based on the entrustment by this 86th Ordinary General Meeting of Shareholders.

#### (4) Amount of assets to be invested upon exercise of the stock acquisition rights

The amount of assets to be invested upon the exercise of each stock acquisition right shall be the amount that is equal to the product of (i) the paid-in value per share to be issued or transferred through the exercise of each stock acquisition right (hereinafter the "Exercise Price") and (ii) the Number of Granted Shares.

The Exercise Price shall be the price that is equal to the average of the daily (excluding days on which transactions are not established) closing prices of common stock of the Company in regular transactions at the

Tokyo Stock Exchange during the calendar month immediately prior to the month in which the allocation date of the stock acquisition rights (hereinafter the “Allocation Date”) belongs multiplied by 1.05, and any fraction less than one (1) yen resulting therefrom shall be rounded up to the nearest yen; provided, however, that in the event that such amount is less than the closing price of common stock of the Company in regular transactions at the Tokyo Stock Exchange as of the Allocation Date, the relevant closing price shall be the Exercise Price.

With respect to the common stock of the Company, in case of the issuance of new shares or the disposition of treasury stock at a price to be paid below the market price, the Exercise Price shall be adjusted in accordance with the following formula and any fraction less than one (1) yen resulting from such adjustment shall be rounded up to the nearest yen.

However, adjustment to the Exercise Price shall not be made in case of sales of treasury stock in accordance with the provision of Article 194 (requests from shareholders who own shares less than one unit to the Company to sell shares so that such shareholders’ shares become one unit of shares) of the Companies Act and the conversion or exercise of securities to be converted or securities convertible into shares of common stock of the Company or stock acquisition rights through which the delivery of shares of common stock of the Company can be requested (including those attached to bonds with stock acquisition rights).

$$\begin{array}{r}
 \text{Exercise Price} \\
 \text{after adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Exercise Price} \\
 \text{before} \\
 \text{adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{Number of newly} \\
 \text{issued shares}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount to be paid} \\
 \text{per share}
 \end{array}
 +
 \begin{array}{r}
 \text{Number of shares} \\
 \text{outstanding}
 \end{array}
 \times
 \begin{array}{r}
 \text{Market price}
 \end{array}
 }{
 \begin{array}{r}
 \text{Number of shares outstanding} + \text{Number of newly issued shares}
 \end{array}
 }$$

In the formula above, the “Number of shares outstanding” shall mean the number of issued shares of the Company’s common stock less the number of shares of treasury stock, and in case of disposition of the shares of treasury stock, the “Number of newly issued shares” shall be read as the “Number of shares to be disposed.”

Furthermore, in case of a split or consolidation of the Company’s shares of common stock, the Exercise Price shall be adjusted in proportion to the ratio of the split or consolidation of the relevant shares, and any fraction less than one (1) yen resulting from such adjustment shall be rounded up to the nearest yen.

(5) Exercise period of the stock acquisition rights

The period during which the stock acquisition rights may be exercised (hereinafter the “Exercise Period”) shall be from August 1, 2011, to July 31, 2015.

(6) Conditions for the exercise of the stock acquisition rights

- (i) Those to whom the stock acquisition rights are allocated (hereinafter the “Grantees”) shall be required to be in the position of director, managing officer, employee, etc., of the Company or director, etc., of its subsidiaries at the time of the exercise of the rights; provided, however, that a Grantee may exercise his/her rights for a period of one (1) year (but only during the Exercise Period) following the date of resignation or retirement if the Grantee forfeits any of these positions due to resignation or retirement.
- (ii) In case a Grantee forfeits the exercise conditions of the rights, he/she shall immediately lose the stock acquisition rights and shall return them to the Company without receipt of consideration.
- (iii) Other conditions of the exercise (including details regarding item (i) above) shall be as prescribed by the “Stock Acquisition Rights Allocation Agreement,” which shall be entered into by and between the Company and the Grantee, and the “Detailed Regulations concerning the Stock Acquisition Rights Allocation Agreement” prescribed by the Board of Directors based on said agreement, pursuant to the resolution of the general meeting of shareholders and the Board of Directors.

(7) Events that could affect acquisition of the stock acquisition rights and conditions thereof

In case a merger agreement in which the Company ceases to exist is resolved by a general meeting of shareholders or a proposal on a stock exchange agreement or a stock transfer in which the Company becomes a wholly owned subsidiary is resolved by a general meeting of shareholders, the Company may acquire the stock acquisition rights without any consideration on a date separately determined by the Board of Directors.

(8) Restriction on assignment of the stock acquisition rights

Approval of the Board of Directors shall be required for acquisition of the stock acquisition rights by assignment.

(9) Matters regarding increases of capital and additional paid-in capital in case of issuance of shares through the exercise of stock acquisition rights

- (i) The amount of capital to be increased in case of the issuance of shares through the exercise of the stock acquisition rights shall be one-half (1/2) of the maximum increasable amount of capital, etc., calculated in accordance with Article 17, Paragraph 1, of the Company Calculation Rules, and any fraction less than one (1) yen arising from the calculation shall be rounded up to the nearest yen.
- (ii) The amount of additional paid-in capital to be increased in case of the issuance of shares through the exercise of the stock acquisition rights shall be the maximum increasable amount of capital, etc., in item (i) above less the amount of capital to be increased provided in (i) above.

(10) Handling of fractions

Any fraction less than one (1) share to be delivered to the Grantee upon the exercise of the stock acquisition rights shall be truncated.

(11) Computation method of the fair value of the stock acquisition rights

The fair value of the stock acquisition rights shall be computed using the Black-Scholes model based on various conditions on the Allocation Date.

(Reference) The fair value of the stock acquisition rights calculated using the Black-Scholes model is ¥530 per share as of the date of reporting for this document.

**Proposal No. 6: Presentation of Retirement Benefits to a Retiring Corporate Auditor**

We hereby propose that retirement benefits be presented to a corporate auditor, Nobuaki Horiuchi, whose term of office expires at the conclusion of this 86th Ordinary General Meeting of Shareholders, in consideration of his services to the Company in an amount within a reasonable range based on the Company's internal regulations. We also propose that the decisions as to the specific amount of remuneration and the timing and method of payment be entrusted to the consultation at the Board of Corporate Auditors for the retiring corporate auditor.

Name	Brief personal history
Nobuaki Horiuchi	June 1999 Standing Corporate Auditor (current position)

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