

**DENSO**  
**Crafting the Core**

**NOTICE OF THE 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Date:** 10 a.m., Tuesday, June 20, 2017

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

**Agenda:**

**Proposal No. 1: Election of Nine (9) Board Members due to the Expiration of the Term of Office of All the Current Board Members**

**Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members due to the Expiration of the Term of Office of the Two (2) Current Audit & Supervisory Board Members**

**Proposal No. 3: Presentation of Bonuses to Board Members**

**Stock Code: 6902**  
**DENSO CORPORATION**

Look at the world with a brighter vision for the future.  
Cherish nature and learn to live together in harmony.  
Welcome challenges and meet change unafraid.  
Honor diversity and work hand in hand to develop advanced technology.  
We will, more than ever before, continue the DENSO tradition of craftsmanship in the pursuit of innovative technology.  
In doing so, we will continue to provide unprecedented value by creating new Cores for years to come.  
After all, everything we do is to provide a better future for the next generation.

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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 2017, the year ended March 31, 2017, revenue of the DENSO Group increased to ¥4,527.1 billion and operating profit increased to ¥330.6 billion due to the marginal advantage from improved capacity utilization owing to increased sales, the rationalization effects and the improvement of other income and expenses despite the adverse impact of yen appreciation.

The business environment surrounding the Company is changing considerably, entering an era of significant changes throughout society. To overcome such turbulent times and achieve sustainable growth, we need to increase the number of value-sharing peers to address various issues hand in hand. To this end, DENSO CORPORATION has established “Crafting the Core” as its slogan, which is based on the unchanging DENSO Philosophy and expresses the vision and direction the Company is striving to achieve. “Crafting the Core” encompasses the desire at DENSO to “Creating things that are important to people with great care and continuously refining them.”

We hope to contribute to the creation of such a better society in the future while gaining the confidence and sympathy of all of our stakeholders.

I sincerely appreciate the ongoing support of all our shareholders.

May 2017

President and CEO  
Koji Arima

(TRANSLATION ONLY)

Stock Code: 6902  
May 26, 2017



To Those Shareholders with Voting Rights

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

## NOTICE OF THE 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 94th 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 19, 2017.

1. **Date:** 10 a.m., Tuesday, June 20, 2017
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 94th Fiscal Term (from April 1, 2016, to March 31, 2017)**
- (2) **Non-Consolidated Financial Statements for the 94th Fiscal Term (from April 1, 2016, to March 31, 2017)**

#### Agenda:

- Proposal No. 1: Election of Nine (9) Board Members due to the Expiration of the Term of Office of All the Current Board Members**
- Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members due to the Expiration of the Term of Office of the Two (2) Current Audit & Supervisory Board Members**
- Proposal No. 3: Presentation of Bonuses to Board Members**

- Any amendment to the REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS or the Attachment will be disclosed on the Company's Web site (<https://www.denso.com/>).
- The "Consolidated Statement of Changes in Equity" and the "Notes to the Consolidated Financial Statements," as well as the "Non-Consolidated Statement of Changes in Equity" 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 (<https://www.denso.com/>) 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 "Consolidated Statement of Changes in Equity," the "Notes to the Consolidated Financial Statements," the "Non-Consolidated Statement of Changes in Equity" and the "Notes to the Non-Consolidated Financial Statements," all of which are posted on the above Web site.

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

## Guide to Exercising Voting Rights

### **If you are attending the Meeting:**

Date and time of the Meeting: 10 a.m., June 20, 2017

### **Mailing:**

Deadline for exercising voting rights: Must be received by 5:40 p.m., June 19, 2017

### **Internet:**

Deadline for exercising voting rights: Until 5:40 p.m., June 19, 2017

Points to consider when attending the Meeting:

- 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 with you.
- As the entrance to the venue for the meeting will be crowded immediately before the meeting, please arrive early.

Points to consider when exercising your voting rights in writing or via the Internet

- 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 Nine (9) 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 94th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect nine (9) board members.

The nominees for board members are as follows:

Nominee No.	Name		Current posts in the Company	Current assignments in the Company
1	Nobuaki Katoh	Reappointment	Chairman	
2	Koji Kobayashi	Reappointment	Vice Chairman	Tokyo Office
3	Koji Arima	Reappointment	President and CEO	
4	Haruya Maruyama	Reappointment	Executive Vice President	Overall Sales and Marketing, Corporate Strategy
5	Yasushi Yamanaka	Reappointment	Executive Vice President	Overall R&D, Future Creation Technology
6	Hiroyuki Wakabayashi	Reappointment	Executive Vice President	Overall Production, Safety, Environment & Quality Center, ADAS
7	Yoshikazu Makino	Reappointment	Director, Member of the Board, Senior Executive Director	Corporate Center, Audit Department, Thermal Systems Business Group
8	George Olcott	Reappointment Outside Board Member Independent Director	Director, Member of the Board	
9	Takashi Nawa	Reappointment Outside Board Member Independent Director	Director, Member of the Board	

#### **Election Policy and Procedure for Determining Nominees (Matters related to Proposals No. 1 and 2)**

##### <Election Policy>

The Company appoints the nominees for board members and audit & supervisory board members from the viewpoint of the balance of the board in terms of diversity, experience, capabilities and specialties of the members, as well as from the viewpoint of selecting the right person in the right place, so as to ensure accurate and swift decision making at the respective boards.

##### <Determination Procedure>

The President and CEO will hear opinions from appropriate persons from various quarters and select persons who are suitable to serve the position of the board by comprehensively taking into account their past records, personality, insights and other factors. Then, the President and CEO submits his/her selections to an "Officer Nomination and Compensation Advisory Council," which consists of independent outside board members, to draw up the draft of appointments for the current year.

The draft of appointments is determined after deliberations at a general meeting of shareholders taking into account the resolution on informal appointment at the Board of Directors. (For the election of the nominees for audit & supervisory board members, an approval of the Audit & Supervisory Board shall be additionally obtained.)

1. Nobuaki Katoh (November 3, 1948) 68 years old

Reappointment

Chairman

■ Brief personal history	
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 Outside Audit & Supervisory Board Member, KDDI CORPORATION Outside Audit & Supervisory Board Member, CHUBU Electric Power Co., Inc.	
■ Number of the Company's shares owned	50,200
■ Years of incumbency	10
■ Reason for having appointed him as a board member Nobuaki Katoh powerfully led the Company as the President and CEO for seven years from June 2008 during a tough period following the 2008 financial crisis and has served as the Chairman (current position) for two years since June 2015. The Company has appointed him as a nominee for a board member expecting that his considerable experience and extensive knowledge of the DENSO Group management will continue to be applied in the Company's management.	

2. Koji Kobayashi (October 23, 1948) 68 years old

Reappointment

Vice Chairman

Current assignments in the Company: Tokyo Office

■ Brief personal history	
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	34,119
■ Years of incumbency	10
■ Reason for having appointed him as a board member Koji Kobayashi was assigned mainly to corporate departments and the overseas business as an Executive Vice President for five years from June 2010. Subsequently, he has served as the Vice Chairman (current position) for two years since June 2015, promoting various activities looking ahead the future of the Group. The Company has appointed him as a nominee for a board member expecting that his considerable managerial experience and knowledge of administrative departments in general, as well as his broad network that transcends the automobile industry will continue to be applied in the Company's management.	

3. Koji Arima (February 23, 1958) 59 years old Reappointment

President and CEO

■ Brief personal history	
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	21,700
■ Years of incumbency	2
<p>■ Reason for having appointed him as a board member</p> <p>After joining the Company, Koji Arima engaged in production promotion departments and the electric component business. After having served as the President of a locally incorporated company in Italy from October 2005, he was assigned to the Electric Component Business Group from June 2009 and was in charge of the production promotion departments from June 2012. He has served as the President and CEO (current position) for two years since June 2015. The Company has appointed him as a nominee for a board member expecting that his excellent management prowess and leadership will continue to be applied in the Company's management.</p>	

4. Haruya Maruyama (November 29, 1954) 62 years old Reappointment

Executive Vice President

Current assignments in the Company: Overall Sales and Marketing, Corporate Strategy

■ Brief personal history	
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)
■ Number of the Company's shares owned	14,800
■ Years of incumbency	7
<p>■ Reason for having appointed him as a board member</p> <p>After joining the Company, Haruya Maruyama engaged in the sales and marketing departments. After having served as the President of a locally incorporated company in Germany from July 2002 and as the President of a locally incorporated company as the Head of North America from April 2008, he assumed the post of the Business Group Head of the Sales and Marketing Group from June 2010. He has served as the Executive Vice President (current position) for three years since June 2014 in charge of Overall Sales and Marketing and Corporate Strategy. The Company has appointed him as a nominee for a board member expecting that his considerable marketing experience and leadership in establishing long-term relations with domestic and overseas customers will continue to be applied in the Company's management.</p>	



5. Yasushi Yamanaka (March 10, 1957) 60 years old

Reappointment

Executive Vice President

Current assignments in the Company: Overall R&D, Future Creation Technology

■ Brief personal history	
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)
■ Important posts concurrently held at other corporations Outside Director, Tokai Rika Co., Ltd.	
■ Number of the Company's shares owned	15,839
■ Years of incumbency	2
■ Reason for having appointed him as a board member After joining the Company, Yasushi Yamanaka engaged in the thermal system business. After having served as the Deputy Functional Center Head of the Engineering Research & Development Center from June 2011 and the President of a locally incorporated company as the Head of Europe from June 2013, he has served as the Executive Vice President (current position) for two years since June 2015 in charge of Overall R&D and Future Creation Technology. The Company has appointed him as a nominee for a board member expecting that his expertise and experience in leading R&D departments will continue to be applied in the Company's management.	

6. Hiroyuki Wakabayashi (January 15, 1956) 61 years old Reappointment

Executive Vice President

Current assignments in the Company: Overall Production, Safety, Environment & Quality Center, ADAS

■ Brief personal history	
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
June 2016	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION
April 2017	Executive Vice President, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations Outside Director, Jeco Co., Ltd.	
■ Number of the Company's shares owned	19,400
■ Years of incumbency	1
■ Reason for having appointed him as a board member After joining the Company, Hiroyuki Wakabayashi engaged in the production promotion departments. He was assigned to the engine component business from June 2009 and the powertrain component business from June 2010. He also assumed the post of the Business Group Head of the Information & Safety Systems Business Group from June 2011. He has served as the Executive Vice President (current position) since April 2017 in charge of Overall Production. The Company has appointed him as a nominee for a board member expecting that his managerial experience in the production promotion and operating departments, as well as knowledge in the advanced fields such as automated driving will continue to be applied in the Company's management.	

7. Yoshikazu Makino (July 1, 1955) 61 years old Reappointment

Director, Member of the Board, Senior Executive Director

Current assignments in the Company: Corporate Center, Audit Department, Thermal Systems Business Group

■ Brief personal history	
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)
■ Number of the Company's shares owned	20,600
■ Years of incumbency	2
<p>■ Reason for having appointed him as a board member</p> <p>After joining the Company, Yoshikazu Makino engaged in the thermal system business and the corporate planning departments. After having served as the President of the Company's locally incorporated company as the Head of Europe from June 2011 and as the President of the Company's locally incorporated company as the Head of Asia from June 2013, he has served as the Business Group Head of the Thermal System Business Group (current position) since January 2015 and the Functional Center Head of the Corporate Center (current position) since June 2016. The Company has appointed him as a nominee for a board member expecting that his managerial experience in locally incorporated companies overseas and knowledge in the fields of the functional and operating departments will continue to be applied in the Company's management.</p>	

8. George Olcott (May 7, 1955) 62 years old      Reappointment/Outside Board Member/Independent Director  
 Director, Member of the Board

<b>■ Brief personal history</b>	
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 (currently Dai-ichi Life Holdings, Inc.) (current position)
June 2016	Outside Director, BlueOptima Limited (current position)
December 2016	Outside Director, JP Morgan Japanese Investment Trust plc (current position)
<b>■ Important posts concurrently held at other corporations</b>	
	Outside Director, Hitachi Chemical Company, Ltd.
	Outside Director, The Dai-ichi Life Insurance Company, Limited
<b>■ Number of the Company's shares owned</b>	800
<b>■ Years of incumbency</b>	3
<b>■ Reason for having appointed him as a board member</b>	
George Olcott has managerial experience in foreign-capital companies including his experience as the Head of Tokyo Branch of a U.K.-based investment advisory company. He currently serves as the Guest Professor, Keio University Faculty of Business and Commerce, as a specialist in human resources development and corporate governance in global management. Since his assumption of office as the Outside Director of the Company in June 2014, he has contributed to the improvement of the corporate value of the Company from the perspective of global management. The Company has appointed him as a nominee for a board member in expectation of useful advice that would be continuously reflected in the Company's management.	

9. Takashi Nawa (June 8, 1957) 60 years old Reappointment/Outside Board Member/Independent Director  
 Director, Member of the Board

■ Brief personal history	
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
June 2011	Outside Director, NEC Capital Solutions Limited (current position)
September 2012	President, Next Smart Lean Co., Ltd.
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	800
■ Years of incumbency	3
■ Reason for having appointed him as a board member	
Takashi Nawa worked at McKinsey & Company, Inc., a strategic consulting firm, and served as Senior Advisor of Boston Consulting Group. He currently serves as the Professor of Hitotsubashi University with a specialty in international corporate strategy. Since his assumption of office as the Outside Director of the Company in June 2014, he has contributed to the improvement of corporate value of the Company from the perspective of global management. The Company has appointed him as a nominee for a board member expecting that his inputs will continue to be applied in the Company's management.	

Notes:

1. The brief personal history and the important posts concurrently held at other corporations are as of May 15, 2017.
2. The age and years of incumbency of each nominee are as of the conclusion of this 94th Ordinary General Meeting of Shareholders.
3. No nominee has any special interest in the Company.
4. 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. The matters related to both persons are as follows:
  - (1) The Company has notified Tokyo Stock Exchange, Inc. (TSE), of both George Olcott and Takashi Nawa as independent directors 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) The Company has entered into a liability limitation agreement with both persons, 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.

**Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members due to the Expiration of the Term of Office of the Two (2) Current Audit & Supervisory Board Members**

The term of office of the current audit & supervisory board members Masato Iwase (standing audit & supervisory board member) and Tsutomu Saito (audit & supervisory board member) will expire at the conclusion of this 94th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect two (2) audit & supervisory board members. The audit & supervisory board has given its prior consent to this Proposal.

The nominees for audit & supervisory board members are as follows:

1. Masato Iwase (February 4, 1955) 62 years old Reappointment  
Standing Audit & Supervisory Board Member

■ Brief personal history	
April 1978	Joined DENSO CORPORATION
January 2002	Secretariat to President, Associated Fuel Pump Systems Corporation
January 2003	Director, Legal Division, DENSO CORPORATION
June 2009	Standing Audit & Supervisory Board Member, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations Outside Corporate Auditor, Jeco Co., Ltd.	
■ Number of the Company's shares owned	13,400
■ Years of incumbency	8
■ Reason for having appointed him as an outside audit & supervisory board member After joining the Company, Masato Iwase engaged in the legal affairs, accounting and overseas business planning departments, and has served as Standing Audit & Supervisory Board Member (current position) since June 2009. He supports thorough compliance of the entire DENSO Group and the improvement of its high-quality corporate governance system through his well-balanced auditing activities featuring both defensive and offensive management viewpoints based on his considerable experience. The Company has appointed him as a nominee for an audit & supervisory board member expecting that his inputs will continue to be applied in the audits of the Company.	

2. Noriyuki Matsushima (May 3, 1956) 61 years old New Appointment/Outside Audit & Supervisory Board Member/Independent Auditor

■ Brief personal history	
April 1982	Joined Nikko Securities Co., Ltd.
May 1982	Seconded to Nikko Research Center, Inc.
April 1999	Transferred to Nikko Salomon Smith Barney Limited (currently Citigroup Global Markets Japan Inc.).
April 2000	Managing Director, Nikko Salomon Smith Barney Limited
August 2013	Chief Research Advisor, Equity Research Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (current position)
■ Important posts concurrently held at other corporations Chief Research Advisor, Equity Research Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
■ Number of the Company's shares owned	0
■ Reason for having appointed him as an outside audit & supervisory board member After joining Nikko Securities Co., Ltd. in April 1982, Noriyuki Matsushima served as an analyst centering on the automobile industry for 31 years, and has served as Chief Research Advisor at Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. since 2013. The Company has appointed him as a nominee for an audit & supervisory board member expecting that his expertise in the automobile industry and broad insight nurtured through his years of experience in research and analysis of corporate management will continue to be applied in the audits of the Company.	

Notes:

1. The brief personal history and the important posts concurrently held at other corporations are as of May 15, 2017.
2. The age and years of incumbency of each nominee are as of the conclusion of this 94th Ordinary General Meeting of Shareholders.
3. No nominee has any special interest in the Company.

4. Noriyuki Matsushima is the nominee for outside audit & supervisory board member (outside auditor), as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. The matters related to this person are as follows:
  - (1) Noriyuki Matsushima satisfies the requirements of independent directors/auditors as per the TSE Regulations. Accordingly, if his election as outside audit & supervisory board member is approved at the Meeting, the Company intends to notify the TSE of Noriyuki Matsushima as an independent auditor.
  - (2) The Company intends to enter into a liability limitation agreement with this person, 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.

**Proposal No. 3: 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 ¥348,700 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, 2016, to March 31, 2017)

## 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, 2017, whereas uncertainty increased, reflecting political trends in Europe and the presidential election in the United States, in the second half of the fiscal year under review, the world economy showed gradual growth on the whole, sustained by increasing expectations relative to the new administration in the United States and a rally among the economies of emerging countries due to a recovery in natural resource prices. The Japanese economy also continued a gradual recovery despite some weakness in personal consumption and other factors.

The global automobile industry performed steadily, mainly due to record-high sales in the United States and favorable sales in China attributable to tax-cut policies for small vehicles. In Japan, sales improved for the first time in three years due to favorable sales of new model vehicles despite a continuing slump in sales of light vehicles.

## 2) Summary of business

In such a business climate, we are making concerted efforts group-wide to achieve the targets of the DENSO Group Long-term Policy 2020: “Preserve the Planet” and “Security & Safety”

In the environment field, during the fiscal year under review, we established the Electrification Systems Business Group to accelerate the reinforced development and business growth of the electrification field. In the safety and security field, we addressed challenging tasks for technological development related to the Advanced Driver Assistance System (ADAS)/Automated Driving (AD). At the same time, to accelerate such technological development, the Company enhanced collaborations with outside partners.

## 3) Operating results for the fiscal year ended March 31, 2017

During the fiscal year under review, revenue of the Group increased ¥2.6 billion, or 0.1%, year over year, to ¥4,527.1 billion, supported by increases in vehicle production volume and sales expansion despite the effect of yen appreciation. Operating profit increased ¥14.8 billion, or 4.7%, to ¥330.6 billion due to the marginal advantage from improved capacity utilization owing to increased sales, the rationalization effects and the improvement of other income and expenses despite the adverse impact of yen appreciation. Profit attributable to owners of the parent company increased ¥13.4 billion, or 5.5%, to ¥257.6 billion.

## Sales by geographical segment

(Billions of yen)

		93rd Term (April 2015–March 2016)	94th Term (April 2016–March 2017)	Rate of change (%)
Japan		2,646.6	2,686.0	1.5
North America		1,112.7	1,077.2	(3.2)
Europe		593.6	577.3	(2.7)
Asia		1,161.2	1,139.3	(1.9)
Other		59.5	65.8	10.6
Total	Total	5,573.6	5,545.6	(0.5)
	Intersegment internal sales	(1,049.0)	(1,018.4)	–
	Sales to external customers	4,524.5	4,527.1	0.1



## (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)

	93rd Term (April 2015–March 2016)	94th Term (April 2016–March 2017)	Rate of change (%)
Thermal Systems	1,409.9	1,356.6	(3.8)
Powertrain Systems	1,174.0	1,160.6	(1.1)
Information & Safety Systems	689.3	753.0	9.2
Electrification Systems	445.6	452.0	1.4
Electronic Systems	372.2	377.2	1.3
Small Motors	306.6	303.7	(1.0)
Other Automotive	64.5	59.6	(7.6)
FA and New Business	62.4	64.5	3.5

Note: The table above is stated according to the classification after the organizational change as of January 1, 2017.

### **Thermal Systems:**

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

### **Powertrain Systems:**

Development and manufacture of gasoline and diesel engine management system and components such as fuel pumps, VVT and sensors, drive-train components such as hydraulic control valves

### **Information & Safety Systems:**

Development and manufacture of ITS (Intelligent Transport System) products such as car navigation systems and ETC (Electronic Toll Collection), driving control and safety products such as millimeter-wave radar sensors, LIDAR, vision sensors, and airbag sensors and computers, engine control units (ECUs) for car bodies, and meters

### **Electrification Systems:**

Development and manufacture of electrification system and components such as for hybrid vehicles and EVs, electric power supply and starting system components such as alternators and starters

### **Electronic Systems:**

Development and manufacture of microelectronic devices such as ICs for onboard use and semiconductor sensors, and electronics products such as engine control computers

### **Small Motors:**

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

### **FA and New Business:**

Development and manufacture of industrial systems such as industrial robots (FA equipment), consumer products such as CO<sub>2</sub> 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	91st Term (April 2013– March 2014)	92nd Term (April 2014– March 2015)	93rd Term (April 2015– March 2016)	94th Term (April 2016– March 2017)
Revenue	4,094,960	4,309,787	4,524,522	<b>4,527,148</b>
Operating Profit (Excluding Other Income and Expenses)	364,282	358,131	365,196	<b>326,424</b>
Operating Profit	371,440	331,376	315,728	<b>330,551</b>
Profit before Income Taxes	400,690	371,915	347,293	<b>360,858</b>
Profit Attributable to Owners of the Parent Company	277,196	258,382	244,251	<b>257,619</b>
Basic Earnings per Share (yen)	348.05	324.01	307.19	<b>326.32</b>
Equity Attributable to Owners of the Parent Company	2,799,915	3,327,938	3,123,578	<b>3,312,724</b>
Total Assets	4,642,053	5,283,257	5,042,896	<b>5,150,762</b>

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) Initiatives Taken during the Year

For details, refer to the Company's Web site: [www.denso.com/jp/ja/news/](http://www.denso.com/jp/ja/news/)

#### Environment

April 2016

Established a joint venture for software development in Thailand to enhance the development of engine ECUs.

July 2016

Awarded a medal from the Institute of Electrical and Electronics Engineers, the largest international academic society in the electricity & electronics field, for a significant contribution to the spread of clean diesel engines.

November 2016

Participated in an in-house venture project that undertakes EV development within Toyota Motor corporation.

December 2016

Received the Environment Minister's Award for Global Warming Prevention Activity for its hybrid coolers and CORONA Premium EcoCute heat-pump water heaters.

February 2017

Received the LCA (Life Cycle Assessment) Japan Forum Award for initiatives such as the formulation of the DENSO ECO VISION 2025, which proclaimed its commitment to life-cycle-focused environmental management.

March 2017

Adopted vegetable-derived resins that will not increase the total CO<sub>2</sub> volume in the air for some of its products.

#### Security & Safety

April 2016

Toyota Motor corporation's PRIUS model, on which the Company's preventive safety products are mounted onboard, earned a five-star evaluation at the EURO NCAP (European New Car Assessment Programme), a safety performance test conducted in Europe.

December 2016

Developed a compact stereo vision sensor, which will contribute to the improved safety of light vehicles.

**Accelerating development through strengthened collaboration with external partners** <according to DENSO's news releases>

July 2016

**NTT DATA MSE CORPORATION** (investment)      • Software

August 2016

**Technical advisory contract with Carnegie Mellon University Professor Takeo Kanade**, who is the world's

foremost researcher in artificial intelligence (AI), computer vision and robot engineering.

September 2016

**FUJITSU TEN LIMITED**

• Onboard sensors, car-mounted ECUs

(Agreed with the company to convert it into a subsidiary)

October 2016

**Toshiba Corporation**

(Joint development) • Artificial intelligence technology used in image recognition systems

October 2016

**Sony Semiconductor Solutions Corporation**

• Imaging sensor

November 2016

**Imagination Technologies Group plc**

(Joint research) CPU's core functions

December 2016

**NEC Corporation**

(Collaboration) • AI

January 2017

**University of Michigan**

(Establishment of a laboratory)

• Research on AI

#### **Accelerating development via investment in ventures**

**THINCI Inc.**

(Investment) • Deep learning

**TriLumina Corp.**

(Investment) • Laser diode

**Peloton Technology**

(Investment) • Truck platooning

#### **Playing Active Roles and Human Resources Development**

May 2016

Started training programs at the AQUAWINGS, a new training center, based on the global common personnel management system.

October 2016

Awarded medals at the National Skills Competition and the gold medal at the Abylimpics (National Skill Competition for People with Disability).

February 2017

Selected and certified as a Healthy Company Brand 2017, jointly promoted by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc.

April 2017

DENSO BLOSSOM Co. LTD., a corporation dedicated to promoting the employment of people with a disability, starts operation.

## (5) Our Challenge for Future Success and Initiative toward Future Growth

Under the slogan of “Protecting Lives, Preserving the Planet, and Preparing a Bright Future for Generations to Come” advocated in the DENSO Group Long-term Policy 2020, the Company aims 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.

Looking at society, vehicle ownership continues to grow and that is bringing the joy of freedom of mobility to a broadening segment of the population. On the other hand, there are many problems to be resolved such as increasing amount of emissions of greenhouse gases and number of traffic accidents. Given such circumstances, we are committed to fulfilling our mission of contributing to minimizing the shortcomings such as greenhouse gases emissions and traffic accidents while maximizing the benefits of motor transport.

The automobile industry is entering an era of once-in-a-century innovation. Industrial paradigms such as electrification, autonomous driving (AD), “connected (connectivity)” and car sharing are greatly changing. We therefore intend to anticipate and respond to customers’ and societal needs ahead of others to enhance our contribution to society.

Given the radically changing business environment, to realize the aforementioned Long-term Policy, it is necessary for us to respond to electrification of more environment-friendly automobiles, sophisticate functions involved in safety and security of vehicles, provide new services that connect vehicles and society, and enhance our *monozukuri* capability. To this end, we especially focus on the following fields.

### <Major Fields of Focus>

1. Electrification (hybrid and electric vehicles)
2. Advanced Driver Assistance System (ADAS)/Autonomous Driving (AD)
3. Connected (connected car)
4. *Monozukuri*: Factory-IoT
5. FA (Factory automation) Business

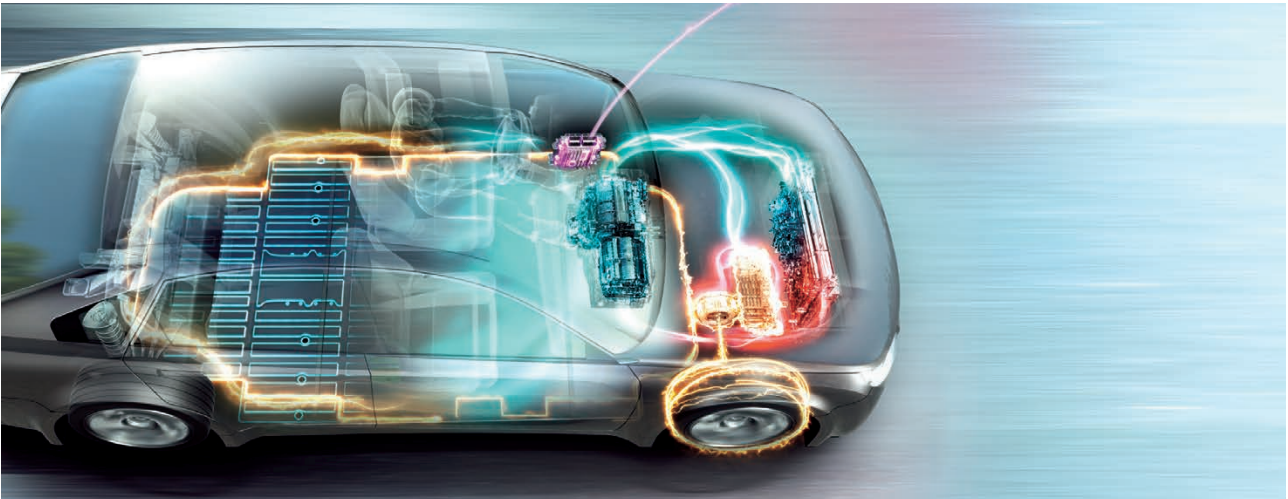
## 1. Electrification (hybrid and electric vehicles)

### Initiatives toward Future Growth

The Company creates environment-friendly, electrified vehicle systems to ensure the comfortable travel of drivers and passengers through optimal management of various energies inside vehicles.

### Acceleration of reinforcement of product and business development in the electrification field

— Electrification Systems Business Group has been established —



The Company has developed and provided diverse products in the past two decades that boast top-rated performance, quality and production volume for hybrid vehicles. Moreover, to accelerate the reinforcement of product and business development in the electrification field covering hybrid and electric vehicles, the Company established the Electrification Systems Business Group during the fiscal year.

In addition to further refining its long-accumulated electrified-product related technologies, the Group will work to radically improve fuel efficiency and preserve electric power by recovering and/or recycling energies that would be generated inside the vehicle from the vehicle's kinetic, electric energies or heat generation, and by connecting all systems and products equipped inside the vehicles. Furthermore, we will achieve energy management of the highest efficiency for a whole vehicle by anticipating the road environment via collaboration with information outside the car and/or using algorithm to draw out the best performance of electrified products.

The Company will endeavor to propose the smart electrified vehicle systems as well as develop and provide the components of such systems.

### Initiatives toward Future Growth

The Company promotes various developments as a leading company in AD technology to achieve a society with new mobility where all can travel safely and securely. The AD technology has the elements of “perception, decision and control.” To ensure appropriate decision and control, it is first required for the systems to achieve perception that corresponds to that of the human eye at a highly reliable level. The Company has specifically focused on the function of perception and has commercialized excellent sensors including millimeter-wave radar, image sensors (cameras), LIDAR and sonars to monitor the driving environment by leveraging the Company’s sensing technologies long accumulated in the onboard device field. These products have been adopted by many automobile manufacturers.

**Research and development reflecting the road and traffic environments of each country**  
— Driving tests on public roads have been conducted —

See the related pages here. ↓



In addition, to establish AD technology that is applicable throughout the world, the Company has promoted R&D reflecting the specific road and traffic environments of respective countries. In Japan, the driving tests for AD technology on public roads started in 2014. Meanwhile, to pursue enhanced R&D activities compliant with the traffic environment unique to North America where highways are used daily, driving tests on public roads have also been conducted.

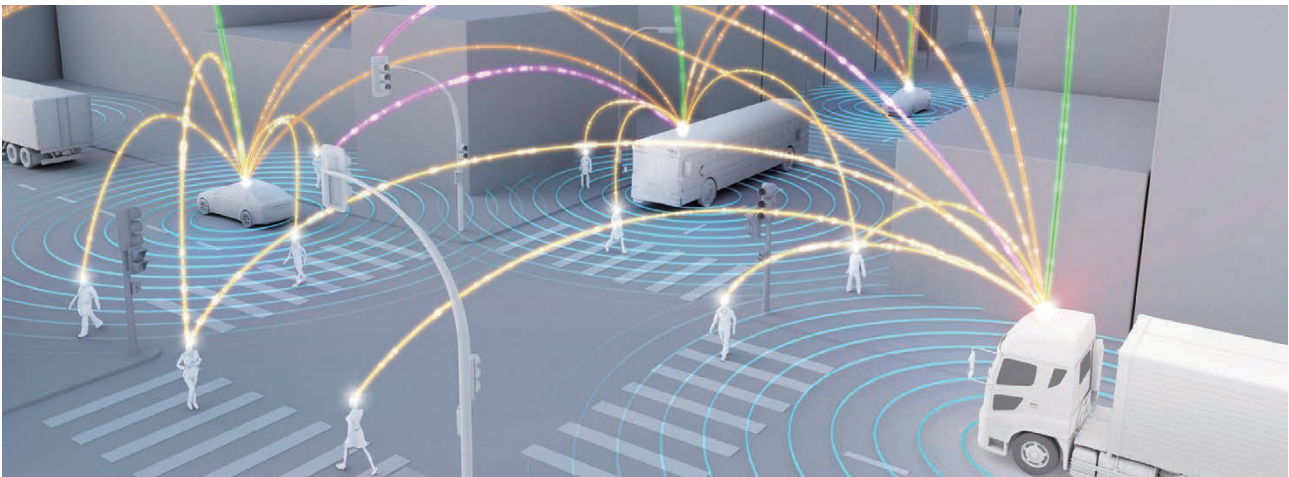
Moreover, to accelerate the development of AD technology, the Company has enhanced collaborations with outside partners including automobile manufacturers and municipalities. In 2015, the Company entered into a basic agreement with the Singapore Government to conduct joint research regarding the development of AD technology with the Singapore’s Agency for Science, Technology and Research as part of the government-led Smart City initiatives. Going forward, we will accelerate development by promoting to form global partnerships including alliance projects.

## Initiatives toward Future Growth

In the future, the development of a mobility society, where cars are connected to each other and to people, roads, things and services, etc. will lead to a more environment-friendly, safer and secure society. The Company intends to create new value in the mobility society starting with initiatives in commercial vehicles such as buses and trucks.

### **Accelerating activities for the transportation and passenger businesses by establishing a new organization to promote connected services**

— Connected Service Business Promotion Division has been established —



Although the number of commercial vehicles such as trucks and buses is about no greater than one-tenth of that of passenger vehicles, the environmental burden and traffic accidents attributable to commercial vehicles account for almost one-third of the respective totals. Higher CO<sub>2</sub> emissions due to large-scale car bodies and longer travel distance compared with passenger vehicles are mentioned as the major factors.

The Company has been developing and providing systems and equipment related to driving control and safety management for the transportation and passenger businesses to reduce the negative impact on the environment and safety that commercial vehicles have on our society.

Recently, to pioneer and promote new service business such as total safety improvement systems including the provision of information not only of vehicles but also of drivers' physical condition, the Company established the Connected Service Business Promotion Division. The Division intends to expand its business centering on the transportation and passenger businesses by consolidating the internal resources associated with connected services and systematically promoting diverse activities from planning and development to marketing.

## Initiatives toward Future Growth

The Company globally promotes making factories that bring out human wisdom and continue to evolve by introducing the Factory-IoT systems.

### Realizing an ever-evolving *monozukuri* with Factory-IoT utilizing human wisdom

— Introduction of the Factory-IoT systems has started at domestic and overseas factories —

See the related pages here. ↓



Factory-IoT will enable us to visualize diverse information and feed them back to people, thereby enhancing human sensitivity and leading to Kaizen (continuous improvement). Such information includes “subtle and imperceptible changes in products and facilities such as vibration, sound and temperature,” “wisdom, experience, intuition and knack of experts” and “foreseeing and noticing signs of failures of facilities and equipment.” Based on the visualized and shared information, people with a long-inherited *monozukuri* spirit and flexible behavioral skills can dramatically enhance onsite capabilities through further improvement and introduction of preventive measures by putting their heads together.

Moreover, we believe that connecting improved factories helps to enhance global productivity. We intend to realize ever-evolving *monozukuri* by sharing and integrating the information of facilities and production at the respective factories and of Kaizen on a real-time basis throughout the world, as if we were all under one roof, leading to a swift improvement cycle at the respective factories.

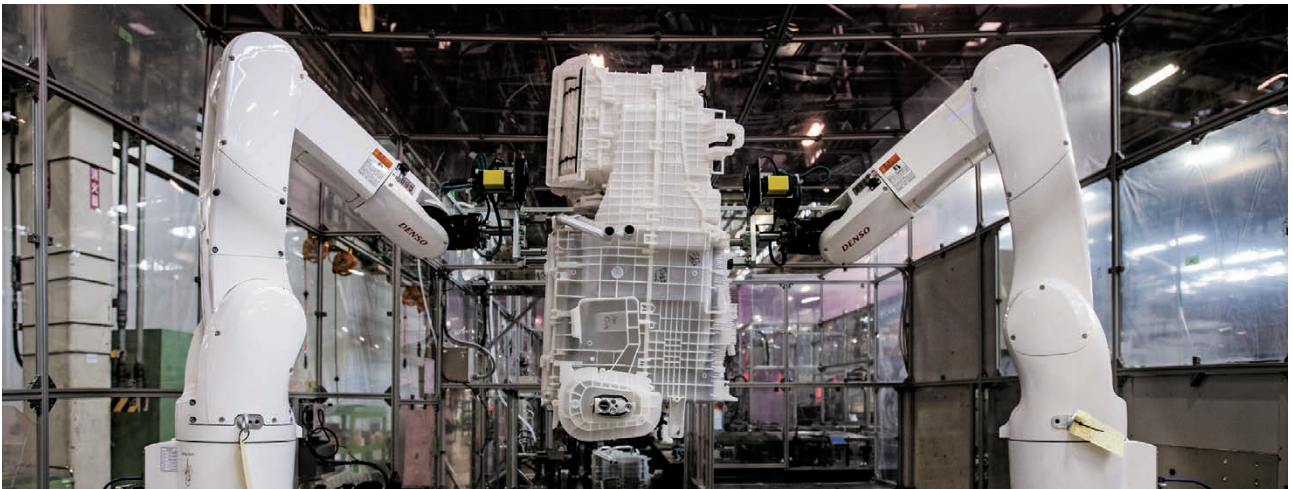
By 2020, the Company will have our 130 factories worldwide digitally connected following the introduction of the Factory-IoT systems which started in 2015, thereby aiming to achieve improvement in productivity of the entire DENSO Group by 30% (compared with 2015). This initiative will also be extended to cooperative companies by 2020 to jointly strengthen our *monozukuri* capability.



### Initiatives toward Future Growth

The Company intends to contribute to productivity improvement in society and industries with proposals and through the provision of optimum FA system solutions to customers by leveraging our successful introduction of factory automation (FA) systems at our 130 factories globally.

Contributing to the improvement of productivity in society and industries by taking advantage of FA systems utilizing our comprehensive knowledge on *monozukuri* — FA Business Unit has been established —



The FA market continues to expand year by year, reflecting such phenomena as changes in the social structure represented by a decline in the workforce and the evolution of robot technology attributable to technological innovations in AI and IoT.

The Company started the development of its own robots almost 50 years ago in 1967. Since then, the Company has provided more than 90 thousand robots refined in its in-house production lines through direct sales. Robots are indispensable for FA operations, and they continue to evolve in diverse aspects, for example, the ease of installation in production lines; ease of use in daily production and in maintenance; and the addition of human wisdom-based intelligence utilizing AI and IoT technologies besides conventional strengths such as high speed and high reliability.

Furthermore, FA has extensive application to broader fields including not only manufacturing but also inspection, logistics, maintenance, production control and utilization of IoT. Recently, we newly established the FA Business Unit under the Production Innovation Center in charge of driving company-wide *monozukuri*. With this, we intend to make proposals and provide FA systems that will respond to all customer needs from the viewpoint of overall factory and life cycle by leveraging our successful introduction of factory-IoT systems at our 130 factories, thereby increasing overall productivity.

## Aspiring to be a company that continues to earn society's trust and sympathy

Various initiatives executed to motivate each employee to play an active role and raise organizational strength



### <Development and recruitment of diverse human resources and formation of teams that can play active roles>

The Company is committed to creating a good relationship among the employees and making good teams through the development and employment of diverse human resources regardless of gender, age, nationality, disability and career history.

For example, to provide opportunities for mutual exchanges of knowledge among colleagues across the globe, the Company holds regional committees as a venue for local employees to discuss regional strategies in North America, Europe and other regions with managerial executives. The Company also holds global conferences every year to discuss challenges and directions in global management by gathering the worldwide leaders together at the DENSO head office.

Moreover, the Company emphasizes recruitment and creating business partners in new fields. In this context, the Company has entered into a technical advisory contract with one of the world's foremost researchers in computer vision and robotics, Carnegie Mellon University Professor Kanade, and expanded the Tokyo Office (Nihonbashi) and the Silicon Valley Office (the United States) to provide the environment where diversified human resources can work together.

The Company was selected as one of the "New Diversity Management Selection 100 companies" in March 2016 in recognition of its initiatives supporting female employees' activities, with the core policies of recruiting more female employees and supporting their career development, as well as a longtime and positive approach to the employment of persons with disabilities. The Company intends to promote such initiatives to support diverse personnel to play active roles.



#### <Initiatives for work style reforms>

In April 2017, the Company established the Work Style Reform Department with the aim of strengthening the corporate culture that ensures continuing innovations through the joint efforts of a diverse group of employees by maximizing both individual and organizational strengths and realizing a workplace where every employee can play an active role.

We believe that the most important challenge on this issue lies in reform of awareness including that of management and executives. We therefore intend to address such tasks as a revision of personnel systems to encourage further growth and actions by enhanced individual capabilities, the introduction of ever-evolving IT tools and the radical improvement of operating processes that will lead to higher-quality operations and reduce working hours. The Company thus will continue to create new value in its culture where every employee can work healthy and energetically with hearty communication.

## (6) Employees within the Group

Number of Employees	Increase/Decrease from the Preceding Fiscal Year
154,493	2,718 (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).

## (7) Capital Expenditures and Financing

During the fiscal year under review, capital expenditures of ¥337.4 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.

## (8) Major Lenders

Name of Lender	Balance of Borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan	27,498
Mitsubishi UFJ Trust and Banking Corporation	15,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000
Fukoku Mutual Life Insurance Company	10,000
Mizuho Bank, Ltd., Syndicate Loan	9,503
Sumitomo Mitsui Banking Corporation, Syndicate Loan	5,000
The Norinchukin Bank	5,000
MITSUI LIFE INSURANCE COMPANY LIMITED	5,000
The Bank of Kyoto, Ltd.	3,000
The Hokkaido Bank, Ltd.	2,000
Total	<b>92,001</b>

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.
4. Sumitomo Mitsui Banking Corporation, Syndicate Loan refers to a syndicate loan involving several financial institutions, for which the lead manager is Sumitomo Mitsui Banking Corporation.

## **(9) 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, Nagoya

### **2) Subsidiaries**

Refer to “(10) Significant Subsidiaries.”

**(10) Significant Subsidiaries**

Name	Capital Stock	The Company's Ratio of Voting Rights (%)	Principal Businesses
DENSO SALES JAPAN CORPORATION	JPY175 million	100.00	Sale of automotive components, industrial products and consumer products
ASMO CO., LTD.	JPY4,500 million	92.39*	Manufacture and sale of automotive components
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 MANUFACTURING HUNGARY LTD.	EUR190,912 thousand	100.00*	Manufacture and sale of automotive components
DENSO INTERNATIONAL ASIA PTE., LTD. (Singapore)	USD175,240 thousand	100.00	— Regional headquarters for Asia — Sale of aftermarket products
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 (CHINA) INVESTMENT CO., LTD.	CNY2,150 million	100.00	— Headquarters for China — Sale of and R&D on 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: 785,882,628 shares (excluding treasury stock of 8,186,085 shares)

(3) Number of Shareholders: 61,178 persons

### (4) Major Shareholders

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Ratio of Voting Rights (%)
Toyota Motor Corporation	194,949	24.81
Toyota Industries Corporation	69,373	8.83
The Master Trust Bank of Japan, Ltd. (Trust account)	36,311	4.62
Towa Real Estate Co., Ltd.	33,309	4.24
Japan Trustee Services Bank, Ltd. (Trust account)	29,746	3.78
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	21,645	2.75
Denso Employees' Shareholding Association	12,615	1.61
Aisin Seiki Co., Ltd.	12,518	1.59
Mitsui Sumitomo Insurance Company, Limited	9,544	1.21
Japan Trustee Services Bank, Ltd. (Trust account 5)	9,058	1.15

Notes:

1. "Ratio of Voting Rights" is calculated after excluding the treasury stock of 8,186 thousand shares.
2. "Investment in the Company" by Toyota Industries Corporation is stated after excluding the Company's 6,798 thousand shares (ratio of voting rights: 0.87%), 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.)

### Breakdown of Shareholders

Domestic corporations, etc.	40.7%
Financial institutions and securities companies	27.3%
Foreign corporations, etc.	23.9%
Individuals and others	7.1%
Treasury stock	1.0%

### 3. OFFICERS OF THE COMPANY

#### (1) 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 Outside Audit & Supervisory Board Member, KDDI CORPORATION Outside Audit & Supervisory Board Member, CHUBU Electric Power Co., Inc.
Koji Kobayashi	Vice Chairman *	
Koji Arima	President and CEO *	
Masahiko Miyaki	Executive Vice President *	Overall Production, Safety, Environment & Quality Center
Haruya Maruyama	Executive Vice President *	Overall Sales and Marketing, Corporate Strategy, Sales and Marketing Group
Yasushi Yamanaka	Executive Vice President *	Overall R&D, Future Creation Technology (Important posts concurrently held at other corporations) Outside Director, Tokai Rika Co., Ltd.
Yoshikazu Makino	Director, Member of the Board, Senior Executive Director	Corporate Center, Audit Department, 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
Hiroyuki Wakabayashi	Director, Member of the Board, Senior Executive Director	ADAS Technology Strategy, ADAS Business and Technology Development Div., Information & Safety Systems Business Group
Satoshi Iwata	Director, Member of the Board, Senior Executive Director	Information & Safety Systems Business Group (Deputy) 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.

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. The Company has notified TSE the names of Board Members George Olcott and Takashi Nawa as independent directors.



4. The positions and assignments of the Company's board members were changed as of April 1, 2017, as follows.

Name	Position	Assignments in the Company
Koji Kobayashi	Vice Chairman*	Tokyo Office
Haruya Maruyama	Executive Vice President *	Overall Sales and Marketing, Corporate Strategy
Hiroyuki Wakabayashi	Executive Vice President *	Overall Production, Safety, Environment & Quality Center, ADAS
Masahiko Miyaki	Director, Member of the Board	
Satoshi Iwata	Director, Member of the Board	
Masahiko Ito	Director, Member of the Board, Senior Executive Director	New Business, Fleet Air-Conditioning Business Unit

## (2) Audit & Supervisory Board Members

Name	Position	Important Posts Concurrently Held at Other Corporations
Masato Iwase	Standing Audit & Supervisory Board Member	Outside Corporate Auditor, Jeco Co., Ltd.
Atsuhiko Shimmura	Standing Audit & Supervisory Board Member	
Moritaka Yoshida Outside Audit & Supervisory Board Member	Audit & Supervisory Board Member	Senior Managing Officer, Toyota Motor Corporation
Tsutomu Saito Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	Lawyer Outside Director, NIPPON SHARYO, LTD.
Toshimichi Kondo Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	Director, Kondo Accounting Office

Notes:

1. 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.
2. Audit & Supervisory Board Member Toshimichi Kondo is qualified as a Certified Public Accountant and has substantial knowledge in finance and accounting.
3. The Company has notified TSE the names of Audit & Supervisory Board Members Tsutomu Saito and Toshimichi Kondo as independent auditors.

## (3) 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	14	946
Audit & supervisory board members	5	128
Total	19	1,074

Notes:

1. The amounts above include ¥68 million in remuneration, etc., payable to outside officers (two board

members and three 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 94th Ordinary General Meeting of Shareholders to be held on June 20, 2017.

Board members: ¥349 million

#### (4) 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 44.5% of its products to Toyota Motor.

2) Major activities during the fiscal year

Category	Name	Major Activities
Outside board members	George Olcott	He attended 15 of 15 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 14 of 15 Board of Directors meetings held in the fiscal year. At these meetings, he mainly remarked on the Company's business strategy based on his considerable experience and deep insight in the field of business administration strategy.
Outside audit & supervisory board members	Moritaka Yoshida	He attended 15 of 15 Board of Directors meetings and 14 of 14 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 global corporations.
	Tsutomu Saito	He attended 15 of 15 Board of Directors meetings and 14 of 14 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 15 of 15 Board of Directors meetings and 14 of 14 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 officers to limit their liability for damages

The Company has entered into an agreement with each outside board member or 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	¥123 million
2)	Total of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	¥204 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, Paragraphs 1 and 2, 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.

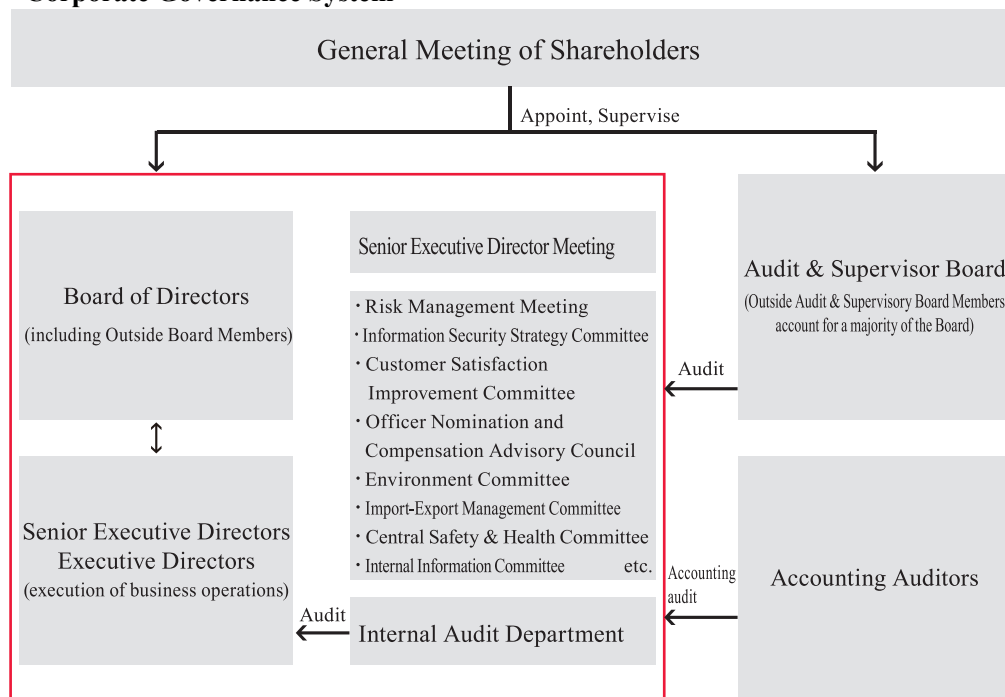
##### (3) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditors

- 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. CORPORATE GOVERNANCE OF THE COMPANY

The Company believes that establishing a corporate governance system designed to strengthen Group competitiveness is the key to maintaining and improving long-term corporate performance in a quickly changing global market. Specifically, the Company has adopted an audit & supervisory board member system. In addition to the legal functions of statutory bodies such as the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors, the Company has developed various governance mechanisms. In addition, we are implementing highly sound, efficient and transparent management by continuously sharing information and conducting dialogues with shareholders and investors on the state of our business.

### <Corporate Governance System>



The Company focuses on reinforcing relations with its shareholders in the Basic Policies on Corporate Governance.

#### Securing the rights and equal treatment of shareholders

- DENSO shall provide timely and accurate information needed for shareholders to exercise their rights. Concurrently, the Company shall make efforts to establish an environment in which shareholders can exercise their voting rights and give due attention to assuring the rights and equal treatment of various substantial shareholders that include foreign and minority shareholders.

#### Dialogue with shareholders

- DENSO shall strive for good communication with its shareholders and investors by providing enhanced information encompassing management strategies and financial information and actively holding dialogues with the participation of board members, Senior Executive Directors, and Executive Directors in charge. The results of the dialogues shall be reported to the Board of Directors and the opinions of shareholders shall be utilized in DENSO's management.

## **6. SUMMARY OF THE SYSTEMS AND OF OPERATIONAL STATUS THEREOF TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS**

### **Systems**

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 Senior Executive Directors' Meeting and the Management Officers' 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 Senior Executive Directors' 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 Senior Executive Directors' 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" shall be operated as an internal reporting system that 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 Corporate Group consisting of DENSO CORPORATION and Its Subsidiaries**
- 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 respective specialized organs of the Company shall have the functions of orientation and follow-up on relevant activities of the Group companies.
  - 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 of the Company, 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 Audit & Supervisory Board Office.
- (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.



## Operational Status

The operational status of several major initiatives to ensure the propriety of business operations implemented during the fiscal year under review is as follows:

### (1) Initiatives to Ensure the Efficient Execution of Duties

- 1) We downsized the number of board members and achieved speedy decision making and operations by clearly separating and clarifying the roles of board directors in charge of management (decision making and supervision) and the Senior Executive Directors and Executive Directors engaged in execution of duties.
- 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 Management Officers' Meeting every month to prepare for necessary follow-up actions.

### (2) Risk Management-Related Initiatives

- 1) Important risks involved in our businesses and investments are deliberated and decided by the Board of Directors and the Senior Executive Directors' Meeting. During the fiscal year under review, 15 Board of Directors meetings and 28 Senior Executive Directors' 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 42 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 23 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) To reinforce information security measures group-wide, we established dedicated organizations as well as established the Information Security Strategy Committee as a venue to deliberate medium- and long-term strategies on information security.

### (3) 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 Senior Executive Directors' Meeting and the Management Officers' Meeting.
- 2) The respective specialized organs set priority tasks and followed up on relevant activities during the fiscal year under review, aimed at the practice and steady implementation of trusted corporate activities.
- 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 education for the prevention of bribery and corruption.
- 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 five internal divisions/departments based on four themes according to its annual auditing plan. The Audit Department also conducted audits for about 60 Group companies.

### (4) 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.

**(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 71 internal departments/divisions and 45 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 Senior Executive Directors' Meeting, the Management Officers' 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, and the Audit & Supervisory Board conducted hearings on their execution of duties. 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.

The aforementioned Senior Executive Directors' Meeting and Management Officers' Meeting have changed their designations from the previous Top Management Meeting and Executive Meeting, respectively, effective from April 2017.

## **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.

### **(1) Year-end dividend for the fiscal year**

The Company stipulates in its Articles of Incorporation that it may distribute dividends from surplus upon resolution of the Board of Directors in accordance with Article 459 of the Companies Act.

Accordingly, the Company, at its Board of Directors meeting held on April 28, 2017, resolved that the fiscal year-end dividend for the fiscal year ended March 31, 2017, be ¥60 per share of the Company's common stock (for a total of ¥47,152,957,680) and the date of commencement of dividend payment thereof be May 29, 2017. The annual dividend for the fiscal year under review, including the interim dividend, is ¥120 per share.

The document regarding the payment of the fiscal year-end dividend is hereby enclosed in this NOTICE.

### **(2) Acquisition of treasury stock**

The Company stipulates in its Articles of Incorporation that it may acquire treasury stock upon resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act.

The Company, at its Board of Directors meeting held on April 28, 2017, resolved that the Company's treasury stock of 6,600,100 shares (total amount of acquisition: ¥28,519,032,100) be purchased and that the specific means for the acquisition be a tender offer (for the tender period of May 1 through May 31, 2017).

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

The Company has been subject to the alleged violation of antitrust law or competition law in connection with certain past transactions regarding specific auto parts from the authorities in certain countries, coping with several lawsuits filed in the United States, etc., and engaged in settlement negotiations with certain automobile manufacturers.

Compliance with the Antitrust Laws is one of the Group's significant management priorities. The Company keeps endeavoring to strengthen more its Antitrust Laws compliance system to restore confidence.

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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	94th Term (As of March 31, 2017)	(Reference) 93rd Term (As of March 31, 2016)	Account Item	94th Term (As of March 31, 2017)	(Reference) 93rd Term (As of March 31, 2016)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>	<b>2,332,050</b>	<b>2,397,212</b>	<b>Current liabilities</b>	<b>1,103,811</b>	<b>1,257,345</b>
Cash and cash equivalents	793,550	672,482	Bonds and borrowings	84,139	261,973
Trade and other receivables	876,454	826,687	Trade and other payables	861,161	812,936
Inventories	485,867	476,574	Other financial liabilities	14,484	12,333
Other financial assets	93,781	356,815	Income tax payables	24,890	36,494
Other current assets	82,398	64,654	Provisions	70,549	86,750
<b>Non-current assets</b>	<b>2,818,712</b>	<b>2,645,684</b>	Other current liabilities	48,588	46,859
Property, plant and equipment	1,490,531	1,425,567	<b>Non-current liabilities</b>	<b>599,869</b>	<b>530,516</b>
Intangible assets	22,451	21,156	Bonds and borrowings	266,116	214,638
Other financial assets	1,111,945	1,037,672	Other financial liabilities	9,819	10,099
Investments accounted for using equity method	92,198	71,096	Retirement benefit liabilities	228,576	231,120
Retirement benefit asset	43,868	25,791	Provisions	1,529	2,152
Deferred tax assets	30,266	40,464	Deferred tax liabilities	78,243	54,417
Other non-current assets	27,453	23,938	Other non-current liabilities	15,586	18,090
			<b>Total liabilities</b>	<b>1,703,680</b>	<b>1,787,861</b>
			<b>(Equity)</b>		
			<b>Equity attributable to owners of the parent company</b>	<b>3,312,724</b>	<b>3,123,578</b>
			Capital stock	187,457	187,457
			Capital surplus	265,985	267,640
			Treasury stock	(31,191)	(246,486)
			Other components of equity	454,445	422,205
			Retained earnings	2,436,028	2,492,762
			<b>Non-controlling interests</b>	<b>134,358</b>	<b>131,457</b>
			<b>Total equity</b>	<b>3,447,082</b>	<b>3,255,035</b>
<b>Total assets</b>	<b>5,150,762</b>	<b>5,042,896</b>	<b>Total liabilities and equity</b>	<b>5,150,762</b>	<b>5,042,896</b>

## Consolidated Statement of Income

(Millions of yen)

Account Item	94th Term (From April 1, 2016, to March 31, 2017)	(Reference) 93rd Term (From April 1, 2015, to March 31, 2016)
<b>Revenue</b>	<b>4,527,148</b>	<b>4,524,522</b>
Cost of revenue	(3,769,532)	(3,747,311)
<b>Gross profit</b>	<b>757,616</b>	<b>777,211</b>
Selling, general and administrative expenses	(431,192)	(412,015)
Other income	27,721	12,453
Other expenses	(23,594)	(61,921)
<b>Operating profit</b>	<b>330,551</b>	<b>315,728</b>
Finance income	35,487	34,267
Finance costs	(9,883)	(8,797)
Foreign exchange gains	(3,733)	965
Share of the profit of associates accounted for using the equity method	8,436	5,130
<b>Profit before income taxes</b>	<b>360,858</b>	<b>347,293</b>
Income tax expenses	(86,963)	(86,728)
<b>Profit for the year</b>	<b>273,895</b>	<b>260,565</b>
<b>Profit attributable to:</b>		
Owners of the parent company	257,619	244,251
Non-controlling interests	16,276	16,314

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

Account Item	94th Term (As of March 31, 2017)	(Reference) 93rd Term (As of March 31, 2016)	Account Item	94th Term (As of March 31, 2017)	(Reference) 93rd Term (As of March 31, 2016)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>1,411,259</b>	<b>1,535,623</b>	<b>Current liabilities</b>	<b>786,237</b>	<b>909,243</b>
Cash and deposits	467,647	488,569	Accounts payable—trade	447,849	414,503
Notes receivable—trade	2,361	2,491	Current portion of bonds	—	50,000
Accounts receivable—trade	359,104	352,389	Current portion of long-term borrowings	—	87,108
Electronically recorded monetary claims—operating	59,830	51,493	Accounts payable—other	43,489	37,237
Marketable securities	91,557	229,542	Accrued expenses	62,502	61,125
Finished goods	45,263	39,712	Income taxes payable	1,621	19,960
Work in process	81,024	81,200	Advances received	155	407
Raw materials and supplies	15,313	15,146	Deposits received	135,283	129,325
Advance payments	60,667	56,369	Accrued bonuses to employees	38,404	39,864
Prepaid expenses	3,675	2,609	Accrued bonuses to directors and corporate auditors	317	343
Deferred tax assets	29,349	36,672	Reserve for product warranties	42,841	26,243
Short-term loans receivable from subsidiaries and associates	95,712	88,925	Provision for loss on antitrust issues	10,817	42,940
Accounts receivable—other	76,170	81,099	Other current liabilities	2,959	188
Other current assets	23,635	9,453	<b>Long-term Liabilities</b>	<b>437,634</b>	<b>377,137</b>
Allowance for doubtful accounts	(48)	(46)	Straight bonds	110,000	80,000
<b>Fixed assets</b>	<b>2,051,233</b>	<b>1,943,034</b>	Long-term borrowings	92,001	72,001
<b>Property, plant and equipment</b>	<b>443,825</b>	<b>414,125</b>	Deferred tax liabilities	67,748	60,857
Buildings	89,988	86,745	Liability for employees' retirement benefits	152,220	147,500
Structures	13,329	12,893	Retirement allowances for directors and corporate auditors	27	27
Machinery and equipment	155,706	140,243	Provision for loss on business of subsidiaries and associates	5,769	6,895
Vehicles and transportation equipment	1,891	1,733	Other long-term liabilities	9,869	9,857
Tools, furniture and fixtures	24,754	22,660	<b>Total liabilities</b>	<b>1,223,871</b>	<b>1,286,380</b>
Land	112,102	111,816	<b>(Equity)</b>		
Construction in progress	46,055	38,035	<b>Shareholders' equity</b>	<b>1,848,157</b>	<b>1,855,526</b>
<b>Intangible assets</b>	<b>7,044</b>	<b>6,825</b>	<b>Capital stock</b>	<b>187,457</b>	<b>187,457</b>
Software	5,186	5,098	<b>Capital surplus</b>	<b>265,985</b>	<b>270,150</b>
Other intangible assets	1,858	1,727	Additional paid-in capital	265,985	265,985
<b>Investments and other assets</b>	<b>1,600,364</b>	<b>1,522,084</b>	Other capital surplus	—	4,165
Investment securities	506,586	453,575	<b>Retained earnings</b>	<b>1,425,895</b>	<b>1,644,394</b>
Investment in subsidiaries and associates	950,690	921,586	Legal reserve	43,274	43,274
Investments in equity	2,516	2,525	Other retained earnings	1,382,621	1,601,120
Investments in equity of subsidiaries and associates	35,024	35,024	Reserve for special depreciation	85	103
			Reserve for advanced depreciation of fixed assets	384	382

Long-term loans receivable from subsidiaries and associates	33,073	31,926	General reserve	896,390	896,390
Prepaid pension cost	64,332	72,055	Earned surplus carried forward	485,762	704,245
Other assets	8,192	5,442	<b>Treasury stock, at cost</b>	<b>(31,180)</b>	<b>(246,475)</b>
Allowance for doubtful accounts	(49)	(49)	<b>Variance of the estimate/conversion</b>	<b>390,464</b>	<b>336,751</b>
			Net unrealized gain on available-for-sale securities	390,730	336,800
			Deferred gains on derivatives under hedge accounting	(266)	(49)
			<b>Total equity</b>	<b>2,238,621</b>	<b>2,192,277</b>
<b>Total assets</b>	<b>3,462,492</b>	<b>3,478,657</b>	<b>Total liabilities and equity</b>	<b>3,462,492</b>	<b>3,478,657</b>



## Non-Consolidated Statement of Income

(Millions of yen)

Account Item	94th Term (From April 1, 2016, to March 31, 2017)	(Reference) 93rd Term (From April 1, 2015, to March 31, 2016)
<b>Net sales</b>	<b>2,472,849</b>	<b>2,424,996</b>
Cost of sales	2,236,057	2,123,789
<b>Gross profit</b>	<b>236,792</b>	<b>301,207</b>
Selling, general and administrative expenses	187,212	159,031
<b>Operating income</b>	<b>49,580</b>	<b>142,176</b>
<b>Non-operating income</b>	<b>86,196</b>	<b>90,684</b>
Interest and dividend income	72,495	73,449
Other non-operating income	13,701	17,235
<b>Non-operating expenses</b>	<b>4,634</b>	<b>6,704</b>
Interest expense	364	993
Other non-operating expenses	4,270	5,711
<b>Ordinary income</b>	<b>131,142</b>	<b>226,156</b>
<b>Extraordinary income</b>	<b>12,503</b>	<b>5,658</b>
Gain on sales of property, plant and equipment	2,000	63
Insurance income	10,503	—
Gain on withdrawal of assets from retirement benefit trust	—	5,595
<b>Extraordinary losses</b>	<b>8,772</b>	<b>42,231</b>
Loss on reduction of fixed assets	—	28
Impairment loss on investment securities	486	1,345
Impairment loss on investment in subsidiaries and associates	—	708
Loss on antitrust issues	8,286	40,150
<b>Income before income taxes</b>	<b>134,873</b>	<b>189,583</b>
Income taxes—current	24,989	38,542
Income taxes—deferred	(7,689)	(5,840)
<b>Net Income</b>	<b>117,573</b>	<b>156,881</b>

(TRANSLATION)  
Audit Reports

<Certified Copy of the Audit Report of the Accounting Auditors pertaining to the Consolidated Financial Statements>

## INDEPENDENT AUDITOR'S REPORT

May 10, 2017

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

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

Yasuhiko Goto

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, 2017, 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, 2016 to March 31, 2017, 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 the Corporate Group consisting of DENSO CORPORATION and its consolidated subsidiaries as of March 31, 2017, 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.

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(TRANSLATION)  
<Certified Copy of the Audit Report of the Accounting Auditors >

## INDEPENDENT AUDITOR'S REPORT

May 10, 2017

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

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

Yasuhiko Goto

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, 2017, of DENSO CORPORATION (the "Company"), and the related statements of income and changes in equity assets for the 94th fiscal year from April 1, 2016 to March 31, 2017, 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, 2017, 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 94th Fiscal Term, which began April 1, 2016, and ended March 31, 2017, 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, 2017.

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 15, 2017

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

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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.

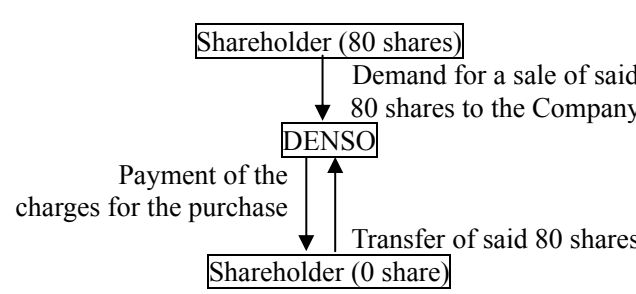
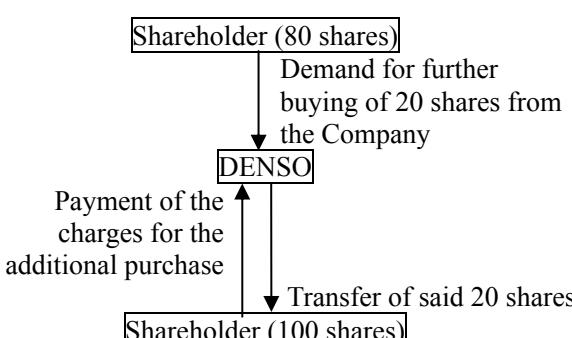
Account for Dividend Receipt	Method of Receiving Dividends
1) Securities transaction account	The dividends will be remitted into the shareholder's accounts at the respective securities companies in proportion to the number of his/her shares deposited therewith. (Share number pro-rata distribution)
2) 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" --&gt; B[DENSO]     B -- "Payment of the charges for the purchase" --&gt; C[Shareholder (0 share)]     B -- "Transfer of said 80 shares" --&gt; C     </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" --&gt; B[DENSO]     B -- "Payment of the charges for the additional purchase" --&gt; C[Shareholder (100 shares)]     B -- "Transfer of said 20 shares" --&gt; C     </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.”

### 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)  Note: As a result of the relocation of the business office of the shareholder registry administrator and the account management institution handling special accounts, the contact shall be as shown below on and after August 14, 2017. 1, Nikkocho 1-chome, Fuchu, Tokyo 183-0044 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”

[www.denso.com/jp/ja/investors/](http://www.denso.com/jp/ja/investors/)

## DENSO Q&A

**Q1. Given the radically changing business environment, the Company is reinforcing cooperation with external partners via measures including joint development, investment and business collaboration. What are the details of this reinforced cooperation?**

A1. The automobile industry is entering an era of once-in-a-century innovation. Given the radically changing business environment, we will proactively establish cooperative relationships with external partners who share a common vision or purpose with us and accelerate such collaboration to leverage mutual strengths without adhering to a conventional self-procurement style.

“Obtaining necessary resources and/or technologies” is a short- to medium-term purpose, whereas “seeking potential technologies and new business models” is a medium- to long-term goal.

We are actively making investments in venture companies engaged in the development of leading-edge technologies and/or the creation of new business models, in addition to promoting collaborations on a variety of themes with corporations that have original strengths in different fields.

We will continue to promote aggressive collaborations with vision-sharing partners.

**Q2. Tell us about DENSO’s initiatives for *monozukuri*.**

A2. The Company has long been committed to self-designing and self-manufacturing equipment and production lines, which has allowed us to become the world’s top-rated company for fine machining and processing.

Moreover, we endeavor to construct “DANTOTSU” factories as the bases for *monozukuri* to manufacture products at low cost by implementing such measures as speeding up and improving the utilization rate of production lines, developing compact and original equipment, and streamlining the processes for logistics and inspection.

One-minute initial setup for die-casting dies

For the construction of “DANTOTSU” factories, the onsite capability to upgrade workers’ processing or handling level through onsite improvements is indispensable, in addition to the development of compact equipment and/or devices. The photo shows a situation whereby a female worker engages in the initial setup of die-casting dies in only one minute. Usually, the initial setup of dies using ordinary die-casting equipment requires 30 minutes for a qualified worker by manipulating a whist crane. Onsite workers collaborated to improve their work process and ensure safe operations for anybody by adhering to an approach of “one movement per second.” As a result, we realized the initial setup of die-casting dies in one minute, thereby enabling the production of conforming items from the processing of the first item cast.

**Q3. It seems that the Company changed its management structure recently. Tell us about that.**

A3. The Company changed its management structure as of April 1, 2017, with the aim of streamlining decision making and execution to precede the radical changes in the business environment.

The Company created a separation between management and execution of duties; reduced the number of board members to speed up execution and helped engaging companywide strategy discussions at the Board of Directors meetings; and determined to include only outside board members, representative directors, and executives who are in charge of the Corporate Center responsible for management functions. In addition, the Company will change the timing of reelection for management officers to April, that is, at the transition to a new fiscal year, to streamline and clarify their respective execution responsibility, effective from fiscal 2017; they were previously reelected on the date of the ordinary general meeting of shareholders.

Furthermore, the Company has introduced a new executive position, “Executive fellow,” to lead specialized fields with their highly advanced expertise and provide new value to society based on DENSO’s policy that “Human resources having highly advanced expertise are sources of the company’s competitiveness.”

**Q4. Tell us about the Company’s initiatives in sports.**

A4. Company-sponsored sports play a significant role in creating a sense of unity among employees. The Company aims to create such a sense of unity by providing bright topics internally and externally through the support and fostering of promising young athletes in Japan, including such sports as female volleyball, basketball, softball and long-distance running.

DENSO AIRY BEES  
DENSO IRIS  
DENSO BRIGHT PEGASUS  
DENSO FLEET SEROWS

**Q5. We have heard that the Company emphasizes social contribution activities. Tell us about some specific initiatives.**

A5. The Company strives to be an admired company in each community where it operates by undertaking social contribution activities in key areas to help resolve local issues. Priority areas are “Harmony with the environment,” “Ensuring security and safety in communities” and “*hitozukuri* (human resource development).” In the *hitozukuri* field, for example, since 2011 we have held the “DENSO Science School” where current and retired DENSO employees visit elementary schools as assistant lecturers to teach science lessons.

We also have held a global group-wide initiative for more than 10 years. The employees of the Group companies worldwide have continued to voluntarily join in diverse social actions 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.

Furthermore, we started the DENSO Pro Bono Program in June 2016 to help NPOs reinforce their activity bases and/or start up their businesses by leveraging DENSO employees’ skills nurtured through their daily work.

This program aims to support NPO problem-solving activities for issues that local communities have by taking advantage of the business skills and experience of individual employees.

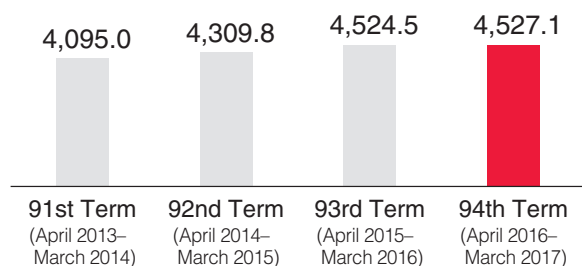
The Company previously has supported various civic activity groups with financial and commodity donations. We will extend the scope of our social contributions by championing the new tide of human-based support of civic activity groups as a company.

DENSO Science School  
DENSO Pro Bono Program

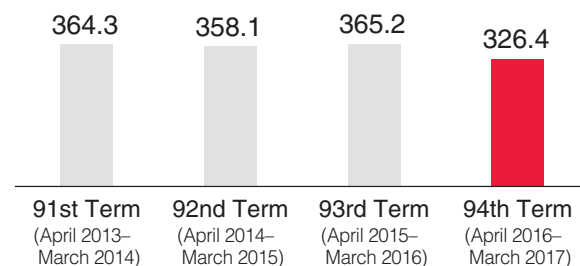
# Financial Highlights

## IFRS

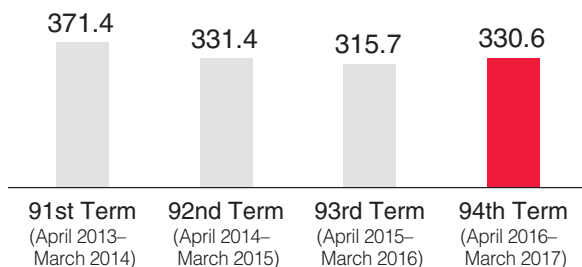
Revenue (Billions of yen)



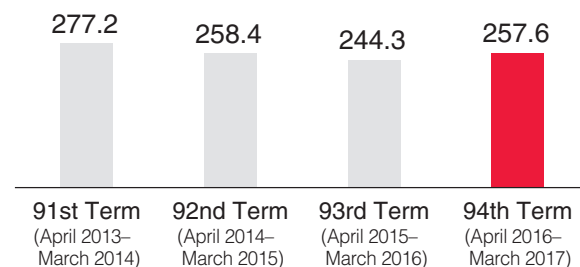
Operating Profit (excluding Other Income and Expenses) (Billions of yen)



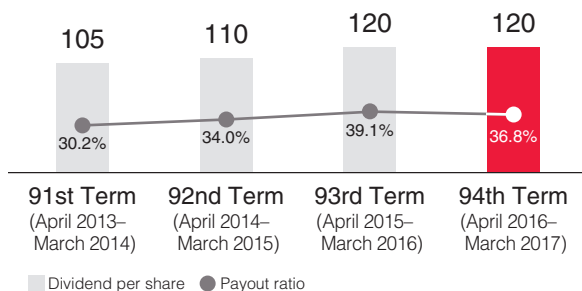
Operating Profit (Billions of yen)



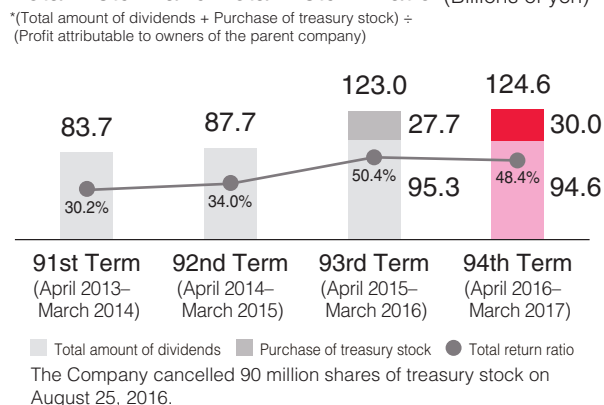
Profit Attributable to Owners of the Parent Company (Billions of yen)



Annual Dividends per Share and Payout Ratio (Yen)

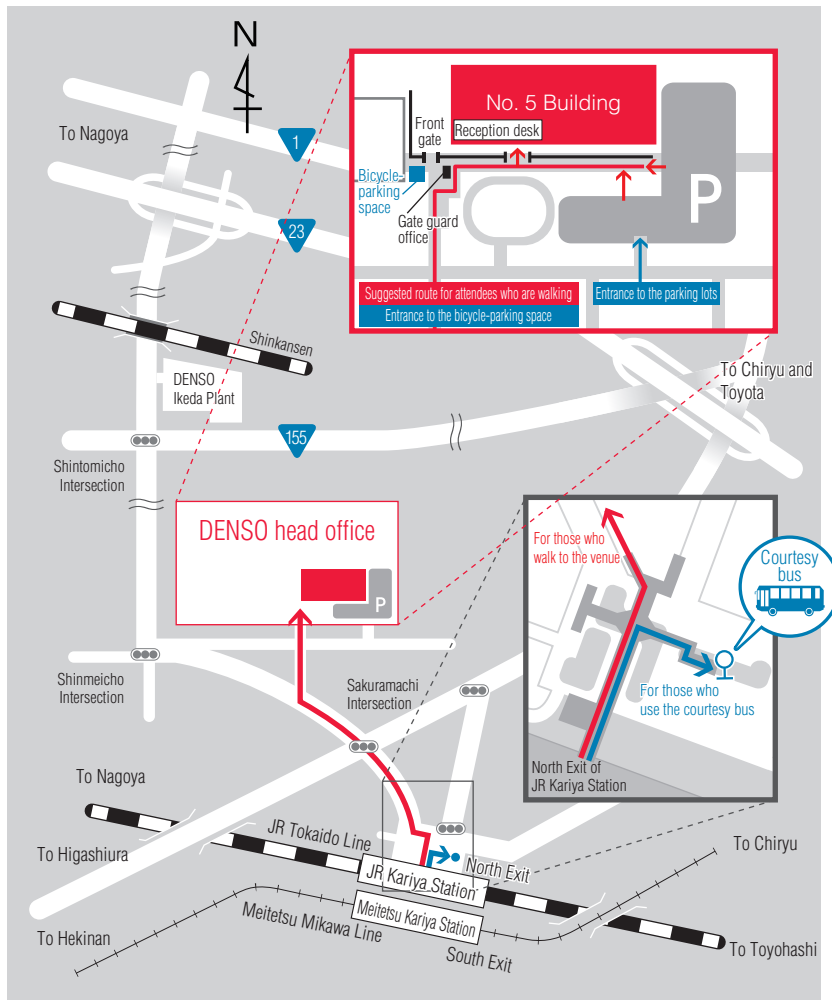


Total Return and Total Return Ratio\* (Billions of yen)



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.

## Access to the Venue of the General Meeting of Shareholders



### 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, a two-wheeler  
or a bicycle:  
Please park your car or two-wheeler  
in the parking lots located at the south  
and east sides of the No. 5 Building,  
and your two-wheeler or bicycle in the  
bicycle parking space at the front gate.
- If you come on foot:  
Seven (7) minute walk from the  
North Exit of JR Kariya Station

# DENSO CORPORATION