

(TRANSLATION ONLY)

Stock Code: 6902

June 9, 2010



**To Those Shareholders with Voting Rights**

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

## **NOTICE OF THE 87TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you of the 87th 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 Thursday, June 24, 2010.

1. **Date:** 10 a.m., Friday, June 25, 2010
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 Accounting Auditors and the Board of Corporate Auditors for the 87th Fiscal Term (from April 1, 2009, to March 31, 2010)**
- (2) **Non-Consolidated Financial Statements for the 87th Fiscal Term (from April 1, 2009, to March 31, 2010)**

#### **Agenda:**

- Proposal No. 1: Distribution of Surplus**  
**Proposal No. 2: Election of Thirteen (13) Directors due to Expiration of the Term of Office of All the Current Directors**  
**Proposal No. 3: Presentation of Bonuses to Directors and Corporate Auditors**  
**Proposal No. 4: Presentation of Final Retirement Allowance due to the Abolition of the Retirement Benefit System for Corporate Auditors**

**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**

(From April 1, 2009, to March 31, 2010)

**1. CURRENT SITUATION OF THE CORPORATE GROUP**

**(1) Process and Results of Operations of Our Group**

During the fiscal year ended March 31, 2010, the global economy, which had been stagnant following the worldwide financial crisis in the autumn of 2008, bottomed in the spring of 2009. From the second quarter to the end of the fiscal year, the world economy gradually rallied mainly due to the favorable effects of economic stimulus policies implemented in various countries and the strong recovery of the Asian economies. The considerable recovery of domestic demand in China and India contributed significantly to the higher growth rates of domestic economies. Meanwhile, in developed countries such as the United States and Japan, growth in consumer spending fell short of a full-scale recovery due to harsh conditions in the employment environment although their economies showed signs of bottoming due to the underlying support of economic policies taken by the respective governments.

As for the automotive industry, contrasting outcomes appeared between the developed countries, including Japan, and the emerging countries. In the emerging markets, sales successfully recovered, especially in Asia, and considerably exceeded the previous year's level, particularly in China and India. To the contrary, in the United States, one of the industry's major markets, sales were lower than the previous year's level, affected by sluggish sales in the first half despite several signs of recovery in the market such as a rally in the national economy. In Japan, although domestic vehicle sales in the first half were weak, as was the case in the United States, sales increased in the second half thanks to the stimulating effect of the government-led eco-car tax cut and a subsidy to encourage consumers to replace existing vehicles with new ones. Consequently, year-over-year vehicle sales remained almost flat. Domestic vehicle production and exports for finished vehicles were lower than the previous year's level.

Given substantial environmental changes in the market, the DENSO Group formulated structural reform policies in the previous fiscal year and has promoted its group-wide commitment to the following mainstay principles.

- 1) "Build a lean and stronger corporate structure" and
- 2) "Approach for future growth"

As for Principle 1), we vigorously addressed companywide measures through concerted efforts within the Group, including the restriction of disbursements via an expense rationalization campaign, the further reduction of fixed costs such as R&D expenditures and capital investment and efficiency improvement of non-manufacturing sectors.

As for Principle 2), we worked to promote technological development and establish optimum operating systems to satisfy regional needs at each country in the world with measures such as fuel efficiency, further reduction of CO<sub>2</sub> emissions and responses to the emerging markets. Fourteen key themes for promotion were developed and the DENSO Project for Emerging Markets was established especially to handle such issues as the development of low-cost products bound for the emerging countries, which will require close collaboration among several different business groups.

As for our initiatives in relation to fuel efficiency and the reduction of CO<sub>2</sub> emissions, our battery monitoring unit was adopted onboard a Toyota plug-in hybrid vehicle model, which was launched in the market at the end of 2009. This unit detects voltage, current, temperature and other data that are essential for the safe and efficient use of high-voltage lithium batteries mounted on such hybrid vehicles. In addition, we developed the world's first car air-conditioning system equipped with an ejector, which is a compact coolant injection device that dramatically improves energy consumption efficiency. Compared with conventional systems, the system allows the compressor to reduce the power consumption by up to approximately 25%, and the system was first mounted onboard the new PRIUS model of Toyota Motor. DENSO also launched the "Two Tops" nickel-based spark plug, which ensures enhanced fuel consumption and CO<sub>2</sub>-emission reduction compatible with a reasonable product price. The new spark plug has a double-convexity configuration by newly adopting a convex earth electrode to receive sparks. Furthermore, taking advantage of a newly developed nickel alloy, fuel consumption has improved 1.2%, torque has improved 1.1% and CO<sub>2</sub> emissions have decreased 0.8%, compared to our conventional nickel spark plug.

As for the development of low-cost products bound for the emerging markets where future market growth is

highly expected, DENSO is endeavoring to streamline the relevant systems to allow them to handle and complete several processes from development to production and sales in timely response to regional needs. In Brazil, for example, a new plant of DENSO DO BRASIL LTDA, a group company engaged in the manufacture and sale of car air-conditioning systems, bus air-conditioning systems and radiators, will start operations in January 2011. We will promote further localization to realize a locally featured, optimum production system and encourage local procurement.

As a major initiative in its CSR activities, given the rising expectations of stakeholders for corporations relative to environmental issues, DENSO is committed to aggressive energy conservation activities from the viewpoint that the relevant activities are a priority environmental concern. Consequently, DENSO won the METI Minister's Award of the Energy Conservation Grand Prize for 2009 (Organization category) sponsored by the Ministry of Economy, Trade and Industry (METI). DENSO was recognized for its award-winning application of energy-conservation technologies at production facilities, including various improvement measures for energy conservation in Japan and overseas; streamlined production facilities; and an optimum energy supply to production lines by leveraging DENSO's self-developed, designed and manufactured production facilities. In addition, DENSO published a CSR-related picture book that summarizes in an easy-to-understand manner our social corporate responsibility to be performed for diversified stakeholders so that the DENSO Group can remain a trustworthy corporate group. During the fiscal year under review, DENSO also held explanatory meetings and study tours in the DENSO Gallery targeting elementary school pupils. 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.

Regarding operating results for the fiscal year ended March 31, 2010, consolidated net sales decreased ¥166.0 billion, or 5.3%, compared with the previous fiscal year, to ¥2,976.7 billion, primarily affected by foreign exchange loss although economic policies in many countries exhibited positive effects and the Asian markets centering on China recovered successfully. Consolidated ordinary income was ¥152.7 billion mainly due to the effect of reduced fixed expenses compared with an ordinary loss of ¥35.3 billion for the previous fiscal year despite the deterioration losses for capacity utilization through decreased sales. Profitability was restored with net income of ¥73.4 billion compared with a net loss of ¥84.1 billion for the previous fiscal year.

By geographical segment, sales decreased globally excluding the Asia and Oceania regions, yet profits increased across all regions. Sales in Japan amounted to ¥2,041.3 billion, down ¥104.3 billion, or 4.9%, from the previous year, mainly due to a decrease in the domestic production of vehicles for export and foreign exchange loss despite an increase in exports of components for overseas production. Operating income was ¥40.9 billion mainly due to the effect of reduced fixed expenses compared with an operating loss of ¥114.7 billion for the previous fiscal year. Sales in the Americas were ¥532.2 billion, a decrease of ¥27.6 billion, or 4.9%, mainly due to the decrease in vehicle production in the United States. However, operating income amounted to ¥12.9 billion, an increase of ¥7.8 billion, or 154.3%.

Sales in Europe were ¥411.1 billion, a decline of ¥51.4 billion, or 11.1%, mainly due to decreased sales resulting from a reduction of vehicle production in the related European countries. Operating income increased ¥7.1 billion, or 195.9%, to ¥10.7 billion.

Sales in the Asia and Oceania regions were ¥534.1 billion, an increase of ¥26.4 billion, or 5.2%, reflecting increased production in China and rallied production in the ASEAN countries of Japanese vehicles. Operating income amounted to ¥75.4 billion, up ¥14.9 billion, or 24.6%.

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

During the fiscal year under review, capital expenditures of ¥114.4 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, DENSO principally financed ¥31.0 billion from bank borrowings and issued ¥40.0 billion in straight bonds during the fiscal year.

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

For the near-term global economy, the Asian economies centering on China, where domestic demand remains excellent, will likely be the driving force behind the gradual recovery of the global economy and lead to positive growth rates for both developed and emerging nations. In the automotive industry, the global market is anticipated to expand gradually, sustained by a rallying U.S. economy and steady trends in emerging countries such as China and India. However, a backlash in demand is forecast in Japan and Europe due to the scheduled termination of subsidies to encourage consumers' replacement of vehicles, which had been implemented by various governments, and the subsequent scaling back of sales promotion measures. In addition, we believe the business environment surrounding the Group continues to remain stringent with many adverse factors including the effects of the appreciation of the yen, which is mainly caused by unstable factors in the global economy.

The DENSO Group formulated structural reform policies in the previous fiscal year and has promoted its group-wide commitment to its mainstay principles of 1) structural reform to build a lean and streamlined business structure and 2) structural reform for next growth. Against the backdrop of restrictions on fuel consumption and people's rising environmental consciousness, the shift to hybrid and/or electric vehicles and the adoption of the idling stop function are forecast to accelerate. In the expanding emerging markets, inexpensive compact vehicles will likely dominate purchase trends. Amid these circumstances, the Group will not only entrench structural reforms to build a lean and streamlined business structure but also invest the resources resulting from such streamlining efforts into extending its proprietary technologies for enhanced fuel consumption and the reduction of CO<sub>2</sub> emissions and into sales expansion of the products bound for the new emerging nations. The DENSO Group will thus focus on creating internal systems toward the next growth opportunities by proactively taking these initiatives.

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

(Millions of yen)

Fiscal period	84th Term (April 2006– March 2007)	85th Term (April 2007– March 2008)	86th Term (April 2008– March 2009)	87th Term (April 2009– March 2010)
Account item				
Net Sales	3,609,700	4,025,076	3,142,665	2,976,709
Ordinary Income (Loss)	322,128	368,308	(35,327)	152,672
Net Income (Loss)	205,170	244,417	(84,085)	73,427
Net Income (Loss) per Share (yen)	249.88	299.96	(104.13)	91.11
Equity	2,286,956	2,282,677	1,900,719	2,032,264
Total Assets	3,765,135	3,643,418	3,018,438	3,364,070

**(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
HAMANAKODENSO CO., LTD.	JPY479 million	76.47	Manufacture and sale of powertrain control systems
DENSO INTERNATIONAL AMERICA, INC.	USD226,750 thousand	100.00	— Regional headquarters for North America — Sale of and R&D on 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 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 THERMAL SYSTEMS POLSKA Sp.zo.o.	POZ25,000 thousand	100.00*	Manufacture and sale of thermal 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 automotive components
DENSO (THAILAND) CO., LTD.	THB200 million	51.25*	Manufacture and sale of electric and thermal systems
SIAM DENSO MANUFACTURING CO., LTD.	THB2,816 million	90.00*	Manufacture and sale of powertrain control systems
DENSO INTERNATIONAL ASIA PTE., LTD. (Singapore)	SID302,373 thousand	100.00	— Regional headquarters for Asia and Oceania — Sale of commercial components
DENSO (CHINA) INVESTMENT CO., LTD.	CHY2,150 million	100.00	— Headquarters for China — Sale of automotive components

Note: An asterisk (\*) 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)

### **(New Businesses)**

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	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 INTERNATIONAL ASIA PTE., LTD. (Singapore) (Singapore), 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.), HAMANAKODENSO CO., LTD. (Shizuoka Pref.)
	Americas DENSO MANUFACTURING MICHIGAN, INC. (Michigan, U.S.A.), DENSO MANUFACTURING TENNESSEE, INC. (Tennessee, U.S.A.)
	Europe DENSO THERMAL SYSTEMS S.p.A. (Turin, Italy), DENSO MANUFACTURING HUNGARY LTD. (Szekesfehervar, Hungary), DENSO THERMAL SYSTEMS POLSKA Sp.zo.o. (Tychy, Poland)
	Asia & Oceania DENSO (THAILAND) CO., LTD. (Samutprakarn, Thailand), SIAM DENSO MANUFACTURING CO., LTD. (Chonburi, Thailand)

**(8) Employees within the Group**

Number of Employees	Increase/Decrease from the Preceding Fiscal Year
120,812	893 (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.	20,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan	13,000
Fukoku Mutual Life Insurance Co.	10,000
The Hokkaido Bank, Ltd.	10,000
The 77 Bank, Ltd.	10,000
THE TOHO BANK, LTD.	10,000
The Hachijuni Bank, Ltd.	8,000
The Dai-ichi Mutual Life Insurance Company	7,000
THE BANK OF NAGOYA, Ltd.	6,000
Development Bank of Japan Inc.	6,000
Other	64,598
Total	164,598

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.
3. The Dai-ichi Mutual Life Insurance Company was renamed The Dai-ichi Life Insurance Company, Limited, as of April 1, 2010.

## 2. SHARES OF THE COMPANY

(1) **Total Number of Issued Shares:** 805,933,764 shares (excluding treasury stock of 78,134,949 shares)

(2) **Number of Shareholders:** 76,848 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	24.72
TOYOTA INDUSTRIES CORPORATION	69,373	8.61
Robert Bosch Investment Nederland B.V.	46,439	5.76
Japan Trustee Services Bank, Ltd. (Trust account)	31,676	3.93
The Master Trust Bank of Japan, Ltd. (Trust account)	29,796	3.70
Nippon Life Insurance Company	24,050	2.98
Denso Employees' Shareholding Association	16,383	2.03
Mitsui Sumitomo Insurance Co., Ltd.	15,148	1.88
The Dai-ichi Mutual Life Insurance Company	9,000	1.12
The Chase Manhattan Bank 385036	8,154	1.01

Notes:

1. The Company holds its treasury stock of 78,135 thousand shares, but the Company itself is excluded from the list above.
2. "Ratio of Voting Rights" is calculated after excluding the treasury stock of 78,135 thousand shares.
3. "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.)
4. The Dai-ichi Mutual Life Insurance Company was renamed The Dai-ichi Life Insurance Company, Limited, as of April 1, 2010.

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

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

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

Date when the resolution for issuance was adopted	June 24, 2004	June 22, 2005	June 27, 2006
Number of the stock acquisition rights	2,709 units	5,553 units	10,270 units
Type of shares subject to the stock acquisition rights	Common stock		
Number of shares subject to the stock acquisition rights	270,900 shares	555,300 shares	1,027,000 shares
Issue price	Without charge		
Exercise price	¥2,740/share	¥2,758/share	¥3,950/share
Exercise period	From July 1, 2006, to June 30, 2010	From July 1, 2007, to June 30, 2011	From August 1, 2008, to July 31, 2012

Date when the resolution for issuance was adopted	June 26, 2007	June 25, 2008	June 24, 2009
Number of the stock acquisition rights	15,810 units	18,630 units	19,290 units
Type of shares subject to the stock acquisition rights	Common stock		
Number of shares subject to the stock acquisition rights	1,581,000 shares	1,863,000 shares	1,929,000 shares
Issue price	Without charge		
Exercise price	¥5,030/share	¥3,447/share	¥2,920/share
Exercise period	From August 1, 2009, to July 31, 2013	From August 1, 2010, to July 31, 2014	From August 1, 2011, to July 31, 2015

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

Date when the resolution for issuance was adopted	June 24, 2004	June 22, 2005	June 27, 2006
Number of the stock acquisition rights	328 units	528 units	1,200 units
Number of holders	5	6	11

Date when the resolution for issuance was adopted	June 26, 2007	June 25, 2008	June 24, 2009
Number of the stock acquisition rights	2,900 units	3,100 units	3,100 units
Number of holders	11	11	11

## (2) Stock Acquisition Rights Issued during the Fiscal Year

### 1) Content of the stock acquisition rights issued

Date when the resolution for issuance was adopted	June 24, 2009
Number of the stock acquisition rights	19,290 units
Type and number of shares subject to the stock acquisition rights	1,929,000 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	¥2,920
Exercise period of the stock acquisition rights	From August 1, 2011, to July 31, 2015
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	13,130 units	3,060 units
Type of shares subject to the stock acquisition rights	Common stock	Common stock
Number of shares subject to the stock acquisition rights	1,313,000 shares	306,000 shares
Total number of granted persons	471	134

#### 4. OFFICERS OF THE COMPANY

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

Name	Position	Assignment in the Company and Important Posts Concurrently Held at Other Corporations
Koichi Fukaya	Chairman*	(Important posts concurrently held) Outside corporate auditor, JTEKT Corporation
Nobuaki Katoh	President and CEO*	
Hiromi Tokuda	Executive Vice President*	Technology; Europe (Important posts concurrently held) Director, TOYOTA BOSHOKU CORPORATION
Kenji Ohya	Executive Vice President*	Administration Center; Asia & Oceania (excluding China)
Mitsuharu Kato	Senior Managing Director	Electronic systems
Koji Kobayashi	Senior Managing Director	Corporate Center; Procurement Group; North America
Kazuo Hironaka	Senior Managing Director	Sales Group; Toyota Dept.; Tokyo Branch
Sojiro Tsuchiya	Senior Managing Director	Production; Production Promotion Center; Production Engineering Dept.; Production Engineering R&D Dept.; Materials Engineering R&D Dept.
Hikaru Sugi	Senior Managing Director	Engineering Research & Development Center; Technology Planning Dept.; DENSO Research Laboratories; Corporate R&D Dept.1-3; Deputy Chief, Hybrid System Engineering Dept.; China
Shinji Shirasaki	Senior Managing Director	Electronic Systems Business Group; Electronics Device Product Devision; Electronic Systems Testing & Evaluation Dept.; Deputy Chief, Corporate ePF Dept. (Important posts concurrently held) Outside corporate auditor, TOKAI RIKI CO., LTD.
Shoichiro Toyoda	Director	(Important posts concurrently held) Outside corporate auditor, AISIN SEIKI CO., LTD. Honorary Chairman, Japan Business Federation
Toshio Watanabe	Standing Corporate Auditor	(Important posts concurrently held) Outside corporate auditor, Jeco Co., Ltd.
Masato Iwase	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
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.

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

13 directors ¥852 million  
6 corporate auditors ¥109 million (including 3 outside corporate auditors: ¥28 million)

Notes:

1. The amount for remuneration, etc., payable to directors includes the remuneration as stock options granted to directors.
2. The amounts above include the bonuses to directors and corporate auditors for which a resolution is planned to be adopted by the 87th Ordinary General Meeting of Shareholders to be held on June 25, 2010.
3. The amount for remuneration, etc., payable to corporate auditors includes the provision for retirement allowance for directors and corporate auditors pertaining to the fiscal year ended March 31, 2010.

## (3) Outside Corporate Auditors

1) Important combination of offices at other corporations

Name	Combination of Offices and Posts Concurrently Held 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 50.0% of its products to Toyota Motor.

2) Major activities during the fiscal year

Name	Major Activities
Fujio Cho	He attended 16 of 20 Board of Directors meetings and 13 of 13 Board of Corporate Auditors meetings held in the fiscal 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 20 Board of Directors meetings and 13 of 13 Board of Corporate Auditors meetings held in the fiscal 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 18 of 20 Board of Directors meetings and 13 of 13 Board of Corporate Auditors meetings held in the fiscal 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. ACCOUNTING AUDITORS

### (1) Designation of the Accounting Auditors

Deloitte Touche Tohmatsu LLC

Note: Deloitte Touche Tohmatsu was renamed Deloitte Touche Tohmatsu LLC as of July 1, 2009, as a result of the change in category of auditing firms.

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

1)	Amount of remuneration, etc., to be paid by the Company to the Accounting Auditors pertaining to the fiscal year under review	¥80 million
2)	Sum of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	¥134 million

Notes:

1. The audit agreement entered into by the Accounting 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. The Company entrusts the Accounting Auditors with advisory services regarding International Financial Reporting Standards (IFRS), which are non-audit services other than the services set forth in Article 2, Paragraph 1, of the Certified Public Accountant Law, and pays the consideration therefor.
3. Of the Company's significant subsidiaries, 14 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 Accounting Auditors of the Company.

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

The Board of Corporate Auditors shall, upon consent of all the corporate auditors, dismiss the Accounting 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 Accounting 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 Accounting 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.
- 3) Directors shall endeavor to ensure appropriate financial reporting and appropriately disclose information at the right time.

### **(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 investments 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 CSR Promotion Meeting 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 medium- and long-term management guidelines and annual group guidelines, the Company shall prepare annual 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 managed and 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 CSR Promotion Meeting 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 on a consolidated basis under the medium- and long-term management guidelines and annual group guidelines to unify the Group's intention to achieve its goals. The

progress of the goals and plans shall be managed and periodically reported in accordance with the in-house rules.

- 3) As for risk management and compliance within the Group companies, the Company shall propose 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 Meeting 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 Corporate Auditors 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 Corporate Auditors 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 Accounting 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.

**8. IMPORTANT MATTER REGARDING CURRENT STATION OF THE CORPORATE GROUP**

Investigation by the Federal Bureau of Investigation and the Department of Justice of the United States on suspicion of violating antitrust laws:

In February 2010, our U.S. subsidiary, DENSO INTERNATIONAL AMERICA, INC., was investigated by the Federal Bureau of Investigation and the Department of Justice of the United States under suspicion of a violation of antitrust laws. The subsidiary in question has been fully cooperating with the investigating authorities.

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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, 2010)**

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>1,755,122</b>	<b>Current Liabilities</b>	<b>761,752</b>
Cash and deposits	574,582	Notes and accounts payable—trade	422,997
Notes and accounts receivable—trade	564,028	Short-term borrowings	45,527
Marketable securities	208,422	Accrued expenses	105,060
Inventories	266,264	Income taxes payable	13,114
Deferred tax assets	59,826	Accrued bonuses to employees	50,675
Other current assets	84,150	Accrued bonuses to directors and corporate auditors	442
Allowance for doubtful accounts	(2,150)	Reserve for product warranties	49,247
		Other current liabilities	74,690
<b>Fixed Assets</b>	<b>1,608,948</b>	<b>Long-Term Liabilities</b>	<b>570,054</b>
<b>Property, plant and equipment</b>	<b>902,700</b>	Straight bonds	190,000
Buildings and structures	246,614	Long-term borrowings	173,931
Machinery and transportation equipment	396,486	Deferred tax liabilities	10,310
Land	156,669	Liability for employees' retirement benefits	180,390
Construction in progress	46,597	Retirement allowance for directors and corporate auditors	1,991
Other	56,334	Negative goodwill	59
		Other long-term liabilities	13,373
		<b>Total Liabilities</b>	<b>1,331,806</b>
<b>Intangible Assets</b>	<b>17,678</b>	<b>(Equity)</b>	
Software	12,019	<b>Shareholders' equity</b>	<b>1,882,557</b>
Other intangible assets	5,659	Common stock	187,457
<b>Investments and Other Assets</b>	<b>688,570</b>	Capital surplus	266,610
Investment securities	521,205	Retained earnings	1,626,988
Long-term loans receivable	3,377	Treasury stock, at cost	(198,498)
Deferred tax assets	49,944	<b>Variance of the Estimate / Conversion</b>	<b>34,022</b>
Prepaid pension cost	84,452	Net unrealized gain on available-for-sale securities	154,178
Other assets	29,900	Deferred gain on derivatives under hedge accounting	161
Allowance for doubtful accounts	(308)	Foreign currency translation adjustments	(120,317)
		<b>Stock acquisition rights</b>	<b>2,750</b>
		<b>Minority interests</b>	<b>112,935</b>
		<b>Total Equity</b>	<b>2,032,264</b>
<b>Total Assets</b>	<b>3,364,070</b>	<b>Total Liabilities and Equity</b>	<b>3,364,070</b>

**Consolidated Statement of Income** (From April 1, 2009, to March 31, 2010)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>2,976,709</b>
Cost of sales		2,559,993
<b>Gross profit</b>		<b>416,716</b>
Selling, general and administrative expenses		280,076
<b>Operating income</b>		<b>136,640</b>
<b>Non-operating income</b>		
Interest and dividend income	12,110	
Other non-operating income	22,336	34,446
<b>Non-operating expenses</b>		
Interest expense	5,936	
Other non-operating expenses	12,478	18,414
<b>Ordinary income</b>		<b>152,672</b>
<b>Extraordinary losses</b>		
Impairment loss on long-lived assets	514	
Valuation loss on investment securities	335	
Valuation loss on investments in equity	1,026	
Loss on reorganization of subsidiaries and affiliates	2,656	
Difference in transferring retirement benefits of subsidiaries	994	
Loss on sales of investment in subsidiaries and affiliates	234	5,759
<b>Income before income taxes and minority interests</b>		<b>146,913</b>
Income taxes—current	29,336	
Income taxes—deferred	38,266	67,602
Minority interests in net income		5,884
<b>Net income</b>		<b>73,427</b>

**Consolidated Statement of Changes in Equity**  
(From April 1, 2009, to March 31, 2010)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total shareholders' equity
<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>
<b>Changes in the fiscal year:</b>					
Dividends from surplus			(20,954)		(20,954)
Net income			73,427		73,427
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		(25)		150	125
Net changes in items other than those in shareholders' equity					
<b>Total of changes in the fiscal year</b>	<b>—</b>	<b>(25)</b>	<b>52,473</b>	<b>131</b>	<b>52,579</b>
<b>Balance as of March 31, 2010</b>	<b>187,457</b>	<b>266,610</b>	<b>1,626,988</b>	<b>(198,498)</b>	<b>1,882,557</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, 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>
<b>Changes in the fiscal year:</b>						
Dividends from surplus						(20,954)
Net income						73,427
Purchase of treasury stock						(19)
Disposal of treasury stock						125
Net changes in items other than those in shareholders' equity	65,178	431	8,690	898	3,769	78,966
<b>Total of changes in the fiscal year</b>	<b>65,178</b>	<b>431</b>	<b>8,690</b>	<b>898</b>	<b>3,769</b>	<b>131,545</b>
<b>Balance as of March 31, 2010</b>	<b>154,178</b>	<b>161</b>	<b>(120,317)</b>	<b>2,750</b>	<b>112,935</b>	<b>2,032,264</b>

## Notes to the Consolidated Financial Statements

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

#### (1) Scope of consolidation

1) Number of consolidated subsidiaries: 184

2) Names of the principal consolidated subsidiaries:

(Domestic)

A total of 68 companies including ASMO CO., LTD., ANDEN CO., LTD., and HAMANAKODENSO CO., LTD.

(Overseas)

A total of 116 companies including DENSO INTERNATIONAL AMERICA, INC., DENSO MANUFACTURING MICHIGAN, INC., DENSO MANUFACTURING TENNESSEE, INC., DENSO SALES CANADA, Inc., DENSO EUROPE B.V., DENSO THERMAL SYSTEMS S.p.A., DENSO MANUFACTURING HUNGARY LTD., DENSO THERMAL SYSTEMS POLSKA Sp.zo.o., DENSO SALES UK LTD., DENSO SALES (THAILAND) CO., LTD., DENSO (THAILAND) CO., LTD., SIAM DENSO MANUFACTURING CO., LTD., DENSO INTERNATIONAL ASIA PTE., LTD. (Singapore), and DENSO (CHINA) INVESTMENT CO., LTD.

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

1) Number of affiliates accounted for by the equity method: 30

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

(Domestic) TSUDA INDUSTRIES CO., LTD., and 11 other companies (a total of 12)

(Overseas) MICHIGAN AUTOMOTIVE COMPRESSOR, INC., and 17 other companies (a total of 18)

#### (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 amounts 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 standards 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 fiscal 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 fiscal 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 fiscal 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 fiscal 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 fiscal year of the initial occurrence, whereas it is evenly amortized on a straight-line basis over 5 years for other cases.

(6) Accounting standards for the revenue from works completed and the cost of works completed

1) Works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the fiscal year under review

Percentage-of-completion method is applied. (The degree of completion of construction is estimated by the cost-to-cost method.)

2) Other works for which the outcome of the construction activity is deemed uncertain

Completed-contract method is applied.

### [Changes in the Basis of Presenting the Consolidated Financial Statements]

#### 1. Accounting Standard for Retirement Benefits

Effective from the fiscal year ended March 31, 2010, the Group has adopted the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008).

There is no impact on income and loss for the fiscal year ended March 31, 2010.

#### 2. Accounting Standard for Construction Contracts

The Group previously applied the completed-contract method to account for revenue relating to contract works. Effective from the fiscal year ended March 31, 2010, the Group has applied the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, December 27, 2007). Consequently, the percentage-of-completion method has been applied to works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the fiscal year under review (the degree of completion of construction is estimated by the cost-to-cost method), whereas the completed-contract method has been applied to other works, starting from the work contracts that were initiated during the fiscal year ended March 31, 2010.

There is no impact on income and loss for the fiscal year ended March 31, 2010.

### [Additional information]

Previously, spare parts for equipment were charged to income when purchased. However, taking into account the increasing importance thereof and that the completed improvement of an order receipt-payment system targeting the reinforcement of inventory control has been improved, the Group has accounted for spare parts for equipment under “inventories,” effective from the fiscal year ended March 31, 2010.

As a result of this change, operating income, ordinary income and income before income taxes and minority interests each increased ¥4,859 million compared with the previous accounting method for spare parts for equipment.

## 2. Notes to the Consolidated Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment      ¥2,582,504 million  
The accumulated depreciation of property, plant and equipment includes an accumulated impairment loss on long-lived assets.
- (2) Assets pledged as collateral and secured debt
- |                               |                     |
|-------------------------------|---------------------|
| Assets pledged as collateral: |                     |
| Buildings and structures      | ¥464 million        |
| <u>Land</u>                   | <u>¥452 million</u> |
| Total                         | ¥916 million        |
| Debt secured by the above:    |                     |
| Short-term borrowings         | ¥138 million        |
| <u>Long-term borrowings</u>   | <u>¥641 million</u> |
| Total                         | ¥779 million        |
- (3) Liabilities for guarantee  
Guarantee of loans from finance institutions to the Groups' employees      ¥1 million
- (4) Bank guarantees for customs duty      ¥1,220 million

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

- (1) Type and total number of issued shares as of March 31, 2010:  
884,068,713 shares of common stock

(2) Stock acquisition rights

Date when the resolution for issuance was adopted	June 24, 2004	June 22, 2005	June 27, 2006	June 26, 2007
Number of the stock acquisition rights	2,709 units	5,553 units	10,270 units	15,810 units
Type of shares subject to the stock acquisition rights	Common stock			
Number of shares subject to the stock acquisition rights	270,900 shares	555,300 shares	1,027,000 shares	1,581,000 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 24, 2009	Common stock	10,476	13	March 31, 2009	June 25, 2009
Board of Directors meeting held on October 30, 2009	Common stock	10,477	13	September 30, 2009	November 26, 2009

2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2010, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2011

A resolution is planned to be adopted at the 87th Ordinary General Meeting of Shareholders to be held on June 25, 2010.

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 25, 2010	Common stock	11,283	Retained earnings	14	March 31, 2010	June 28, 2010

**4. Notes to Financial Instruments**

(1) Status of financial instruments

The Group conducts its fund management primarily with deposits in high-caliber financial institutions and partly with investments in highly rated corporate and government bonds. The Group's fund procurement is principally executed via bank borrowings or the issuance of straight bonds.

The Group endeavors to mitigate the credit risk of relevant customers to which notes and accounts receivable—trade are exposed, in compliance with the guideline on the protection of accounts receivable. Investment securities mainly consist of stocks, and the fair value of listed stocks is monitored on a quarterly basis. Loans to employees account for most long-term loans receivable. Accordingly, we believe the credit risk associated with the loans concerned is minimal.

The major applications of the borrowings and straight bonds are working capital (mainly short term) and funds for capital expenditures (long term), and the Group uses interest rate swap agreements to hedge the risk of interest rate fluctuations for a part of the borrowings and straight bonds. The Group abides by the policy of trading derivative transactions, which are used to hedge the exposure to risks, within the scope of real demand in accordance with its internal management rules.

(2) Fair value of financial instruments, etc.

The following table indicates the amount recorded in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of March 31, 2010 (consolidated closing date for the fiscal year ended March 31, 2010), relative to financial instruments. Items for which it is deemed difficult to measure the fair value are not

included in the table.

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Fair value	Unrealized gain (loss)
(1) Cash and deposits	574,582	574,582	—
(2) Notes and accounts receivable—trade	564,028	564,028	—
(3) Marketable securities and investment securities			
1) Investment in affiliates	3,307	1,487	(1,820)
2) Available-for-sale securities	688,778	688,778	—
(4) Long-term loans receivable	3,377	3,358	(19)
(5) Notes and accounts payable—trade	(422,997)	(422,997)	—
(6) Short-term borrowings	(45,527)	(45,527)	—
(7) Income taxes payable	(13,114)	(13,114)	—
(8) Straight bonds	(190,000)	(193,768)	(3,768)
(9) Long-term borrowings	(173,931)	(174,417)	(486)
(10) Derivative transactions	1,703	1,703	—

Notes:

1. Those accounted for under liabilities are indicated in parentheses.

2. Calculation method of the fair value of financial instruments

(1) Cash and deposits, (2) Notes and accounts receivable—trade and (3) Marketable securities

As these assets are settled within a short time, the fair value thereof is almost equal to the book value. Accordingly, the calculation of the fair value of these assets is based on the book value concerned.

(3) Investment securities

As for investment securities, the fair value of stocks is calculated based on the prices traded at the stock exchange and the fair value of bonds based on the prices presented by the correspondent financial institution.

(4) Long-term loans receivable

The calculation of the fair value of these assets is based on the present value to be achieved by discounting the total of principal and interest at a discount rate, which is projected in case of similar new loans, for each of the respective loans receivable.

(5) Notes and accounts payable—trade, (6) Short-term borrowings and (7) Income taxes payable

As these liabilities are settled within a short time, the fair value hereof is almost equal to the book value. Accordingly, the calculation of the fair value of these liabilities is based on the book value concerned.

(8) Straight bonds

The fair value of the straight bonds issued by the Company is calculated based on the market price.

(9) Long-term borrowings

The calculation of the fair value of these liabilities is based on the present value to be achieved by discounting the total of principal and interest at a discount rate, which is projected in case of similar new loans, for each of the respective borrowings.

(10) Derivative transactions

Net receivables and payables, which were derived from derivative transactions, are presented in net amounts. The fair value of derivative instruments is based on the prices presented by the correspondent

financial institution. The fair value of certain interest rate swap agreements, to which preferential treatment accounting was applied, is included in the fair value of the long-term borrowings concerned because such agreements are treated with the underlying long-term borrowings as hedged items in an integrated manner. (Refer to Item (9) above.)

3. Unlisted stocks (Amount recorded in the consolidated balance sheet: ¥12,214 million) and investment in affiliates (Amount recorded in the consolidated balance sheet: ¥25,327 million), both of which are nonmarketable and for which the future cash flows cannot be estimated and it is deemed difficult to measure the fair value, are not included in (3) Marketable securities and investment securities.

#### **5. Notes to Per Share Data**

(1) Equity per share	¥2,378.18
(2) Net income per share	¥91.11

#### **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, 2010)**

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current Assets</b>	<b>1,092,694</b>	<b>Current Liabilities</b>	<b>611,763</b>
Cash and deposits	426,978	Notes payable—trade	4,369
Notes receivable—trade	2,047	Accounts payable—trade	351,445
Accounts receivable—trade	342,021	Current portion of long-term borrowings	10,000
Marketable securities	67,488	Accounts payable—other	13,156
Finished goods	33,796	Accrued expenses	63,092
Work in process	44,854	Advances received	1,431
Raw materials and supplies	7,878	Deposits received	96,040
Advance payments	47,125	Accrued bonuses to employees	33,075
Prepaid expenses	1,117	Accrued bonuses to directors and corporate auditors	201
Deferred tax assets	42,728	Reserve for product warranties	32,765
Short-term loans receivable from subsidiaries and affiliates	29,806	Other current liabilities	6,189
Accounts receivable—other	43,867	<b>Long-term Liabilities</b>	<b>493,401</b>
Other current assets	3,378	Straight bonds	190,000
Allowance for doubtful accounts	(389)	Long-term borrowings	154,000
		Long-term borrowings from subsidiaries and affiliates	598
<b>Fixed Assets</b>	<b>1,530,266</b>	Liability for employees' retirement benefits	140,929
<b>Property, plant and equipment</b>	<b>442,269</b>	Retirement allowance for directors and corporate auditors	546
Buildings	94,512	Other long-term liabilities	7,328
Structures	16,085	<b>Total Liabilities</b>	<b>1,105,164</b>
Machinery and equipment	169,324	<b>(Equity)</b>	
Vehicles and transportation equipment	1,770	<b>Shareholders' Equity</b>	<b>1,361,289</b>
Tools, furniture and fixtures	25,241	<b>Common stock</b>	<b>187,457</b>
Land	108,298	<b>Capital surplus</b>	<b>266,551</b>
Construction in progress	27,039	Additional paid-in capital	265,985
<b>Intangible assets</b>	<b>12,553</b>	Other capital surplus	566
Software	9,011	<b>Retained earnings</b>	<b>1,105,764</b>
Other intangible assets	3,542	Legal reserve	43,274
		Other retained earnings	1,062,490
<b>Investments and Other Assets</b>	<b>1,075,444</b>	Reserve for special depreciation	134
Investment securities	270,932	Reserve for advanced depreciation of fixed assets	223
Investment in subsidiaries and affiliates	568,279	General reserve	896,390
Investments in equity	2,677	Earned surplus carried forward	165,743
Investments in equity of subsidiaries and affiliates	48,149	<b>Treasury stock, at cost</b>	<b>(198,483)</b>
Long-term loans receivable from subsidiaries and affiliates	61,851	<b>Variance of the Estimate / Conversion</b>	<b>153,757</b>
Deferred tax assets	34,770	Net unrealized gain on available-for-sale securities	153,595
Prepaid pension cost	83,032	Deferred gains on derivatives under hedge accounting	162
Other assets	5,887	<b>Stock acquisition rights</b>	<b>2,750</b>
Allowance for doubtful accounts	(133)	<b>Total Equity</b>	<b>1,517,796</b>
<b>Total Assets</b>	<b>2,622,960</b>	<b>Total Liabilities and Equity</b>	<b>2,622,960</b>

**Non-Consolidated Statement of Income**  
(From April 1, 2009, to March 31, 2010)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>1,885,270</b>
Cost of sales		1,723,825
<b>Gross profit</b>		<b>161,445</b>
Selling, general and administrative expenses		123,475
<b>Operating income</b>		<b>37,970</b>
<b>Non-operating income</b>		
Interest and dividend income	39,941	
Other non-operating income	15,144	55,085
<b>Non-operating expenses</b>		
Interest expense	3,322	
Other non-operating expenses	7,157	10,479
<b>Ordinary income</b>		<b>82,576</b>
<b>Extraordinary losses</b>		
Impairment loss on long-lived assets	385	
Valuation loss on investment securities	335	
Valuation loss on investments in equity	1,026	
Valuation loss on investment in subsidiaries and affiliates	459	
Valuation loss on investments in equity of subsidiaries and affiliates	953	
Loss on reorganization of subsidiaries and affiliates	2,545	5,703
<b>Income before income taxes</b>		<b>76,873</b>
Income taxes—current	2,642	
Income taxes—deferred	21,112	23,754
<b>Net Income</b>		<b>53,119</b>

**Non-Consolidated Statement of Changes in Equity**  
(From April 1, 2009, to March 31, 2010)

(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		Other retained earnings					
					Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	General reserve	Earned surplus carried forward		
<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
<b>Changes in the fiscal year:</b>										
Dividends from surplus								(20,954)		(20,954)
Reversal of reserve for special depreciation					(56)			56		-
Net income								53,119		53,119
Purchase of treasury stock									(19)	(19)
Disposal of treasury stock			(25)						150	125
Net changes in items other than those in shareholders' equity										
<b>Total of changes in the fiscal year</b>	-	-	(25)	-	(56)	-	-	32,221	131	32,271
<b>Balance as of March 31, 2010</b>	187,457	265,985	566	43,274	134	223	896,390	165,743	(198,483)	1,361,289

	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, 2009</b>	88,575	(270)	1,852	1,419,175
<b>Changes in the fiscal year:</b>				
Dividends from surplus				(20,954)
Reversal of reserve for special depreciation				—
Net income				53,119
Purchase of treasury stock				(19)
Disposal of treasury stock				125
Net changes in items other than those in shareholders' equity	65,020	432	898	66,350
<b>Total of changes in the fiscal year</b>	65,020	432	898	98,621
<b>Balance as of March 31, 2010</b>	153,595	162	2,750	1,517,796

## 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 stated at cost determined by the gross average method (write-down of book values due to the decline in profitability for the amounts stated in the non-consolidated balance sheet)

(4) Depreciation of property, plant and equipment (excluding leased property) is 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 standards 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 fiscal 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 fiscal 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 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 fiscal 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) 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) Accounting standards for revenue from works completed and the cost of works completed

1) Works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the fiscal year under review

Percentage-of-completion method is applied. (The degree of completion of construction is estimated by the cost-to-cost method.)

2) Other works for which the outcome of the construction activity is deemed uncertain

Completed-contract method is applied.

(9) 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 Retirement Benefits

Effective from the fiscal year ended March 31, 2010, the Company has adopted the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008).

There is no impact on income and loss for the fiscal year ended March 31, 2010.

2. Accounting Standard for Construction Contracts

The Company previously applied the completed-contract method to account for revenue relating to contract works. Effective from the fiscal year ended March 31, 2010, the Company has applied the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, December 27, 2007). Consequently, the percentage-of-completion method has been applied to the works for which the outcome of the construction activity is deemed certain at the work zone with advanced construction by the end of the fiscal year under review (the degree of completion of construction is estimated by the cost-to-cost method), whereas the completed-contract method has been applied to other works, starting from the work contracts that were initiated during the fiscal year ended March 31, 2010.

There is no impact on income and loss for the fiscal year ended March 31, 2010.

**[Additional information]**

Previously, spare parts for equipment were charged to income when purchased. However, taking into account the increasing importance thereof and that the completed improvement of an order receipt-payment system targeting the reinforcement of inventory control has been improved, the Company has accounted for spare parts for equipment under “inventories, effective from the fiscal year ended March 31, 2010.

As a result of this change, operating income, ordinary income and income before income taxes each increased ¥4,859 million compared with the previous accounting method for spare parts for equipment.

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

(1) Short-term monetary receivables due from subsidiaries and affiliates	¥253,680 million
(2) Short-term monetary payables due to subsidiaries and affiliates	¥288,675 million
(3) Accumulated depreciation of property, plant and equipment	¥1,677,406 million
(4) Liabilities for guarantee	
Liabilities for guarantee for borrowings of the Company employees payable to financial institutions	¥1 million
Liabilities for guarantee for borrowings of subsidiaries and affiliates payable to financial institutions	¥17,471 million
<hr/>	
Total	¥17,472 million

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

(1) Sales to subsidiaries and affiliates	¥1,460,290 million
(2) Purchases from subsidiaries and affiliates	¥643,901 million
(3) Other operating transactions with subsidiaries and affiliates	¥36,882 million
(4) Transactions with subsidiaries and affiliates other than operating transactions	¥41,146 million

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

Number of treasury stock at the end of the fiscal year:	78,134,949 shares
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## 5. Note to Tax-Effect Accounting

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

(Deferred tax assets)	(Millions of yen)
Depreciation and amortization	62,963
Liability for employees' retirement benefits	56,217
Loss carryforwards	7,308
Accrued bonuses to employees	13,194
Valuation loss on investment in subsidiaries and affiliates	23,779
Reserve for product warranties	13,070
Other	54,070
<hr/>	
Subtotal deferred tax assets	230,601
Valuation reserve	(23,092)
<hr/>	
Total deferred tax assets	207,509
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	(99,183)
Prepaid pension cost	(25,231)
Other	(5,597)
<hr/>	
Total deferred tax liabilities	(130,011)
<hr/>	
Net deferred tax assets	77,498

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

(1) Assumed acquisition cost at the end of the fiscal year	¥1,802 million
(2) Assumed accumulated depreciation at the end of the fiscal year	¥1,189 million
(3) Assumed future lease payments at the end of the fiscal year	¥613 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	The fiscal 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		88,275	Accounts payable—trade	93,321
							Accounts payable—other	3,996
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	—	Current portion of long-term loans receivable	10,000
					Reception of interest	294	Long-term loans receivable	38,000
				Reception of interest	294	Accrued interest	29	

#### Notes:

- The transaction amount and the fiscal year-end balance for DENSO FINANCE & ACCOUNTING CENTER CO., LTD., include consumption taxes.
- 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.
- The transactions with DENSO FINANCE & ACCOUNTING CENTER CO., LTD., indicate the average balance during the fiscal year.
- 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.
- 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	The fiscal 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: 1	The Company's products are sold thereto.	Operating transactions	941,714	Accounts receivable—trade	122,253
	Accounts receivable—other						1,411	
	Indirectly holding 0.17%		Employment transfer: 1			25,627	Accounts payable—trade	2,945
							Accrued expenses	19

#### Notes:

- The transaction amount does not include consumption taxes, whereas the fiscal year-end balance includes consumption taxes.
- 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	¥1,879.86
(2) Net income per share	¥65.91

## **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.

(TRANSLATION)

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

**INDEPENDENT AUDITORS' REPORT**

May 6, 2010

To the Board of Directors of DENSO CORPORATION

Deloitte Touche Tohmatsu LLC

Masato Nishimatsu,  
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, 2009, through March 31, 2010. 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, 2010, in conformity with accounting principles generally accepted in Japan.

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 Accounting Auditors' Report>

**INDEPENDENT AUDITORS' REPORT**

May 6, 2010

To the Board of Directors of DENSO CORPORATION

Deloitte Touche Tohmatsu LLC

Masato Nishimatsu,  
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 87th Fiscal Term from April 1, 2009, through March 31, 2010. 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, 2010, in conformity with accounting principles generally accepted in Japan.

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 Audit Report of the Board of Corporate Auditors>

## CORPORATE AUDITORS' REPORT

Regarding the performance of duties by directors for the 87th Fiscal Term, which began April 1, 2009, and ended March 31, 2010, 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 Accounting 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, 2010.

Furthermore, the Corporate Auditors have supervised and verified whether the Accounting 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 Accounting 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, 2010.

### 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 of the Company, as well as the consolidated financial statements

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

131 of the Ordinance for Corporate Accounting).

May 10, 2010

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

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

## 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 fiscal year-end dividend for the fiscal year ended March 31, 2010, as described below.

- (1) Type of property for dividends: Money
- (2) Allotment of property for dividends to shareholders and total amount thereof:  
 ¥14 per share of the Company's common stock for a total of ¥11,283,072,696  
 The annual dividend proposed for the fiscal year, including the interim dividend, is ¥27 per share.
- (3) Effective date of the dividends from surplus:  
 June 28, 2010

#### **Proposal No. 2: Election of Thirteen (13) 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 87th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect thirteen (13) directors.

The nominees for director are as follows:

No.	Name (Date of birth)	Brief Personal History, Posts and Assignments in the Company and Important Posts Concurrently Held at Other Corporations	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 June 2009    Chairman, DENSO CORPORATION (current position)  (Important posts concurrently held) Outside corporate auditor, JTEKT Corporation	51,200
2	Nobuaki Katoh (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, DENSO CORPORATION (current position)	30,800

No.	Name (Date of birth)	Brief Personal History, Posts and Assignments in the Company and Important Posts Concurrently Held at Other Corporations	Number of the Company's Shares Owned
3	Hiroki Tokuda (November 25, 1948)	<p>April 1971      Joined DENSO CORPORATION</p> <p>June 2000      Director, DENSO CORPORATION</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2006      Senior Managing Director, DENSO CORPORATION</p> <p>June 2008      Executive Vice President, DENSO CORPORATION (current position)</p> <p>(Important posts concurrently held) Director, TOYOTA BOSHOKU CORPORATION (Current assignments in the Company) Technology; Europe</p>	20,000
4	Koji Kobayashi (October 23, 1948)	<p>April 1972      Joined Toyota Motor Co., Ltd.</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2007      Senior Managing Director, DENSO CORPORATION (current position)</p> <p>(Current assignments in the Company) Corporate Center; Procurement Group; North America</p>	19,419
5	Kazuo Hironaka (December 9, 1950)	<p>April 1973      Joined DENSO CORPORATION</p> <p>June 2002      Director, DENSO CORPORATION</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2007      Senior Managing Director, DENSO CORPORATION (current position)</p> <p>(Current assignments in the Company) Sales Group</p>	21,200
6	Sojiro Tsuchiya (May 17, 1949)	<p>April 1975      Joined DENSO CORPORATION</p> <p>June 2002      Director, DENSO CORPORATION</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2007      Senior Managing Director, DENSO CORPORATION (current position)</p> <p>(Current assignments in the Company) Production; Production Promotion Center</p>	17,236
7	Hikaru Sugi (May 1, 1950)	<p>April 1974      Joined DENSO CORPORATION</p> <p>June 2002      Director, DENSO CORPORATION</p> <p>June 2004      Managing Officer, DENSO CORPORATION</p> <p>June 2008      Senior Managing Director, DENSO CORPORATION (current position)</p> <p>(Current assignments in the Company) Engineering Research &amp; Development Center; China</p>	26,800
8	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>(Current assignments in the Company) Electronic Systems Business Group (Important posts concurrently held) Outside corporate auditor, TOKAI RIKI CO., LTD.</p>	11,300

No.	Name (Date of birth)	Brief Personal History, Posts and Assignments in the Company and Important Posts Concurrently Held at Other Corporations		Number of the Company's Shares Owned
9	Mitsuhiko Masegi* (November 30, 1953)	April 1978 June 2004	Joined DENSO CORPORATION Managing Officer, DENSO CORPORATION (current position)	10,900
10	Masahiko Miyaki* (December 12, 1953)	April 1977 June 2004	Joined DENSO CORPORATION Managing Officer, DENSO CORPORATION (current position)	15,400
11	Akio Shikamura* (September 26, 1954)	April 1977 June 2004	Joined DENSO CORPORATION Managing Officer, DENSO CORPORATION (current position)	7,300
12	Haruya Maruyama* (November 29, 1954)	April 1978 June 2004	Joined DENSO CORPORATION Managing Officer, DENSO CORPORATION (current position)	5,300
13	Shoichiro Toyoda (February 27, 1925)	August 1958  August 1964  June 1981 July 1982 September 1992 June 1999 June 2009	Corporate Auditor, DENSO CORPORATION Resigned Corporate Auditor, DENSO CORPORATION Director, DENSO CORPORATION (current position) President, Toyota Motor Sales Co., Ltd. President, Toyota Motor Corporation Chairman, Toyota Motor Corporation Honorary Chairman, Toyota Motor Corporation Retired as Honorary Chairman, Toyota Motor Corporation (currently) (Important posts concurrently held) Outside corporate auditor, AISIN SEIKI CO., LTD. Honorary Chairman, Japan Business Federation	693,100

Notes:

1. No nominee has any special interest in the Company.
2. The nominees marked with an asterisk (\*) indicate new nominees.

### **Proposal No. 3: Presentation of Bonuses to Directors and Corporate Auditors**

We hereby propose that bonuses be paid to 16 officers of the Company (11 Directors and 5 Corporate Auditors) in the total amount of ¥170,500 thousand as the bonuses to directors and ¥16,600 thousand as the bonuses to corporate auditors, after taking into consideration the business performance for the fiscal year under review and other factors.

### **Proposal No. 4: Presentation of Final Retirement Allowance due to the Abolition of the Retirement Benefit System for Corporate Auditors**

The Company resolved, at a meeting of the Board of Directors held on May 14, 2010, that the retirement allowance system for corporate auditors be abolished at the conclusion of this 87th Ordinary General Meeting of Shareholders for the purpose of enhancing the transparency of the remuneration paid to the Corporate Auditors. Consequently, we hereby propose that the final retirement allowance be presented to the five incumbent Corporate Auditors based on and in proportion to their respective tenures until the conclusion of this meeting, within due amounts calculated in accordance with the relevant standards stipulated by the Company. We also propose that the amounts and method of payment of the final retirement allowance be left to consultations among the Corporate Auditors and that the timing of the payment be at the retirement of the respective eligible corporate auditors.

A brief personal history of the eligible corporate auditors is as follows:

Name	Brief Personal History	
Toshio Watanabe	June 2003	Standing Corporate Auditor (current position)
Masato Iwase	June 2009	Standing Corporate Auditor (current position)
Fujio Cho	June 2003	Outside Corporate Auditor (current position)
Tamiki Kishida	June 2003	Outside Corporate Auditor (current position)
Tsutomu Saito	June 2005	Outside Corporate Auditor (current position)

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