

DENSO CORPORATION
Stock Code: 6902

NOTICE OF THE 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date: 10 a.m., Tuesday, June 21, 2016

Place: Head Office, DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, Japan

Agenda:

Proposal No. 1: Election of Thirteen (13) Board Members due to the Expiration of the Term of Office of All the Current Board Members

Proposal No. 2: Presentation of Bonuses to Board Members

DENSO Philosophy and Vision

DENSO Philosophy: Everything we do is based on our philosophy: “Contributing to a better world by creating value together with a vision for the future.”

Long-term Policy: The slogan that describes our Long-term Policy 2020 is “Protecting Lives, Preserving the Planet, and Preparing a Bright Future for Generations to Come.”

Mid-term Policy: Mid-term Policy describes the key business fields and functions to reinforce through 2018 in order to achieve the goals of Long-term Policy.

Annual Plan

DENSO Spirit (Foresight, Credibility and Collaboration): DENSO's values and principles are known as the DENSO Spirit. It is a guiding principles for all employees around the world.

DENSO Group Long-term Policy 2020

Slogan

Protecting Lives, Preserving the Planet, and Preparing a Bright Future for Generations to Come

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Message from the President

I am deeply grateful for the support we have received from all our shareholders.

In the fiscal year 2016, the year ended March 31, 2016, revenue of the DENSO Group increased to ¥4,524.5 billion and operating profit excluding other income and expenses increased to ¥365.2 billion due to an increase in overseas production volume and sales expansion as well as the depreciation of yen. However, operating profit including other income and expenses decreased to ¥315.7 billion. In terms of technological development and *monozukuri* (the art of making things), we accelerated the development of technologies to contribute to fuel consumption reduction in the environment field and to prevent traffic accidents in the security & safety field. In the coming fiscal year, we will also strive for further business growth through cutting-edge technological development, the speedy provision of new technologies and products, and customer-oriented product development that matches well with regional needs and high productivity.

The Company is committed to exerting group-wide efforts to comply with the slogan “Protecting Lives, Preserving the Planet, and Preparing a Bright Future for Generations to Come.” We aim to deliver convenience and joy of driving to people all over the world, while striving to balance growth with sustaining the global environment, as well as a society where each and every one of us can live in peace, safety, and happiness. We hope to contribute to the creation of such a society while gaining the confidence of all of our stakeholders.

I sincerely appreciate the ongoing support of all our shareholders.

May 2016

President and CEO
Koji Arima

(TRANSLATION ONLY)

Stock Code: 6902

May 27, 2016



Koji Arima
President and CEO
DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, Japan

To Those Shareholders with Voting Rights

NOTICE OF THE 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 93rd 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 or via the Internet, etc. Please read the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights before 5:40 p.m. on Monday, June 20, 2016.

- 1. Date:** 10 a.m., Tuesday, June 21, 2016
- 2. Place:** Head Office, DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, 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 Audit & Supervisory Board for the 93rd Fiscal Term (from April 1, 2015, to March 31, 2016)**
- (2) Non-Consolidated Financial Statements for the 93rd Fiscal Term (from April 1, 2015, to March 31, 2016)**

Agenda:

- Proposal No. 1: Election of Thirteen (13) Board Members due to the Expiration of the Term of Office of All the Current Board Members**
- Proposal No. 2: Presentation of Bonuses to Board Members**

- For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. To save paper resources, please bring this NOTICE yourself.
- As the entrance to the venue for the meeting is often crowded just before the meeting begins, please arrive early.
- For the method of exercising voting rights in writing or via the Internet, etc., refer to page 5.
- 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>).
- The "Notes to the Consolidated Financial Statements" and the "Notes to the Non-Consolidated Financial Statements" are not stated in this NOTICE or the Attachment as they are posted on the Company's Web site (<http://www.denso.co.jp>) in accordance with the relevant laws and regulations and Article 16 of the Articles of Incorporation. The Consolidated Financial Statements and the Non-Consolidated Financial Statements, which have been audited by the Accounting Auditors and the Audit & Supervisory Board, shall include not only the respective documents except for "(reference)" that are stated in this NOTICE and the Attachment but also the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements, both of which are posted on the above Web site.

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.

Guide to Exercising Voting Rights

● If you are attending the Meeting:

Date and time of the Meeting: 10 a.m., Tuesday, June 21, 2016

Please submit the Voting Rights Exercise Form at the reception desk at the venue.

If you are attending the Meeting, no procedures to exercise voting rights in writing or via the Internet, etc., are necessary.

● If you are not attending the Meeting:

Mailing

Deadline for exercising voting rights: Must be received by 5:40 p.m., Monday, June 20, 2016

You are kindly requested to mark and return the Voting Rights Exercise Form with your vote of approval or disapproval via mail without a postage stamp.

Internet

Deadline for exercising voting rights: Until 5:40 p.m., Monday, June 20, 2016

When accessing the voting Web site (<http://www.evotep.jp/>), use the log-in ID and temporary password given on your Voting Rights Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.

Points to consider:

- If you have exercised your voting rights both in writing and via the Internet, those exercised via the Internet will be taken as valid.
- If you have exercised your voting rights multiple times on the Internet, the final vote cast will be considered as valid. If you have exercised your voting rights both on the Web site for computers and/or smartphones and on the Web site for mobile phones, the final vote cast will be considered as valid.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Election of Thirteen (13) Board Members due to the Expiration of the Term of Office of All the Current Board Members

The terms of office of all the current board members expire at the conclusion of this 93rd Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect thirteen (13) board members.

The nominees for board members are as follows:

Nominee No.		Name	Current posts and assignments in the Company
1	Reappointment	Nobuaki Katoh	Chairman
2	Reappointment	Koji Kobayashi	Vice Chairman
3	Reappointment	Koji Arima	President and CEO
4	Reappointment	Masahiko Miyaki	Executive Vice President Safety, Environment & Quality Center
5	Reappointment	Haruya Maruyama	Executive Vice President Overall Sales and Marketing, Sales and Marketing Group
6	Reappointment	Yasushi Yamanaka	Executive Vice President Overall R&D, Engineering Research & Development Center
7	Reappointment	Yoshikazu Makino	Director, Member of the Board, Senior Executive Director Thermal Systems Business Group
8	Reappointment	Michio Adachi	Director, Member of the Board, Senior Executive Director Powertrain Control Systems Business Group
9	New appointment	Hiroyuki Wakabayashi	Senior Executive Director ADAS Business and Technology Development Div., Information & Safety Systems Business Group
10	Reappointment	Satoshi Iwata	Director, Member of the Board, Senior Executive Director Deputy Chief, Information & Safety Systems Business Group; Tokyo Office
11	Reappointment	Masahiko Ito	Director, Member of the Board, Senior Executive Director Aftermarket, Fleet & New Business Group
12	Reappointment	George Olcott Outside Board Member Independent Director	Director, Member of the Board
13	Reappointment	Takashi Nawa Outside Board Member Independent Director	Director, Member of the Board

1. Nobuaki Katoh (November 3, 1948) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1971	Joined DENSO CORPORATION
June 2000	Executive Director, Member of the Board, DENSO CORPORATION
June 2004	Executive Director, DENSO CORPORATION
June 2007	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2008	President and CEO, DENSO CORPORATION
June 2015	Chairman, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations Outside Audit & Supervisory Board Member, Toyota Boshoku Corporation	
■ Number of the Company's shares owned	50,200

2. Koji Kobayashi (October 23, 1948) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1972	Joined Toyota Motor Co., Ltd.
June 2004	Executive Director, DENSO CORPORATION
June 2007	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2010	Executive Vice President, DENSO CORPORATION
June 2015	Vice Chairman, DENSO CORPORATION (current position)
■ Number of the Company's shares owned	32,819

3. Koji Arima (February 23, 1958) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1981	Joined DENSO CORPORATION
June 2008	Executive Director, DENSO CORPORATION
June 2014	Senior Executive Director, DENSO CORPORATION
June 2015	President and CEO, DENSO CORPORATION (current position)
■ Number of the Company's shares owned	16,100

4. Masahiko Miyaki (December 12, 1953) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1977	Joined DENSO CORPORATION
June 2004	Executive Director, DENSO CORPORATION
June 2010	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2013	Executive Vice President, DENSO CORPORATION (current position)
[Current assignments in the Company] Safety, Environment & Quality Center	
■ Number of the Company's shares owned	27,300

5. Haruya Maruyama (November 29, 1954) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1978	Joined DENSO CORPORATION
June 2004	Executive Director, DENSO CORPORATION
June 2010	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2014	Executive Vice President, DENSO CORPORATION (current position)
[Current assignments in the Company] Overall Sales and Marketing, Sales and Marketing Group	
■ Number of the Company's shares owned	14,600

6. Yasushi Yamanaka (March 10, 1957) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1979	Joined DENSO CORPORATION
June 2005	Executive Director, DENSO CORPORATION
June 2014	Senior Executive Director, DENSO CORPORATION
June 2015	Executive Vice President, DENSO CORPORATION (current position)
[Current assignments in the Company] Overall R&D, Engineering Research & Development Center	
■ Important posts concurrently held at other corporations Outside Director, Tokai Rika Co., Ltd.	
■ Number of the Company's shares owned	15,339

7. Yoshikazu Makino (July 1, 1955) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1978	Joined DENSO CORPORATION
June 2005	Executive Director, DENSO CORPORATION
June 2014	Senior Executive Director, DENSO CORPORATION
June 2015	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION (current position)
[Current assignments in the Company] Thermal Systems Business Group	
■ Number of the Company's shares owned	19,600

8. Michio Adachi (September 26, 1954) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1977	Joined DENSO CORPORATION
June 2006	Executive Director, DENSO CORPORATION
June 2012	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2014	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION (current position)
[Current assignments in the Company] Powertrain Control Systems Business Group	
■ Important posts concurrently held at other corporations Outside Director, Toyota Boshoku Corporation	
■ Number of the Company's shares owned	17,000

9. Hiroyuki Wakabayashi (January 15, 1956) New appointment

■ Brief personal history, posts and assignments in the Company	
April 1979	Joined DENSO CORPORATION
June 2006	Executive Director, DENSO CORPORATION
June 2013	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2014	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION
June 2015	Senior Executive Director, DENSO CORPORATION (current position)
[Current assignments in the Company] ADAS Business and Technology Development Div., Information & Safety Systems Business Group	
■ Important posts concurrently held at other corporations Outside Director, Jeco Co., Ltd.	
Number of the Company's shares owned	19,300

10. Satoshi Iwata (October 17, 1953) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1976	Joined Ministry of International Trade and Industry
July 2006	Joined DENSO CORPORATION
June 2007	Executive Director, DENSO CORPORATION
June 2013	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2014	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION (current position)
[Current assignments in the Company] Deputy Chief, Information & Safety Systems Business Group; Tokyo Office	
■ Number of the Company's shares owned	14,300

11. Masahiko Ito (August 21, 1956) Reappointment

■ Brief personal history, posts and assignments in the Company	
April 1979	Joined DENSO CORPORATION
June 2007	Executive Director, DENSO CORPORATION
June 2014	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION (current position)
[Current assignments in the Company] Aftermarket, Fleet & New Business Group	
■ Number of the Company's shares owned	14,400

12. George Olcott (May 7, 1955) Outside Board Member/Independent Director/Reappointment

■ Brief personal history, posts and assignments in the Company	
July 1986	Joined S.G. Warburg & Co., Ltd.
November 1991	Director, S.G. Warburg & Co., Ltd.
September 1993	Executive Director, Equity Capital Market Group, S.G. Warburg Securities London
April 1997	Head of Tokyo Branch, SBC Warburg
April 1998	Vice President, LTCB-UBS-Brison Asset Management
February 1999	President, UBS Asset Management (Japan) President, Japan UBS Brinson
June 2000	Managing Director, Equity Capital Market, UBS Warburg Tokyo
September 2001	Judge Business School, University of Cambridge
March 2005	FME Teaching Fellow, Judge Business School, University of Cambridge
March 2008	Senior Fellow, Judge Business School, University of Cambridge
June 2008	Outside Director, Nippon Sheet Glass Co., Ltd.
April 2010	Outside Director, NKSJ Holdings, Inc.
September 2010	Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo
April 2014	Guest Professor, Keio University Faculty of Business and Commerce (current position)
June 2014	Outside Director, Hitachi Chemical Company, Ltd. (current position)
June 2014	Director, Member of the Board, DENSO CORPORATION (current position)
June 2015	Outside Director, The Dai-ichi Life Insurance Company, Limited (current position)
■ Important posts concurrently held at other corporations Outside Director, Hitachi Chemical Company, Ltd. Outside Director, The Dai-ichi Life Insurance Company, Limited	
■ Number of the Company's shares owned	400

■ Brief personal history, posts and assignments in the Company	
April 1980	Joined Mitsubishi Corporation
April 1991	Joined McKinsey & Company, Inc.
June 2010	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (current position)
June 2010	President, Genesis Partners (current position)
September 2010	Senior Advisor, Boston Consulting Group (current position)
June 2011	Outside Director, NEC Capital Solutions Limited (current position)
September 2012	President, Next Smart Lean Co., Ltd. (current position)
November 2012	Outside Director, FAST RETAILING CO., LTD. (current position)
June 2014	Director, Member of the Board, DENSO CORPORATION (current position)
June 2015	Outside Director, Ajinomoto Co., Inc. (current position)
■ Important posts concurrently held at other corporations	
	Outside Director, NEC Capital Solutions Limited
	Outside Director, FAST RETAILING CO., LTD.
	Outside Director, Ajinomoto Co., Inc.
■ Number of the Company's shares owned	400

Notes:

1. No nominee has any special interest in the Company.
2. George Olcott and Takashi Nawa are the nominees for outside board members (outside directors), as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
3. Reasons for having appointed the nominees for outside board members, the independence of outside board members and the liability limitation agreement with the outside board members
 - (1) Reasons for having appointed the nominees for outside board members and the independence of outside board members
 - 1) The Company requests the election of George Olcott as an outside board member in expectation of useful advice that would be given based on his academic background and considerable experience and deep insight related to corporate management.
 - 2) The Company requests the election of Takashi Nawa as an outside board member in expectation of useful advice that would be given based on his considerable experience and deep insight in the field of business administration strategy.
 - 3) The Company has notified Tokyo Stock Exchange, Inc. (TSE), of both George Olcott and Takashi Nawa as independent directors/auditors as per the TSE Regulations. Both persons satisfy the requirements of independent directors/auditors as per the TSE Regulations. Accordingly, if their reelection as outside board members is approved at the meeting, the Company intends to notify the TSE of the continuing status of both persons.
 - (2) Liability limitation agreement with nominees for outside board members
The Company has entered into a liability limitation agreement with George Olcott and Takashi Nawa, which limits their liability to the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, with regard to the liability for damages stipulated in Article 423, Paragraph 1, of said Act.
4. The tenure of office of George Olcott and Takashi Nawa as outside board members will have been two years at the conclusion of this 93rd Ordinary General Meeting of Shareholders.

Proposal No. 2: Presentation of Bonuses to Board Members

We hereby propose that bonuses be paid to eleven (11) board members excluding outside board members of the Company in the total amount of ¥350,500 thousand as the bonuses to board members as of the end of the fiscal year by taking into consideration the business performance for the fiscal year under review and other factors.

Attachment**BUSINESS REPORT**

(From April 1, 2015, to March 31, 2016)

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

During the fiscal year ended March 31, 2016, although the world economy showed gradual growth on the whole due to recoveries in the U.S. and European economies, the recovery pace slowed, considerably affected by the slowing economies of emerging countries centering on China. Meanwhile, the Japanese economy remained at a temporary standstill without achieving a full-fledged recovery in domestic demand while also experiencing sluggish external demand.

In the global automobile industry, favorable sales in North America, especially record high sales in the United States, drove global sales, resulting in a year-on-year expansion of overall sales. However, the pace of expansion decreased, mainly due to the slowing Chinese economy and lower sales volume year on year in Japan, the ASEAN countries and Brazil.

2) Summary of business

In such a business climate, we are making concerted efforts group-wide to achieve the targets and address the policies that are set forth in the DENSO Group's Mid-term Policy ("Mid-term Policy 2018").

In the fiscal year under review, toward the growth in the "Environment, Security & Safety," "Aftermarket & New Business" and "Global Market" fields, our priority areas, we proactively addressed functional reinforcement including the start-up of new organizations toward further technological development with the Advanced Driving Assistant System and the innovation of *monozukuri*, which takes advantage of the global deployment of the "DANTOTSU" factories and the Internet of Things (IoT)*, as well as enhanced product development in the "Environment, Security & Safety" field. Furthermore, we also strove to expand our businesses in the new business field by leveraging vehicle-based technologies such as research and development in the biological field and product development in the healthcare field.

*The Internet of Things (IoT) refers to the network of various physical objects that feature an IP address for Internet connectivity, and the communication that occurs between these objects and other Internet-enabled devices and systems for automatic recognition, control, and other functions.

Mid-term Policy 2018: Business Fields to Focus on

1. Environment, Security & Safety
Reduce the environmental burden and traffic accidents through cutting-edge technology development
2. Aftermarket & New Business
Adhere to a customer- and market-first stance, and provide new products and new technologies speedily
3. Global Market
Provide people around the world the convenience of vehicles and driving enjoyment through product development that matches well with regional needs and highly efficient production

3) Operating results for the fiscal year ended March 31, 2016

Effective from the fiscal year ended March 31, 2016, the Company has adopted the International Financial Reporting Standards ("IFRS") with the aim of accelerating management speed by unifying accounting standards among Group companies and improving international comparability of financial information in the capital markets. Accordingly, the relevant figures for the previous fiscal year are presented based on the IFRS.

During the fiscal year under review, revenue of the Group increased ¥214.7 billion, or 5.0%, year over year to ¥4,524.5 billion, supported by increases in vehicle production volumes overseas and sales expansion, as well as the effect of yen depreciation. Operating profit excluding other income and expenses increased ¥7.1 billion, or 2.0%, to ¥365.2 billion due to the rationalization effects of cost reduction and productivity improvement, as well as the marginal advantage from improved capacity utilization owing to increased sales. Operating profit including other income and expenses decreased ¥15.6 billion, or 4.7%, to ¥315.7 billion. Profit before income taxes

decreased ¥24.6 billion, or 6.6%, to ¥347.3 billion. Profit attributable to owners of the parent company was ¥244.3 billion, a year-over-year decrease of ¥14.1 billion, or 5.5%.

Sales by geographical segment

(Billions of yen)

		92nd Term (April 2014–March 2015)	93rd Term (April 2015–March 2016)	Rate of change (%)
Japan		2,664.5	2,646.6	(0.7)
North America		966.5	1,112.7	15.1
Europe		554.8	593.6	7.0
Asia		1,049.7	1,161.2	10.6
Other		73.8	59.5	(19.4)
Total	Total	5,309.3	5,573.6	5.0
	Intersegment internal sales	(999.5)	(1,049.0)	–
	Sales to external customers	4,309.8	4,524.5	5.0

4) Initiatives taken during the year

For details, refer to the Company's Web site: <http://www.globaldenso.com/en/news/news-releases/>

May 2015

Began operation of an eco-transfer system using ultra-compact EVs at the Anjo Plant

August 2015

Obtained medals for five categories at the WorldSkills Competition

August 2015

Developed an ejector, which is a compact coolant injection device, for cooling systems of automatic vending machines, reducing annual electricity consumed by 25%

August 2015

Constructed a large test facility toward the practical use of biofuel

September 2015

Accumulated global production volume of gasoline injectors reached one billion

October 2015

Developed products to be mounted onboard Toyota's new PRIUS model to improve fuel consumption efficiency and help drivers avoid collisions

November 2015

Awarded the Prime Minister's Prize for Monodzukuri Nippon Grand Award for our common rail system to support clean diesel engines

December 2015

Launched "SAKE SAVER," a saver for Japanese *sake*

December 2015

Formed a capital alliance with Morpho, Inc., a company specializing in image processing technology, to promote the development of safety technology

January 2016

Established global common personnel management system

January 2016

Developed motorbike accessory for the Indian market with special functions such as remote motorbike finder and anti-theft

January 2016

Held opening ceremony of the Tokyo Office to speed up development of security & safety and new business fields

January 2016

Awarded the Minister's Prize, the Minister of Economy, Trade and Industry in the Grand Prize for Excellence in Energy Efficiency and Conservation for the second consecutive year because the Eco Factory was highly evaluated.

Environment, Security & Safety

Established the ADAS Business and Technology Development Div.

—Reinforced development of the Advanced Driver Assistance System (ADAS) that would lead to the realization of truly autonomous driving—

The Company established the ADAS Business and Technology Development Div. as a company-wide organization by integrating related internal business units to accelerate technological development in the ADAS and autonomous driving areas. By leveraging the reinforced functions of the Tokyo Office, which moved in January 2016, we will strive to recruit excellent human resources in the Kanto area and strengthen cutting-edge technological development and academia-industry collaboration with external organizations.

Under the slogan of “Everyday Confidence, Extraordinary Safety,” DENSO focuses on the development of danger-avoidance systems by assisting with the safe driving of vehicles, as well as for the prevention of grave traffic accidents and the reduction of physical damage. In the driving environment recognition field, DENSO developed a millimeter wave radar and a vision sensor to realize high reliability in detecting not only vehicles but also pedestrians. These innovations have been adopted for the “Toyota Safety Sense P” collision avoidance assistance package of Toyota Motor Corporation. At present, these products are onboard new PRIUS and LAND CRUISER models and the types of mounted models are planned to be extended in the months to come. We will expand the targeted objects of the collision avoidance roughly by the end of 2018 and materialize the detection of bicycles and/or pedestrians at nighttime.

The need of safety products for collision avoidance assistance has been rising, and rapid popularization in the near future is projected. The Company aims to realize zero traffic accidents by offering a wide variety of quality products that reflect social needs.

Aftermarket & New Business

Developed Intelligent Arm Support Systems (iArmS®)

—Received the Good Design Award, Design for the Future Award—

DENSO has proactively entered new business fields by taking advantage of its sophisticated sensing technology and robot technology, which have been nurtured in the auto parts and industrial equipment areas. Recently, DENSO developed iArmS, an automatic tracking robot for surgery assistance to reduce the shaking and strain of the hands of the surgeon during long operations. Although its coverage of medical practice is currently limited to the department of neurosurgery and otolaryngology, we will accelerate further development while anticipating extended application in other medical care departments and global deployment.

What is iArmS?

iArmS is a robot arm that supports the wrist and arm of surgeons during surgical operations. It smoothly follows the delicate moves of a surgeon's hands and arm and reduces the shaking and strain of the hands by firmly supporting the surgeon's arm. It features high safety and light operability. Its movements, without a motor, are ensured by the balance of gravity and the surgeon's hand movements. The built-in sensors can detect and automatically switch different movements such as “Place the arm,” “Keep the arm still” and “Suspend the arm in the air.”

Good Design Award, Design for the Future Award received

iArmS received high evaluation as an excellent product that can reduce a surgeon's burden by providing appropriate assistance during surgical operations in various circumstances based on a gravity-balancing structure without the concern of erroneous movements.

Global Market

Accelerated the development of DENSO-style Factory IoT

—Innovation of *monozukuri* by connecting factories around the world—

DENSO has introduced, on a full-fledged basis, its original IoT to connect factories worldwide via Internet-based networking to strengthen its competitiveness in overseas markets. DENSO intends to further evolve its *monozukuri* by sharing and fully taking advantage of all the assets, things and human (wisdom) information within the DENSO Group.

Concept for challenge to address: “Evolution of factory management”

We intend to achieve “zero loss” status not only through minimized loss with swift actions by understanding and sharing production status in real time but also by analyzing enormous volumes of accumulated data/information on a real-time basis to predict phenomena that could happen subsequently. With these measures in place, we will strive to establish “DANTOTSU” factories globally that operate continuously, produce defect-free goods and reduce energy consumption.

Concept for challenge to address: “Co-creation-type IoT System”

DENSO endeavors to create information systems that can be shared globally and instantly where various daily improvements (“*Kaizen*”) as our strength are computerized according to this initiative, then timely delivered to people who engage in relevant operations beyond the framework of organizations and countries. Thus, the *Kaizen* cycle continues to rotate, thereby realizing an ever-evolving *monozukuri*.

CSR

30,000 employees participated in the DENSO Group Community Service Day

—Social contribution activities by DENSO Group employees worldwide—

The DENSO Group is active in promoting social action programs all over the world to contribute to local communities not only as part of its business operations but also as a good corporate citizen. The employees of the Group companies worldwide have continued to voluntarily join in diverse social actions for more than 10 years by setting their own “Community Service Day” on a date appropriate to the respective regions. This initiative is intended to make our Group companies trusted and respected by local residents through human exchanges with local communities to create better relations.

In fiscal year 2016, more than 30,000 employees participated in social contribution activities in the three key areas: “Harmony with the environment,” “Ensuring security and safety in local communities,” and “Hitozukuri (human resources development).” These activities include community cleanup activities, mangrove planting and cleaning road safety mirrors. Employees of DENSO MEXICO visited local elementary schools to provide education about traffic signs, etc.

(2) Principal Business Lines

The Company engages in the manufacturing and sale of products that contribute to the improvement of the environment, security and safety in the following business domains.

(Billions of yen)

	92nd Term (April 2014–March 2015)	93rd Term (April 2015–March 2016)	Rate of change (%)
Powertrain Control	1,529.0	1,619.7	5.9
Thermal	1,343.8	1,409.9	4.9
Information & Safety Systems	626.6	689.3	10.0
Electronic	373.2	372.2	(0.3)
Small Motors	302.3	306.6	1.4
Other Automotive	68.6	64.5	(6.1)
New Business	66.2	62.4	(5.8)

Powertrain Control:

Development and manufacture of gasoline and diesel engine management systems and related products, products for hybrid and electric vehicles, powertrain control systems, and power supply and power-generation systems such as alternators and starters

Thermal:

Development and manufacture of car and bus air-conditioning systems, freezing machines for trucks, air-conditioning-related products such as air purifiers, and cooling systems and components such as radiators

Information & Safety Systems:

Development and manufacture of ITS (Intelligent Transport System) products such as car navigation and ETC (Electronic Toll Collection) systems, telematics products, driving control and safety products such as airbag sensors and engine electronic control units (ECUs), ECUs for car bodies and meters

Electronic:

Development and manufacture of semiconductor sensors, microelectronic devices such as ICs and electronics products such as ECUs

Small Motors:

Development and manufacture of motors for windshield wiper systems, power windows, power seats, power sliding doors, power steering, engine control systems and other automotive systems

New Business:

Development and manufacture of industrial systems such as industrial robots (through Denso Wave Inc.), consumer products such as CO₂ refrigerant heat-pump water heaters and other non-automotive products

(3) Operating Results and Financial Position of the Group

(Millions of yen)

IFRS

Account Item	89th Term (April 2011– March 2012)	90th Term (April 2012– March 2013)	91st Term (April 2013– March 2014)	92nd Term (April 2014– March 2015)	93rd Term (April 2015– March 2016)
Revenue	—	—	4,094,960	4,309,787	4,524,522
Operating Profit (Excluding Other Income and Expenses)	—	—	364,282	358,131	365,196
Operating Profit	—	—	371,440	331,376	315,728
Profit before Income Taxes	—	—	400,690	371,915	347,293
Profit Attributable to Owners of the Parent Company	—	—	277,196	258,382	244,251
Basic Earnings per Share (yen)	—	—	348.05	324.01	307.19
Equity Attributable to Owners of the Parent Company	—	—	2,799,915	3,327,938	3,123,578
Total Assets	—	—	4,642,053	5,283,257	5,042,896

Japanese GAAP

Account Item	89th Term (April 2011– March 2012)	90th Term (April 2012– March 2013)	91st Term (April 2013– March 2014)	92nd Term (April 2014– March 2015)	93rd Term (April 2015– March 2016)
Net Sales	3,154,630	3,580,923	4,095,925	4,308,754	—
Operating Income	160,732	262,376	377,696	355,111	—
Ordinary Income	180,754	296,017	419,571	397,431	—
Net Income	89,298	181,682	287,388	293,099	—
Net Income per Share (yen)	110.81	226.59	360.85	367.54	—
Equity	2,117,201	2,426,861	2,823,346	3,341,439	—
Total Assets	3,607,697	3,979,093	4,442,507	5,032,742	—

Note: Effective from the 93rd term, the consolidated financial statements have been prepared based on the International Financial Reporting Standards (IFRS). As reference, for the 91st and 92nd Terms, IFRS-based financial figures are stated above.

(4) Our Challenge for Future Success

Given the serious energy and environmental concerns associated with the predicted increase of the global

population and the considerable rise in the number of casualties due to traffic accidents in emerging countries, the Company formulated the DENSO Group Long-term Policy 2020 in April 2013 to continuously contribute to society and sustain growth. Under the slogan of “Protecting Lives, Preserving the Planet and Preparing a Bright Future for Generations to Come,” we aim to balance growth by sustaining the global environment and achieve a society where each and every one of us can live in peace, safety, and happiness.

In addition, bringing the 2020 Goal into view, we formulated the DENSO Group’s Mid-term Policy 2018 and started addressing themes to promote it. In the Environment, Security & Safety field, we will create system products that address social issues and help reduce the environmental footprint and traffic accidents. In the Aftermarket and New Business field, we will expand aftermarket & new business markets to create new customer value from a social needs and end users’ perspective. In the Global Market field, we will reinforce the relationship of mutual trust and raise DENSO’s presence in each region, so people around the world can enjoy driving and the convenience of vehicles.

As described above, we will continue to address the challenging tasks of realizing goals in the Long-term Policy 2020 through technological development and *monozukuri* to sustain the global environment and create a secure and safe society.

The Company has been subject to allegations of Antitrust Law infractions on previous transactions for several automotive components from the authorities in several countries. Compliance with the Antitrust Law is one of the Group’s important management foundations. The Company is determined to further strengthen compliance relative to the Antitrust Law to restore confidence.

(5) Employees within the Group

Number of Employees	Increase/Decrease from the Preceding Fiscal Year
151,775	5,061 (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).

(6) Capital Expenditures and Financing

During the fiscal year under review, capital expenditures of ¥334.1 billion were invested mainly to shift to highly cost-competitive next-generation products and further improve product quality and reliability. The funds required for these expenditures were appropriated from funds on hand.

(7) Major Lenders

Name of Lender	Balance of Borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan	59,697
Mitsubishi UFJ Trust and Banking Corporation	24,908
The Bank of Kyoto, Ltd.	13,000
The Hokkaido Bank, Ltd.	12,000
Mizuho Bank, Ltd.	10,000
Fukoku Mutual Life Insurance Company	10,000
Mizuho Bank, Ltd., Syndicate Loan	9,503
Other	20,001
Total	159,109

Notes:

1. “Major lenders” of the DENSO Group above means the Company’s major lenders.
2. The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan refers to a syndicate loan involving several financial institutions, for which the lead manager is The Bank of Tokyo-Mitsubishi UFJ, Ltd.
3. Mizuho Bank, Ltd., Syndicate Loan refers to a syndicate loan involving several financial institutions, for which the lead manager is Mizuho Bank, Ltd.

(8) Principal Offices and Plants

1) The Company

Headquarters	1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Office	Tokyo
Divisions	Tokyo, Osaka, Hiroshima
Plants	Ikeda, Anjo, Nishio, Takatana, Kota, Toyohashi, Agui and Zenmyo (Aichi Pref.), Daian (Mie Pref.)
Research Laboratories	DENSO Research Laboratories (Aichi Pref.)
Proving Ground	Nukata (Aichi Pref.)
Branches	Iwate, Tokyo, Toyohashi (Aichi Pref.), Nagoya

2) Subsidiaries

Refer to “(9) Significant Subsidiaries.”

(9) Significant Subsidiaries

Name	Capital Stock	The Company's Ratio of Voting Rights (%)	Principal Businesses
ASMO CO., LTD.	JPY4,500 million	92.35*	Manufacture and sale of automotive components
ANDEN CO., LTD.	JPY1,002 million	100.00	Manufacture and sale of automotive components
DENSO SALES JAPAN CORPORATION	JPY175 million	100.00	Sale of automotive components, industrial products and consumer products
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 automotive components
DENSO MANUFACTURING TENNESSEE, INC.	USD73,900 thousand	100.00*	Manufacture and sale of automotive components
DENSO MANUFACTURING ATHENS TENNESSEE, INC.	USD100 thousand	100.00*	Manufacture and sale of automotive components
DENSO SALES CANADA, INC.	CAD100 thousand	100.00	Sale of automotive components
DENSO MEXICO S.A. DE C.V.	MXN593,297 thousand	95.00*	Manufacture and 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 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 automotive components
SIAM DENSO MANUFACTURING CO., LTD.	THB2,816 million	90.00*	Manufacture and sale of automotive components
PT. DENSO SALES INDONESIA	IDR9,975 million	100.00*	Sale of automotive components
DENSO INTERNATIONAL ASIA PTE., LTD. (Singapore)	SGD302,373 thousand	100.00	— Regional headquarters for Asia — Sale of aftermarket products
DENSO (CHINA) INVESTMENT CO., LTD.	CNY2,150 million	100.00	— Headquarters for China — Sale, development and design of automotive components

Note: An asterisk (*) indicates the ratio of ownership including shareholdings by any of the Company's subsidiaries.

2. SHARES OF THE COMPANY

(1) **Total Number of Shares Authorized to Be Issued:** 1,500,000,000 shares

(2) **Total Number of Issued Shares:** 792,822,695 shares (excluding treasury stock of 91,246,018 shares)

(3) **Number of Shareholders:** 59,829 persons

(4) Major Shareholders

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Ratio of Voting Rights (%)
Toyota Motor Corporation	196,690	24.81
Toyota Industries Corporation	69,373	8.75
The Master Trust Bank of Japan, Ltd. (Trust account)	33,516	4.23
Towa Real Estate Co., Ltd.	33,309	4.20
Japan Trustee Services Bank, Ltd. (Trust account)	26,863	3.39
Nippon Life Insurance Company	21,645	2.73
Aisin Seiki Co., Ltd.	12,518	1.58
Denso Employees' Shareholding Association	11,902	1.50
Mitsui Sumitomo Insurance Company, Limited	10,604	1.34
State Street Bank and Trust Company (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation)	9,691	1.22

Notes:

1. The Company holds its treasury stock of 91,246 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 91,246 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: 0.86%), 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 Sumitomo Mitsui Trust Bank, Limited)," and Toyota Industries Corporation reserves the right of instruction in exercising the shares' voting rights.)

3. OFFICERS OF THE COMPANY

(1) Board Members and Audit & Supervisory Board Members

Name	Position	Assignment in the Company and Important Posts Concurrently Held at Other Corporations
Nobuaki Katoh	Chairman *	(Important posts concurrently held at other corporations) Outside Audit & Supervisory Board Member, Toyota Boshoku Corporation
Koji Kobayashi	Vice Chairman *	
Koji Arima	President and CEO *	
Masahiko Miyaki	Executive Vice President *	Quality, Safety & Environment Center
Haruya Maruyama	Executive Vice President *	Overall Sales and Marketing, Sales and Marketing Group
Yasushi Yamanaka	Executive Vice President *	Overall R&D, Engineering Research & Development Center (Important posts concurrently held at other corporations) Outside Director, Tokai Rika Co., Ltd.
Akio Tajima	Director, Member of the Board, Senior Executive Director	Corporate Center Purchasing Group Audit Department
Yoshikazu Makino	Director, Member of the Board, Senior Executive Director	Thermal Systems Business Group
Michio Adachi	Director, Member of the Board, Senior Executive Director	Powertrain Control Systems Business Group (Important posts concurrently held at other corporations) Outside Director, Toyota Boshoku Corporation
Satoshi Iwata	Director, Member of the Board, Senior Executive Director	Deputy Chief, Information & Safety Systems Business Group Tokyo Office
Masahiko Ito	Director, Member of the Board, Senior Executive Director	Aftermarket, Fleet & New Business Group
George Olcott Outside Board Member Independent Director	Director, Member of the Board	(Important posts concurrently held at other corporations) Outside Director, Hitachi Chemical Company, Ltd. Outside Director, The Dai-ichi Life Insurance Company, Limited
Takashi Nawa Outside Board Member Independent Director	Director, Member of the Board	(Important posts concurrently held at other corporations) Outside Director, NEC Capital Solutions Limited Outside Director, FAST RETAILING CO., LTD. Outside Director, Ajinomoto Co., Inc.
Masato Iwase	Standing Audit & Supervisory Board Member	(Important posts concurrently held at other corporations) Outside Corporate Auditor, Jeco Co., Ltd.
Atsuhiko Shimmura	Standing Audit & Supervisory Board Member	
Moritaka Yoshida Outside Audit & Supervisory Board Member	Audit & Supervisory Board Member	(Important posts concurrently held at other corporations) Senior Managing Officer, Toyota Motor Corporation
Tsutomu Saito Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	(Important posts concurrently held at other corporations) Lawyer Outside Director, NIPPON SHARYO, LTD.

Toshimichi Kondo Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	(Important posts concurrently held at other corporations) Director, Kondo Accounting Office
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Notes:

1. The board members marked with an asterisk (*) are representative directors.
2. Board Members George Olcott and Takashi Nawa are outside board members (outside directors), as stipulated in Article 2, Paragraph 15, of the Companies Act.
3. Audit & Supervisory Board Members Moritaka Yoshida, Tsutomu Saito and Toshimichi Kondo are outside audit & supervisory board members (outside corporate auditors), as stipulated in Article 2, Paragraph 16, of the Companies Act.
4. Audit & Supervisory Board Member Toshimichi Kondo is qualified as a Certified Public Accountant and has substantial knowledge in finance and accounting.
5. The Company has notified TSE the names of Board Members George Olcott and Takashi Nawa, as well as Audit & Supervisory Board Members Tsutomu Saito and Toshimichi Kondo, as independent directors/auditors.

(2) Remuneration, etc., Payable to Board Members and Audit & Supervisory Board Members Pertaining to the Fiscal Year under Review

Officer Category	Number of Eligible Persons (Persons)	Amount of Remuneration, etc. (Millions of yen)
Board members	17	938
Audit & supervisory board members	6	128
Total	23	1,066

Notes:

1. The amounts above include ¥68 million in remuneration, etc., payable to outside officers (two board members and four audit & supervisory board members).
2. The amounts above include the following.
The bonuses to board members for which a resolution is planned to be adopted by the 93rd Ordinary General Meeting of Shareholders to be held on June 21, 2016.

Board members: ¥351 million

(3) Outside Board Members and Audit & Supervisory Board Members

1) Relationship between the companies at which the board members or the audit & supervisory board members concurrently hold posts and the Company

Toyota Motor Corporation, at which Audit & Supervisory Board Member Moritaka Yoshida concurrently serves, is a major shareholder of the Company, and the Company sells 43.7% of its products to Toyota Motor.

2) Major activities during the fiscal year

Category	Name	Major Activities
Outside board members	George Olcott	He attended 11 of 11 Board of Directors meetings held in the fiscal year. At these meetings, he mainly remarked on the Company's global management based on his academic background and considerable experience and deep insight related to corporate management.
	Takashi Nawa	He attended 10 of 11 Board of Directors meetings held in the fiscal year. At these meetings, he mainly remarked on the Company's business administration strategy based on his considerable experience and deep insight in the field of business administration strategy.
Outside audit & supervisory board members	Moritaka Yoshida	After assuming office on June 19, 2015, he attended 8 of 8 Board of Directors meetings and 9 of 9 Audit & Supervisory Board 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.
	Tsutomu Saito	He attended 11 of 11 Board of Directors meetings and 12 of 12 Audit & Supervisory Board 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.
	Toshimichi Kondo	He attended 11 of 11 Board of Directors meetings and 12 of 12 Audit & Supervisory Board meetings held in the fiscal year. At these meetings, he mainly remarked on the financial and accounting affairs of the Company based on his professional viewpoint as a Certified Public Accountant.

3) Outline of the agreement with outside audit & supervisory board members to limit their liability for damage
The Company has entered into an agreement with each outside audit & supervisory board member 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.

4. ACCOUNTING AUDITORS

(1) Designation of the Accounting Auditors

Deloitte Touche Tohmatsu LLC

(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	¥113 million
2)	Total of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	¥193 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 amount 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 the preparation of comfort letters relating to the issuance of corporate bonds, 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.
4. The Audit & Supervisory Board has given the consent of its members, as set forth in Article 399, Paragraph 1, of the Companies Act, with regard to remuneration for the Accounting Auditors as a result of careful examination of the auditing plans for the fiscal year under review presented by the Accounting Auditors, the verification and evaluation of audits performed for prior years, the appropriateness of the progress of accounting audits accomplished and the basis for calculations as a premise of the remuneration, by taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by Japan Audit & Supervisory Board Members Association.

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

- 1) The Audit & Supervisory Board shall examine whether the Accounting Auditors should be dismissed 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 or if the Accounting Auditors are in the status of having violated or conflicted with any provision of the Certified Public Accountants Act. Then, the Audit & Supervisory Board shall, upon consent of all the audit & supervisory board members, dismiss said Accounting Auditors if the dismissal thereof is determined reasonable.
- 2) If the Company determines that the appropriate execution of duties by the Accounting Auditors is not ensured with regard to the matters set forth in the Company Accounting Regulations, or if the Company judges it necessary to do so, the Audit & Supervisory Board shall decide the content of the proposal for the dismissal or non-reappointment of the Accounting Auditors to be submitted to a general meeting of shareholders.

5. 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 Board Members with Laws, Regulations and the Articles of Incorporation

- 1) Board members 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 board members 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) Board members 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 Board Members

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 Business Group Heads and the Functional Center Heads shall manage divisional risks in their respective fields.
- 2) As for other risk management, the Risk Management Meeting shall generally streamline and manage relevant companywide systems, whereas each competent department shall manage its relevant risk factors.

(4) Systems to Ensure the Efficient Execution of Board Members' Duties

- 1) The Company shall pursue downsized, efficient management by leveraging the Executive Director/Senior Executive Director system with fewer board members.
- 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, 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 such concern 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 DENSO Group

- 1) Decision making at the respective Group companies shall be conducted on a "reserved authority" basis pursuant to the respective in-house rules, according to a policy of maximally respecting the autonomy of each Group company.
- 2) Group-wide 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 group-wide systems. The DENSO Group Employee Code of Conduct shall be shared by and disseminated to all the Group companies.
 - 4) CSR shall be positioned as a group-wide 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.
 - 6) Each department shall provide advice and support to ensure the appropriateness of operations at the Group companies through the exchange of information with the Group companies.
 - 7) Each department shall monitor and verify the appropriateness of operations at the Group companies.
- (7) Employees in Cases Where an Audit & Supervisory Board Member Requests That the Company Place Several Employees as Assistants to Support His/Her Duties and the Independence of the Employees Concerned from Board Members in Such Cases**
- 1) The Audit & Supervisory Board Office, which was established as a dedicated organ, shall support the audit & supervisory board members in conducting their duties.
 - 2) Personnel changes and organizational restructuring of the Audit & Supervisory Board Office shall require the prior consent of the Audit & Supervisory Board or of a standing audit & supervisory board member appointed by the Audit & Supervisory Board.
 - 3) The board members shall cooperate with the Audit & Supervisory Board Office so that the Office can collect the information necessary for the audits conducted by the audit & supervisory board members, internally and from any of the Group companies according to the instructions given by the audit & supervisory board members.
- (8) Systems to Help Board Members and Employees Report to the Audit & Supervisory Board Members and Other Systems Relating to Reporting to the Audit & Supervisory Board Members**
- 1) The board members, as well as board members and audit & supervisory board members of the Group companies, shall appropriately report on the execution of major business operations, as required, to the audit & supervisory board members through the division/department that they are in charge of. Furthermore, if they find any facts that could result in detrimental damage to the Company, they shall immediately report such facts to the audit & supervisory board members.
 - 2) The board members, Senior Executive Directors, Executive Directors and employees of the Company and the Group companies shall periodically or occasionally report on their operations to the audit & supervisory board members if so requested by any audit & supervisory board member or the Corporate Auditors Department.
- (9) Other Systems to Ensure Effective Audits by the Audit & Supervisory Board Members**
- 1) To raise the effectiveness of the audits conducted by the audit & supervisory board members, the board members shall cooperate with them in their auditing activities including attendance at meetings of the Board of Directors and other important meetings such as those of various committees, the examination of important documents such as *kessaisho* (documents for approval) on operations, on-the-spot audits at the respective departments and the Group companies, and meetings with the Accounting Auditors.
 - 2) The board members shall ensure that the expenses that would be necessary for the audit & supervisory board members to execute their duties are provided and the direct recruiting of necessary external human resources by the audit & supervisory board members is conducted.
 - 3) The internal Audit Department shall collaborate closely with the audit & supervisory board members and report the results of its audit thereto.
 - 4) The audit & supervisory board members shall have regular or occasional meetings or exchange information as required with the internal Audit Department, the Accounting Auditors and the internal control department.
 - 5) The board members of the Company and the Group companies shall ensure that anyone who has reported to an audit & supervisory board member does not suffer from detrimental treatment for the reason of having made said report.

6. SUMMARY OF OPERATIONAL STATUS OF THE SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS

The operational status of several major initiatives to ensure the propriety of business operations is as follows:

(1) Risk Management–Related Initiatives

- 1) Important risks involved in our businesses and investments are deliberated and decided by the Board of Directors and the Top Management Meeting. During the fiscal year under review, 11 Board of Directors meetings and 34 Top Management Meetings were held.
- 2) The Risk Management Meeting, which was established to reinforce the Group-wide risk-response capability, set priority tasks and followed up on relevant measures.
- 3) We selected 55 risk items with the potential to be managed companywide in the fields of occupational accidents, quality-related issues, leakage of confidential information and the like. Each competent department in charge of companywide risk factors made or conducted necessary onsite diagnosis and educational or training sessions. For example, QC diagnosis workshops, a place for confirming and instructing the campaign for quality improvement, were held at 20 Group companies as training bases. In addition, with September 8 designated as “Companywide Safety Day,” employees of the Company discussed overall safety at diverse work sites.
- 4) Taking into account increased requests to streamline cyber security regulations and enhance vehicle security in line with the progress of automated driving in several countries, we upgraded cyber security measures on the Web sites of the Company and the Group companies. We also held specific training sessions on target-type mail attacks and vehicle security training for engineers in technical departments.

(2) Compliance-Related Initiatives

- 1) Effective mutual supervision by and among board members is pursued for decision making by cross-sectional collegial bodies such as the Human Resources Development Conference and the Technology Development Conference, in addition to the executive collegial bodies consisting of the Board of Directors, the Top Management Meeting and the Executive Meeting.
- 2) The CSR Promotion Meeting, which was established to develop and practice trusted corporate activities, set priority tasks and followed up on relevant activities during the fiscal year under review.
- 3) We offered compliance education for corporate officers and management executives, as well as discussions at work sites and Intranet-based compliance tests.
- 4) We took diverse measures to prevent individual compliance infringements such as compliance education regarding adequate working hour management and the inspection of software licenses.
- 5) To prevent infringement with antitrust laws, we took measures, such as the inspection of meetings with any competitive companies and internal/external e-mails, as well as education to thoroughly reinforce compliance with antitrust laws.
- 6) We strove to disseminate the “Corporate Ethics Hotline,” the internal whistle-blowing system, by distributing the Risk Management Handbook, and each competent department responsibly handled specific reporting and counseling cases.
- 7) The Audit Department conducted audits for six internal divisions/departments based on four themes according to its annual auditing plan. The Audit Department also conducted audits for about 60 Group companies.

(3) Group Control-Related Initiatives

- 1) We streamlined the Group Management Manual, which stipulates the global decision-making scheme for Group companies based on the reserved authority system. As for business operations beyond the discretionary framework of the respective Group companies, including cases of high-value capital investment and/or significant contracts, decision making is based on consultations between the competent department and the relevant Group companies.
- 2) We promote the establishment and operation of the relevant systems throughout the DENSO Group by proposing risk/compliance-related guidelines, including the Crisis Communications Manual and the DENSO Group Information Security Guideline.
- 3) We held global conferences by business group or by functional center and provided assistance and advice to Group companies for the purpose of information exchanges and ensuring appropriate operations.

(4) Initiatives to Ensure Efficient Execution of Duties

- 1) We pursue downsized, efficient management by leveraging the Executive Director/Senior Executive Director system with fewer board members.
- 2) We have formulated the Authority Rules, the Organizational Management Rules, the Collegial Body

Rules and the Conference and Committee Rules for more systematic and efficient operation of business activities.

- 3) The DENSO Group Long-term Policy 2020 and the Mid-term Policy 2018 were established to unify group-wide intention to achieve its goals.
- 4) The progress of the goals and plans in terms of sales, profit, productivity and other factors is reported to the Executive Meeting every month to prepare for necessary follow-up actions.

(5) Initiatives to Ensure Effective Audits by the Audit & Supervisory Board Members

- 1) Based on the annual auditing plan, the audit & supervisory board members of the Company conducted on-the-spot audits for 58 internal departments/divisions and 55 Group companies during the fiscal year under review.
- 2) The audit & supervisory board members attended all the official conferences/meetings of the Company including the Board of Directors, the Top Management Meeting, the Executive Meeting, the Risk Management Meeting, and the Human Resources Development Conference, and examined *kessaisho* documents for decision making on important business operations, and expressed remarks thereon, as required.
- 3) The Audit & Supervisory Board Office was established as an organ to support the audit & supervisory board members in conducting their duties, and three dedicated persons are designated thereat.
- 4) The audit & supervisory board members had occasional meetings to exchange information as required with the board members, the Executive Directors and/or the Senior Executive Directors. In addition, the Accounting Department, the Personnel Department, the Legal Department and the like regularly reported on proper business operations to the audit & supervisory board members.
- 5) The internal Audit Department has collaborated closely with the audit & supervisory board members and regularly reported the results of its audit thereto.
- 6) The audit & supervisory board members regularly held liaison meetings with the audit & supervisory board members of the domestic Group companies and separately exchanged information, as required, with the audit & supervisory board members of the respective Group companies.
- 7) The audit & supervisory board members regularly exchanged information with the Accounting Auditors.
- 8) The Audit & Supervisory Board Members Reporting Regulations prohibit detrimental treatment of any person who has reported to an audit & supervisory board member.

7. POLICY REGARDING A DECISION OF DIVIDENDS FROM SURPLUS

As for dividends from surplus, the Company intends to improve the dividend level stably on an ongoing basis by comprehensively taking into account the consolidated operating results, the payout ratio and the amount of dividends.

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 while paying attention to the status of funds.

The Company stipulates in its Articles of Incorporation that it may distribute dividends from surplus upon resolution of the Board of Directors without requiring resolution at a general meeting of shareholders, in accordance with Article 459 of the Companies Act.

Accordingly, the Company, at its Board of Directors meeting held on April 28, 2016, resolved that the fiscal year-end dividend for the fiscal year ended March 31, 2016, be ¥60 per share of the Company's common stock (for a total of ¥47,569,361,700) and the date of commencement of dividend payment thereof be May 30, 2016. The annual dividend for the fiscal year under review, including the interim dividend, is ¥120 per share.

8. IMPORTANT MATTER REGARDING THE CURRENT SITUATION OF THE DENSO GROUP

With respect to the plea agreement concluded with the U.S. Department of Justice in January 2012 and other matters, DENSO Group currently deals with several civil lawsuits claiming damages in the United States and elsewhere. Meanwhile, negotiations for the compensation for damage are under way with several automobile manufacturers.

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

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

Account Item	93rd Term (As of March 31, 2016)	(Reference) 92nd Term (As of March 31, 2015)	Account Item	93rd Term (As of March 31, 2016)	(Reference) 92nd Term (As of March 31, 2015)
(Assets)			(Liabilities)		
Current assets	2,397,212	2,332,209	Current liabilities	1,257,345	1,028,688
Cash and cash equivalents	672,482	792,414	Bonds and borrowings	261,973	98,959
Trade and other receivables	826,687	807,669	Trade and other payables	812,936	804,816
Inventories	476,574	479,527	Other financial liabilities	12,333	11,695
Other financial assets	356,815	183,580	Income tax payables	36,494	14,182
Other current assets	64,654	69,019	Provisions	86,750	51,737
Non-current assets	2,645,684	2,951,048	Other current liabilities	46,859	47,299
Property, plant and equipment	1,425,567	1,395,706	Non-current liabilities	530,516	780,358
Intangible assets	21,156	19,637	Bonds and borrowings	214,638	348,241
Other financial assets	1,037,672	1,302,739	Other financial liabilities	10,099	12,204
Investments accounted for using equity method	71,096	71,819	Retirement benefit liabilities	231,120	219,173
Retirement benefit asset	25,791	92,676	Provisions	2,152	1,066
Deferred tax assets	40,464	44,457	Deferred tax liabilities	54,417	181,304
Other non-current assets	23,938	24,014	Other non-current liabilities	18,090	18,370
			Total liabilities	1,787,861	1,809,046
			(Equity)		
			Equity attributable to owners of the parent company	3,123,578	3,327,938
			Capital stock	187,457	187,457
			Capital surplus	267,640	268,611
			Treasury stock	(246,486)	(218,942)
			Other components of equity	422,205	699,938
			Retained earnings	2,492,762	2,390,874
			Non-controlling interests	131,457	146,273
			Total equity	3,255,035	3,474,211
Total assets	5,042,896	5,283,257	Total liabilities and equity	5,042,896	5,283,257

Consolidated Statement of Income

(Millions of yen)

Account Item	93rd Term (From April 1, 2015, to March 31, 2016)	(Reference) 92nd Term (From April 1, 2014, to March 31, 2015)
Revenue	4,524,522	4,309,787
Cost of revenue	(3,747,311)	(3,552,192)
Gross profit	777,211	757,595
Selling, general and administrative expenses	(412,015)	(399,464)
Other income	12,453	12,797
Other expenses	(61,921)	(39,552)
Operating profit	315,728	331,376
Finance income	34,267	27,446
Finance costs	(8,797)	(9,376)
Foreign exchange gains	965	16,513
Share of the profit of associates accounted for using the equity method	5,130	5,956
Profit before income taxes	347,293	371,915
Income tax expenses	(86,728)	(95,206)
Profit for the year	260,565	276,709
Profit attributable to:		
Owners of the parent company	244,251	258,382
Non-controlling interests	16,314	18,327

Consolidated Statement of Changes in Equity
(From April 1, 2015, to March 31, 2016)

(Millions of yen)

	Equity attributable to owners of the parent company					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Stock acquisition rights	Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit plans
Balance as of April 1, 2015	187,457	268,611	(218,942)	148	552,324	—
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	(192,565)	(42,769)
Comprehensive income (loss) for the year	—	—	—	—	(192,565)	(42,769)
Acquisition of treasury stock	—	—	(27,829)	—	—	—
Disposal of treasury stock (including disposal through the exercise of stock options)	—	133	285	(89)	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	(1,104)	—	—	—	—
Transfer to retained earnings	—	—	—	—	1,617	42,769
Other increase (decrease)	—	—	—	(59)	—	—
Total transactions with the owners	—	(971)	(27,544)	(148)	1,617	42,769
Balance as of March 31, 2016	187,457	267,640	(246,486)	—	361,376	—

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total			
	Exchange differences on translating foreign operations	Cash flow hedges	Total					
Balance as of April 1, 2015	147,704	(238)	699,938	2,390,874	3,327,938	146,273	3,474,211	
Profit for the year	—	—	—	244,251	244,251	16,314	260,565	
Other comprehensive income (loss)	(86,353)	(284)	(321,971)	—	(321,971)	(13,839)	(335,810)	
Comprehensive income (loss) for the year	(86,353)	(284)	(321,971)	244,251	(77,720)	2,475	(75,245)	
Acquisition of treasury stock	—	—	—	—	(27,829)	—	(27,829)	
Disposal of treasury stock (including disposal through the exercise of stock options)	—	—	(89)	—	329	—	329	
Dividends	—	—	—	(97,977)	(97,977)	(11,354)	(109,331)	
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	(1,104)	(5,919)	(7,023)	
Transfer to retained earnings	—	—	44,386	(44,386)	—	—	—	
Other increase (decrease)	—	—	(59)	—	(59)	(18)	(77)	
Total transactions with the owners	—	—	44,238	(142,363)	(126,640)	(17,291)	(143,931)	
Balance as of March 31, 2016	61,351	(522)	422,205	2,492,762	3,123,578	131,457	3,255,035	

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

Account Item	93rd Term (As of March 31, 2016)	(Reference) 92nd Term (As of March 31, 2015)	Account Item	93rd Term (As of March 31, 2016)	(Reference) 92nd Term (As of March 31, 2015)
Assets			Liabilities		
Current assets	1,535,623	1,490,605	Current liabilities	909,243	738,938
Cash and deposits	488,569	419,407	Accounts payable—trade	414,503	402,630
Notes receivable—trade	2,491	2,761	Current portion of bonds	50,000	—
Accounts receivable—trade	352,389	347,730	Current portion of long-term borrowings	87,108	25,000
Electronically recorded monetary claims—operating	51,493	47,634	Accounts payable—other	37,237	34,436
Marketable securities	229,542	281,381	Accrued expenses	61,125	65,332
Finished goods	39,712	38,385	Income taxes payable	19,960	—
Work in process	81,200	72,532	Advances received	407	17
Raw materials and supplies	15,146	15,231	Deposits received	129,325	133,648
Advance payments	56,369	56,349	Accrued bonuses to employees	39,864	41,198
Prepaid expenses	2,609	2,797	Accrued bonuses to directors and corporate auditors	343	345
Deferred tax assets	36,672	27,823	Reserve for product warranties	26,243	35,509
Short-term loans receivable from subsidiaries and associates	88,925	84,388	Provision for loss on antitrust issues	42,940	—
Accounts receivable—other	81,099	78,942	Other current liabilities	188	823
Other current assets	9,453	15,669	Long-term Liabilities	377,137	553,991
Allowance for doubtful accounts	(46)	(424)	Straight bonds	80,000	100,000
Fixed assets	1,943,034	2,147,910	Long-term borrowings	72,001	139,605
Property, plant and equipment	414,125	395,409	Deferred tax liabilities	60,857	153,373
Buildings	86,745	87,390	Liability for employees' retirement benefits	147,500	144,442
Structures	12,893	13,379	Retirement allowances for directors and corporate auditors	27	144
Machinery and equipment	140,243	124,795	Provision for loss on business of subsidiaries and associates	6,895	6,977
Vehicles and transportation equipment	1,733	1,590	Other long-term liabilities	9,857	9,450
Tools, furniture and fixtures	22,660	20,905	Total liabilities	1,286,380	1,292,929
Land	111,816	111,485	(Equity)		
Construction in progress	38,035	35,865	Shareholders' equity	1,855,526	1,824,033
Intangible assets	6,825	6,914	Capital stock	187,457	187,457
Software	5,098	5,532	Capital surplus	270,150	270,017
Other intangible assets	1,727	1,382	Additional paid-in capital	265,985	265,985
Investments and other assets	1,522,084	1,745,587	Other capital surplus	4,165	4,032
Investment securities	453,575	489,945	Retained earnings	1,644,394	1,585,490
Investment in subsidiaries and associates	921,586	1,097,434	Legal reserve	43,274	43,274
Investments in equity	2,525	2,540	Other retained earnings	1,601,120	1,542,216
Investments in equity of subsidiaries and associates	35,024	35,024	Reserve for special depreciation	103	120
Long-term loans receivable from	31,926	43,738	Reserve for advanced depreciation of fixed assets	382	382
			General reserve	896,390	896,390

subsidiaries and associates			Earned surplus carried forward	704,245	645,324
Prepaid pension cost	72,055	73,033	Treasury stock, at cost	(246,475)	(218,931)
Other assets	5,442	3,922	Variance of the estimate/ conversion	336,751	521,405
Allowance for doubtful accounts	(49)	(49)	Net unrealized gain on available-for-sale securities	336,800	521,514
			Deferred gains on derivatives under hedge accounting	(49)	(109)
			Stock acquisition rights	—	148
			Total equity	2,192,277	2,345,586
Total assets	3,478,657	3,638,515	Total liabilities and equity	3,478,657	3,638,515

Non-Consolidated Statement of Income

(Millions of yen)

Account Item	93rd Term (From April 1, 2015, to March 31, 2016)	(Reference) 92nd Term (From April 1, 2014, to March 31, 2015)
Net sales	2,424,996	2,437,182
Cost of sales	2,123,789	2,100,657
Gross profit	301,207	336,525
Selling, general and administrative expenses	159,031	167,030
Operating income	142,176	169,495
Non-operating income	90,684	88,903
Interest and dividend income	73,449	64,077
Other non-operating income	17,235	24,826
Non-operating expenses	6,704	18,987
Interest expense	993	1,170
Provision for loss on business of subsidiaries and associates	—	6,977
Adjustment for transfer pricing taxation	—	7,227
Other non-operating expenses	5,711	3,613
Ordinary income	226,156	239,411
Extraordinary income	5,658	51,425
Gain on sales of property, plant and equipment	63	1,257
Gain on withdrawal of assets from retirement benefit trust	5,595	50,168
Extraordinary losses	42,231	23,617
Loss on reduction of fixed assets	28	317
Impairment loss on investment securities	1,345	2
Impairment loss on investment in subsidiaries and associates	708	1,549
Loss on antitrust issues	40,150	21,749
Income before income taxes	189,583	267,219
Income taxes—current	38,542	34,551
Income taxes—deferred	(5,840)	34,418
Net Income	156,881	198,250

Non-Consolidated Statement of Changes in Equity
(From April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity									Treasury stock, at cost	Shareholders' equity
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Earned surplus carried forward		
		Additional paid-in capital	Other capital surplus	Reserve for special depreciation		Other retained earnings					
						Reserve for advanced depreciation of fixed assets	General reserve				
Balance as of April 1, 2015	187,457	265,985	4,032	43,274	120	382	896,390	645,324	(218,931)	1,824,033	
Changes in the fiscal year:											
Dividends from surplus	—	—	—	—	—	—	—	(97,977)	—	(97,977)	
Reversal of reserve for special depreciation	—	—	—	—	(17)	—	—	17	—	—	
Provision of reserve for advanced depreciation of fixed assets	—	—	—	—	—	0	—	0	—	—	
Net income	—	—	—	—	—	—	—	156,881	—	156,881	
Acquisition of treasury stock	—	—	—	—	—	—	—	—	(27,829)	(27,829)	
Disposal of treasury stock	—	—	133	—	—	—	—	—	285	418	
Net changes in items other than those in shareholders' equity	—	—	—	—	—	—	—	—	—	—	
Total of changes in the fiscal year	—	—	133	—	(17)	0	—	58,921	(27,544)	31,493	
Balance as of March 31, 2016	187,457	265,985	4,165	43,274	103	382	896,390	704,245	(246,475)	1,855,526	

	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		
Balance as of April 1, 2015	521,514	(109)	148	2,345,586
Changes in the fiscal year:				
Dividends from surplus	—	—	—	(97,977)
Reversal of reserve for special depreciation	—	—	—	—
Provision of reserve for advanced depreciation of fixed assets	—	—	—	—
Net income	—	—	—	156,881
Acquisition of treasury stock	—	—	—	(27,829)
Disposal of treasury stock	—	—	—	418
Net changes in items other than those in shareholders' equity	(184,714)	60	(148)	(184,802)
Total of changes in the fiscal year	(184,714)	60	(148)	(153,309)
Balance as of March 31, 2016	336,800	(49)	—	2,192,277

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2016

To the Board of Directors of
DENSO CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Hisayoshi Takahashi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masaki Okuda

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2016 of DENSO CORPORATION (the "Company") and consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, prepared with the omission of a part of the disclosure required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and

disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosure required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of DENSO CORPORATION and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2016

To the Board of Directors of
DENSO CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Hisayoshi Takahashi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masaki Okuda

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2016 of DENSO CORPORATION (the "Company"), and the related statements of income and changes in equity assets for the 93rd fiscal year from April 1, 2015 to March 31, 2016, and the related notes and the accompanying supplemental schedules

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental 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 financial statements and the accompanying supplemental schedules are free from material

misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of DENSO CORPORATION as of March 31, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(TRANSLATION)

<Certified Copy of the Audit Report of the Audit & Supervisory Board>

AUDIT & SUPERVISORY BOARD MEMBERS' REPORT

Regarding the performance of duties by board members for the 93rd Fiscal Term, which began April 1, 2015, and ended March 31, 2016, the Audit & Supervisory Board 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 audit & supervisory board members.

1. Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and the Substance Thereof

(1) The Audit & Supervisory Board determined auditing policies, auditing plans and other guidelines; received reports about the progress and results of audits from each audit & supervisory board member; received reports on the execution of their duties; and requested explanations, as required, from the board members and the Accounting Auditors.

(2) In compliance with the audit standards specified by the Audit & Supervisory Board and based on the auditing policies, assigned tasks and other guidelines above, each audit & supervisory board member has communicated with the board members and other relevant personnel of the internal Audit Department and others to collect necessary information and improve the auditing environment, and, at the same time, conducted his/her audit in the following manner.

1) Each audit & supervisory board member has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the board members and other relevant personnel; requested explanations therefrom, as required; examined important authorized documents and associated information; and studied the operations and financial position at the headquarters and principal offices. Moreover, the audit & supervisory board members have communicated and exchanged information with the board members, audit & supervisory board members and other relevant personnel of the subsidiaries and received reports on operations therefrom, as required.

2) Each audit & supervisory board member 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 Board Members with Laws, Regulations and the Articles of Incorporation" described in the Business Report, as well as the established and operational status of the in-house systems (internal control systems) that have been established pursuant to the resolution concerned.

3) Each audit & supervisory board member has supervised and verified whether the Accounting Auditors maintain independence and have done appropriate audits, and has received reports on the execution of their duties and requested explanations, as required, from the Accounting Auditors.

In the manner explained above, the audit & supervisory board members have examined the Business Report and supplementary schedules thereof; "financial statements," that is, 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; and the consolidated financial statements (Consolidated Statement of Financial Position, 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, 2016.

2. Audit Results

(1) Audit results regarding the Business Report and other documents audited

- 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 board members 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 content of description as well as the execution of duties by the board members, concerning the internal control systems.

As for the Antitrust Law-related incidents described in the Business Report, the Audit & Supervisory Board has confirmed that the Company and the respective Group companies are endeavoring to further comply with laws and regulations, including Antitrust Laws. The Audit & Supervisory Board will

continue to monitor the execution of duties by the board members so that the compliance is thoroughly observed and the operation of overall internal control systems is reinforced.

(2) Audit results regarding the 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.

May 11, 2016

Audit & Supervisory Board of DENSO CORPORATION
Standing Audit & Supervisory Board Member
Masato Iwase
Standing Audit & Supervisory Board Member
Atsuhiko Shimmura
Outside Audit & Supervisory Board Member
Moritaka Yoshida
Outside Audit & Supervisory Board Member
Tsutomu Saito
Outside Audit & Supervisory Board Member
Toshimichi Kondo

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

Guide to Stock-Related Procedures

To shareholders who receive your dividends at the Japan Post Bank offices, etc., with a dividend receipt:

It is recommended that you choose one of the following options to ensure the safe and secure receipt of your dividends.

Account for Dividend Receipt	Method of Receiving Dividends
1) Securities transaction account	The dividends will be remitted into the shareholder's accounts at the respective securities companies in proportion to the number of his/her shares deposited therewith. (Share number pro-rata distribution)
2) Bank account (common to all stock names)	The dividends for all the stock names will be remitted into the account of only one bank. (Japan Post Bank Co., Ltd. cannot be designated.) (Registered account receipt)
3) Bank account (individually designated by stock name)	The dividends will be remitted by stock name into the accounts designated in advance. (Japan Post Bank Co., Ltd., can be designated.) (Individual stock name designation)

To shareholders who wish to open an NISA account:

To be eligible for the tax exemption regarding your dividends, you need to choose option 1) above (Share number pro-rata distribution).

To shareholders who hold the Company's shares less than one unit (less than 100)

The share unit of the Company is 100, and the shares less than one unit cannot be sold or purchased in the market. However, the following procedures are available.

	Description of the System	Example: If a shareholder holds 80 shares of the Company's stock
Sale system	According to this program, the shares less than one share unit can be sold to the Company at the market price.	<pre> graph TD A[Shareholder (80 shares)] -- "Demand for a sale of said 80 shares to the Company" --> B[DENSO] B -- "Payment of the charges for the purchase" --> C[Shareholder (0 share)] C -- "Transfer of said 80 shares" --> B </pre>
Additional purchase system	According to this program, the shares that would constitute one share unit (100) together with the shares less than one share unit that he/she holds can be purchased from the Company at the market price.	<pre> graph TD A[Shareholder (80 shares)] -- "Demand for further buying of 20 shares from the Company" --> B[DENSO] B -- "Payment of the charges for the additional purchase" --> C[Shareholder (100 shares)] C -- "Transfer of said 20 shares" --> B </pre>

Fiscal year	From April 1 to March 31 of the next calendar year
Ordinary general meeting of shareholders	June
Fixed day on which shareholders for dividend payment are confirmed	March 31 If interim dividends are distributed, September 30
Share unit number	100 shares
Stock code	6902
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Account management institution handling special accounts	Mitsubishi UFJ Trust and Banking Corporation

Guide to “My Number System” regarding shares

The My Number, which has been noticed from the jurisdictional municipality to each shareholder, has become a requirement in the tax-related procedures for shares. Accordingly, shareholders of the Company need to notify securities companies with which they have transactions, etc., of their “My Number.”

- The contact for the notification of the My Number is as follows:

Account category for the shares you hold	Contact
Securities transaction account	Securities company with which you have opened an account
Special account (shareholders who do not hold the Company’s shares, through securities companies)	Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-232-711 (Toll Free)

Inquiries about shares

- The contact for the designation (change) of dividend reception method, the demand for sale/additional purchase, an address change and other share-related procedures depend on the category of the account in which you have shares.

Account category for the shares you hold	Contact
Securities transaction account	Securities company with which you have opened an account
Special account (shareholders who do not hold the Company’s shares, through securities companies)	Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Phone: 0120-232-711 (Toll Free)

Guide to the Company’s Web site

To introduce DENSO’s initiatives to our shareholders and investors, we are active in information disclosure through the Web site below.

DENSO Site “INVESTORS” <http://www.globaldenso.com/en/investors/>

ECO VISION 2025

For Tomorrow's Earth, What DENSO can do

PAST OF DENSO

As our parts are utilized in automobiles all around the world, we are actively aware of the important responsibility we have for protecting earth's environment. DENSO has throughout its history developed and used the latest technologies and talent to reduce our negative environmental impact to the greatest extent possible.

Future DENSO

DENSO has formulated the "Eco Vision 2025" with the aim of further improving the global environment. Toward the achievement of the three targets of "Energy 1/2," "Clean x2" and "Green x2," DENSO will address 10 environmental actions.

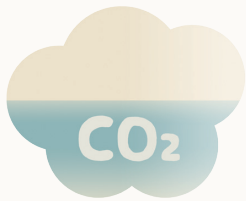


3 TARGETS



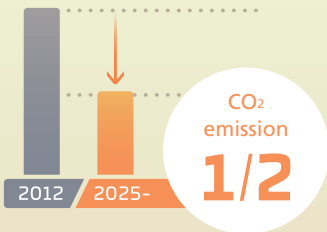
PICK UP

Action
01



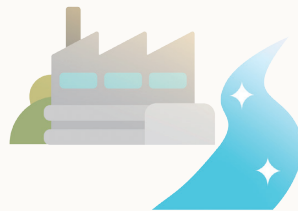
Ultimate fuel efficiency

With ultimate fuel efficiency, we will lead by example to dramatically reduce CO₂ emissions in the automobile industry.



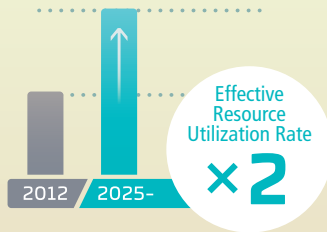
PICK UP

Action
05



Minimum impact production

We endeavor to recycle all resources, reduce the amount of water used, and minimize the volume of waste and chemical emissions.



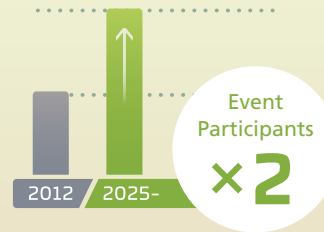
PICK UP

Action
09



Environmental volunteer action

We will protect and take care of the natural environment everywhere and we will support all associates to take positive action in this respect.



Access to the Venue of the General Meeting of Shareholders

Date

10 a.m., Tuesday, June 21, 2016

Place

Head Office,
DENSO CORPORATION
(Event Hall of No. 5 Building)
1-1, Showa-cho, Kariya, Aichi



Traffic guide

If you use a courtesy bus:

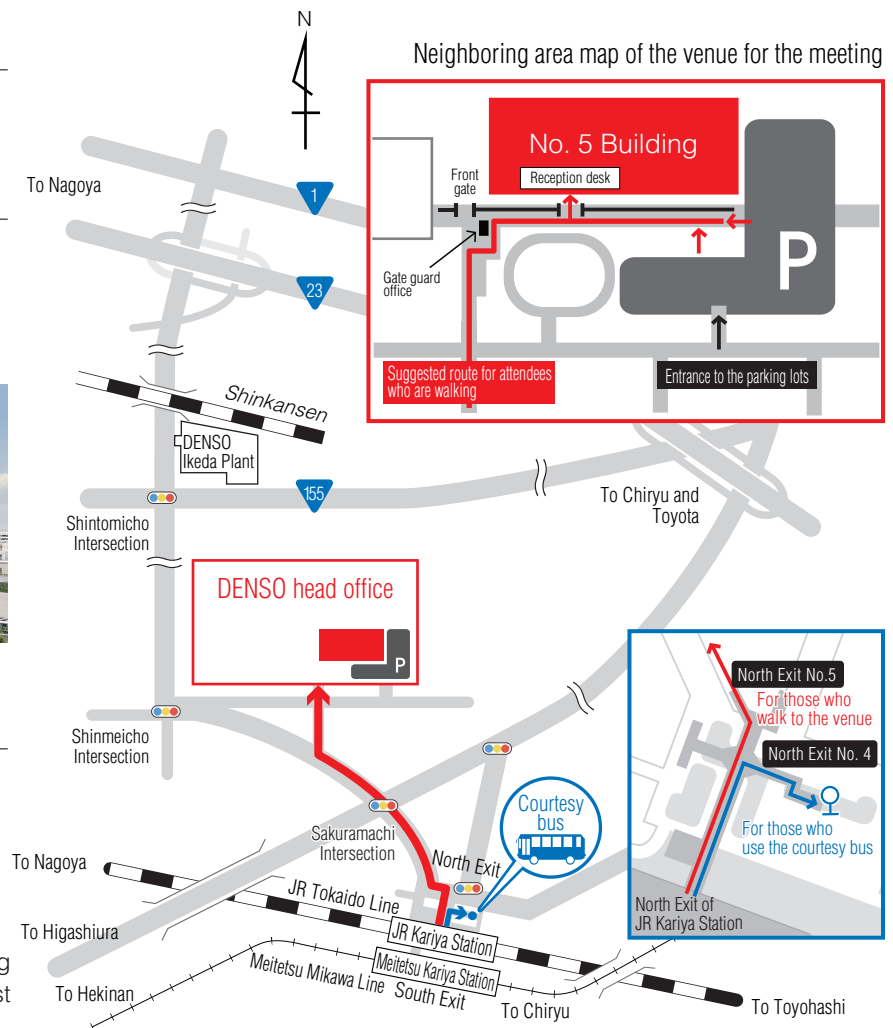
North Exit of JR Kariya Station
Bus stop: North Exit No. 4
(The service is available
9 a.m.–10 a.m., as needed.)

If you use a car:

Please park your car in the parking
lots located at the south and east
sides of the No. 5 Building.

If you come on foot:

Seven (7) minute walk from the
North Exit of JR Kariya Station



DENSO CORPORATION