

DENSO
Crafting the Core

NOTICE OF THE 95TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date: 10 a.m., Wednesday, June 20, 2018

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

Agenda:

Proposal No. 1: Election of Seven (7) Board Members due to the Expiration of the Term of Office of All the Current Board Members

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

Proposal No. 3: Presentation of Bonuses to Board Members

Stock Code: 6902
DENSO CORPORATION

DENSO
Crafting the Core

Providing a better future for the next generation

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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Provide new, inspiring value to deliver smiles to many people

Message from the President

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

In the fiscal year ended March 31, 2018, revenue of the DENSO Group increased to ¥5,108.3 billion due to increased production and sales expansion. Operating profit also increased to ¥412.7 billion mainly due to favorable production volume variance due to increase in sales and the effect of rationalization .

The automobile industry currently faces a paradigm shift with significant societal developments such as electrification, automated driving and car sharing. Since its foundation in turbulent times, DENSO has made concerted company-wide efforts to address quality improvement and product development under the strong conviction of “Delivering new value to the world.” Given the drastically changing business environment, we consider this period of time as the era of our second foundation. To achieve sustainable growth by overcoming difficulties, we must address challenges even more aggressively than we did in the era of our initial foundation.

Last autumn, the Company formulated the DENSO Group Long-term Policy 2030 together with the slogan “Bringing hope for the future for our planet, society and all people.” Based on the three concepts of “Green,” “Peace of Mind” and “Inspiring” that was added this time, DENSO will endeavor to create new value and contribute to ensuring a society filled with smiling faces. The “Inspiring” concept represents our vision to provide society with new value that will be created via synergies from the strengths of various stakeholders inspired by the Company’s initiatives.

I sincerely appreciate the ongoing support of all our shareholders.

May 2018

President and CEO
Koji Arima

(TRANSLATION ONLY)

Stock Code: 6902
May 25, 2018



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

To Those Shareholders with Voting Rights

NOTICE OF THE 95TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 95th 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 Tuesday, June 19, 2018.

1. Date: 10 a.m., Wednesday, June 20, 2018

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 95th Fiscal Term (from April 1, 2017, to March 31, 2018)**
- (2) **Non-Consolidated Financial Statements for the 95th Fiscal Term (from April 1, 2017, to March 31, 2018)**

Agenda:

Proposal No. 1: Election of Seven (7) Board Members due to the Expiration of the Term of Office of All the Current Board Members

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

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.

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, 2018

Mailing:

Deadline for exercising voting rights: Must be received by 5:40 p.m., June 19, 2018

Internet:

Deadline for exercising voting rights: Until 5:40 p.m., June 19, 2018

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, smartphones and/or tablet devices 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 Seven (7) 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 95th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect seven (7) board members.

The nominees for board members are as follows:

Nominee No.	Name		Current posts in the Company	Current assignments in the Company
1	Koji Arima	Reappointment	President and CEO	
2	Haruya Maruyama	Reappointment	Executive Vice President	Overseas Business
3	Yasushi Yamanaka	Reappointment	Executive Vice President	Safety, Quality, Production, Corporate Foundation Center
4	Hiroyuki Wakabayashi	Reappointment	Executive Vice President	R&D Strategy, CISO (Chief Information Security Officer), Purchasing
5	Shoji Tsuzuki	New appointment	Senior Executive Director	Corporate Center, Audit Division
6	George Olcott	Reappointment Outside Board Member Independent Director	Director, Member of the Board	
7	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. Koji Arima (February 23, 1958) 60 years old Reappointment
 President and CEO

Attendance at meetings of the Board of Directors: 15 of 15 (100%)

■ 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	22,200
■ Years of incumbency	3
■ Reason for having appointed him as a board member 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 three 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.	

2. Haruya Maruyama (November 29, 1954) 63 years old Reappointment
 Executive Vice President

Current assignments in the Company: Overseas Business

Attendance at meetings of the Board of Directors: 15 of 15 (100%)

■ 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	15,000
■ Years of incumbency	8
■ Reason for having appointed him as a board member 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 subsidiary of the 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) since June 2014 in charge of Overall Sales and Marketing and Corporate Strategy until March 2018 and currently in charge of the Overseas Business. 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.	

3. Yasushi Yamanaka (March 10, 1957) 61 years old

Reappointment

Executive Vice President

Current assignments in the Company: Safety, Quality, Production, Corporate Foundation Center

Attendance at meetings of the Board of Directors: 15 of 15 (100%)

■ 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	16,439
■ Years of incumbency	3
■ 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 subsidiary of the Company as the Head of Europe from June 2013, he has served as the Executive Vice President (current position) since June 2015 in charge of Overall R&D and Future Creation Technology until March 2018 and currently in charge of Safety, Quality, Production and the Corporate Foundation Center. 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.	

4. Hiroyuki Wakabayashi (January 15, 1956) 62 years old Reappointment

Executive Vice President

Current assignments in the Company: R&D Strategy, CISO (Chief Information Security Officer), Purchasing

Attendance at meetings of the Board of Directors: 15 of 15 (100%)

■ 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)
■ Number of the Company's shares owned	19,600
■ Years of incumbency	2
■ 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 (at that time) from June 2011. He has served as the Executive Vice President (current position) since April 2017 in charge of Overall Production until March 2018 and currently in charge of R&D Strategy, Purchasing and as CISO (Chief Information Security Officer). 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.	

5. Shoji Tsuzuki (April 29, 1959) 59 years old New appointment

Senior Executive Director

Current assignments in the Company: Corporate Center, Audit Department

Attendance at meetings of the Board of Directors: —

■ Brief personal history	
April 1983	Joined DENSO CORPORATION
April 2010	Executive Director, DENSO CORPORATION
June 2016	Senior Executive Director, DENSO CORPORATION (current position)
■ Number of the Company's shares owned 12,500	
■ Reason for having appointed him as a board member After joining the Company, Shoji Tsuzuki engaged in the domestic/overseas sales and marketing and human resources departments. He was assigned to major departments of the Corporate Center from July 2010 and the Purchasing Group from July 2016, and has served as the Head of the Corporate Center, Audit Division and in charge of the Information Systems Division since April 2018. The Company has newly appointed him as a nominee for a board member expecting that his knowledge obtained from his experience in a broad range of business reforms conducted in the sales and marketing and functional departments will be applied in the Company's management.	

6. George Olcott (May 7, 1955) 63 years old Reappointment/Outside Board Member/Independent Director
 Director, Member of the Board

Attendance at meetings of the Board of Directors: 15 of 15 (100%)

<p>■ Brief personal history</p>	
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-Brinson 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
June 2016	Outside Director, BlueOptima Limited (current position)
October 2016	Outside Director, Dai-ichi Life Holdings, Inc. (current position)
December 2016	Outside Director, JP Morgan Japanese Investment Trust plc (current position)
<p>■ Important posts concurrently held at other corporations</p> <p>Outside Director, Hitachi Chemical Company, Ltd.</p> <p>Outside Director, Dai-ichi Life Holdings, Inc.</p>	
■ Number of the Company's shares owned	1,200
■ Years of incumbency	4
<p>■ Reason for having appointed him as a board member</p> <p>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.</p>	

7. Takashi Nawa (June 8, 1957) 61 years old Reappointment/Outside Board Member/Independent Director
 Director, Member of the Board
 Attendance at meetings of the Board of Directors: 14 of 15 (93%)

■ 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)
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	1,200
■ Years of incumbency	4
■ 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 the dispatch date of this notice.
2. The age and years of incumbency of each nominee are as of the conclusion of this 95th 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 One (1) Audit & Supervisory Board Member

The current Audit & Supervisory Board Member Masato Iwase (standing Audit & Supervisory Board Member) will resign at the conclusion of this 95th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect one (1) Audit & Supervisory Board Member as his substitute. The term of office of the appointed substitute Audit & Supervisory Board Member shall be until the term of office of the predecessor expires, in accordance with the relevant provision of the Articles of Incorporation. The Audit & Supervisory Board has given its prior consent to this Proposal.

The nominee for Audit & Supervisory Board Member is as follows:

Motomi Niwa (November 3, 1962) 55 years old New appointment

■ Brief personal history	
April 1985	Joined DENSO CORPORATION
April 2007	Head of the Functional Products Planning Division (currently, Powertrain Systems Business Planning Department, Powertrain Components Business Unit), DENSO CORPORATION
January 2013	Director, Human Resources Division, DENSO CORPORATION
August 2014	Vice President, DENSO MANUFACTURING TENNESSEE, INC. (current position)
■ Number of the Company's shares owned	1,103
■ Reason for having appointed him as an Audit & Supervisory Board Member After joining the Company, Motomi Niwa engaged in the purchasing, business planning and human resources departments, and has served as Vice President of a subsidiary of the Company in the United States since August 2014. The Company has appointed him as a nominee for an Audit & Supervisory Board Member expecting that a broad range of knowledge obtained from his experience in the management of the subsidiary, as well as in functional and operating departments, will be applied in thorough compliance and the improvement of high-quality corporate governance systems of the entire DENSO Group.	

Notes:

1. The brief personal history is as of the dispatch date of this notice.
2. The age of the nominee is as of the conclusion of this 95th Ordinary General Meeting of Shareholders.
3. The nominee has no special interest in the Company.

Proposal No. 3: Presentation of Bonuses to Board Members

We hereby propose that bonuses be paid to seven (7) board members excluding outside board members of the Company in the total amount of ¥294,800 thousand as the bonuses to board members as of the end of the fiscal year by taking into consideration the business performance for the current fiscal year and other factors.

Attachment

BUSINESS REPORT

(From April 1, 2017, to March 31, 2018)

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, 2018, whereas uncertainty increased in view of the emergence of the protectionist trade policy by the United States government, the world economy continued to show steady growth on the whole, backed by favorable personal consumption driven by the improved employment and income environments mainly in the U.S. and China. The Japanese economy also remained firm with an increase in exports that benefited from the favorable U.S. and Chinese economies. The global automobile industry sustained growth overall. However, the growth rate showed a slowing trend overall as seen by sales in the United States, which were a record-high for the previous fiscal year but showed a downturn for the first time since 2009. In Japan, sales continued to exceed those of the previous year due to the sales recovery of small vehicles and other factors.

2) Summary of business

In such a business climate, last autumn, the Company formulated the DENSO Group Long-term Policy 2030 together with the slogan “Bringing hope for the future for our planet, society and all people.” Supported by the three core axes of “Green,” “Peace of Mind” and “Inspiring” that was added this time, DENSO will endeavor to create new value and contribute to ensuring a society filled with smiling faces.

In addition, as a road map to realize the above Policy, the Company formulated the DENSO Group Long-term Plan 2025. With the intent to reform our corporate organization into one that can fully compete with competitors in a radically changing business environment, we have set our Fields of Focus—Electrification, Advanced Safety and Automated Driving, Connected Cars and Non-automotive Businesses (FA* and agriculture, etc.)—and Management Reform: Five Pillars to enhance our organizational power.

*FA: Factory automation: Automation of production lines through mechanization

3) Operating results for the fiscal year ended March 31, 2018

Revenue of the Group increased by ¥581.1 billion or 12.8% to ¥5,108.3 billion for the year ended March 31, 2018, supported by increases in vehicle production volume and sales expansion as well as the effects of the newly consolidated companies. Operating profit increased by ¥82.1 billion or 24.8% to ¥412.7 billion due to favorable production volume variance due to the increase in sales and the positive effects of rationalization. Profit before income taxes increased by ¥89.0 billion or 24.7% to ¥449.9 billion. Profit attributable to owners of the parent company increased by ¥62.9 billion or 24.4% to ¥320.6 billion.

Revenue by geographical segment

(Billions of yen)

		94th Term (April 2016–March 2017)	95th Term (April 2017–March 2018)	Rate of change (%)
Japan		2,686.0	3,083.8	14.8
North America		1,077.2	1,156.3	7.3
Europe		577.3	662.3	14.7
Asia		1,139.3	1,322.8	16.1
Other		65.8	79.0	20.0
Total	Total	5,545.6	6,304.2	13.7
	Intersegment internal sales	(1,018.4)	(1,195.9)	-
	Sales to external customers	4,527.1	5,108.3	12.8

(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)

	94th Term (April 2016–March 2017)	95th Term (April 2017–March 2018)	Rate of change (%)
Thermal Systems	1,356.6	1,452.2	7.0
Powertrain Systems	1,160.6	1,260.6	8.6
Electrification Systems	755.6	815.9	8.0
Mobility Systems	557.0	735.7	32.1
Electronic Systems	573.2	610.6	6.5
Other Automotive	59.6	77.4	29.9
Non-Automotive Business (FA and agriculture, etc.)	64.5	155.9	141.7
Total	4,527.1	5,108.3	12.8

Note: The table above is stated according to the classification after the organizational change as of April 1, 2018.

Thermal Systems:

Development and manufacture of car and bus air-conditioning systems, freezers 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

Mobility Systems:

Development and manufacture of automated driving and advanced safety products such as millimeter-wave radars, vision sensors, Driver Status Monitor and airbag systems, as well as of connected cockpit products such as telematics control units, vehicle-vehicle/road-vehicle intercommunication equipment, head-up displays, meters and cockpit systems

Electrification Systems:

Development and manufacture of electrification systems and components such as for hybrid vehicles (HVs) and EVs, electric power supply and starting system components such as alternators and starters, wiper systems and motors for power windows, air-conditioners, etc.

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 and body control computers

Non-automotive Business (FA and agriculture, etc.)

Development and manufacture of industrial systems such as industrial robots (FA equipment), consumer products such as CO₂ refrigerant heat-pump water heaters, environmental control systems to grow vegetables in greenhouses and other non-automotive products

(3) Operating Results and Financial Position of the Group

(Millions of yen)

IFRS

Account Item	92nd Term (April 2014– March 2015)	93rd Term (April 2015– March 2016)	94th Term (April 2016– March 2017)	95th Term (April 2017– March 2018)
Revenue	4,309,787	4,524,522	4,527,148	5,108,291
Operating Profit	331,376	315,728	330,551	412,676
Profit before Income Taxes	371,915	347,293	360,858	449,903
Profit Attributable to Owners of the Parent Company	258,382	244,251	257,619	320,561
Basic Earnings per Share (yen)	324.01	307.19	326.32	410.45
Equity Attributable to Owners of the Parent Company	3,327,938	3,123,578	3,312,724	3,598,321
Total Assets	5,283,257	5,042,896	5,150,762	5,764,417

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 92nd Term, IFRS-based financial figures are stated above.

(4) Initiatives Taken by the DENSO Group during the Year

We introduced initiatives during the fiscal year in the fields of “Green” and “Peace of Mind,” which are our strength, as well as major milestones regarding “Human Resources Development.”

For details, refer to the Company’s Web site: <http://www.denso.com/jp/ja/news/>

Green

May 2017

Extended the plant of DENSO FUKUSHIMA CORPORATION, a subsidiary of the Company, to start production of fuel line products.

October 2017

Reinforced global production systems in the electrification and automated driving (AD) fields.

Investment of approximately ¥100 billion (US\$1 billion) to be made by 2020 was announced to reinforce production systems in new fields such as electrification and AD at the production base in Tennessee, the United States.

February 2018

Received the Director-General’s Prize, the Agency for Natural Resources and Energy in the Grand Prize for Energy Conservation and the Grand Prize for New Energy.

April 2018

Merged ASMO CO., LTD., to accelerate the development of various motors in the electrification field.

Peace of Mind

August 2017

Established a new company to design semiconductor IPs.*

*Refers to Intellectual Property (IP) on partial integrated circuit designs that compose a semiconductor.

October 2017

Developed the world’s largest Head-Up Display (HUD).

January 2018

Developed a vision sensor with an extended ability to enable recognition of pedestrian movement at night.

Mounted onboard Toyota Motor Corporation’s new ALPHARD and VELLFIRE models jointly with the millimeter-wave radar.

Human Resources Development

October 2017

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

January 2018

Awarded the Health and Productivity Stock Selection 2018 and a White 500 Recognized Health & Productivity Management Organization for two consecutive years.

January 2018

Received the Prime Minister's Award at the Seventh Monozukuri Nippon Grand Award.

(5) Initiatives of Strengthening Collaboration with Outside Partners in the Year

To realize the future that the Company envisions, we aggressively addressed various open innovations with outside partners, including the establishment of joint ventures and investments in several startups.

DENSO Efficient Driving

Electrification

April 2017

SUZUKI MOTOR CORPORATION and **TOSHIBA CORPORATION** (Establishment of a new company)
Manufacturing of lithium-ion battery packs for automobiles in India

April 2017

IBIDEN CO., LTD. (Investment)
Development in the powertrain field

September 2017

Mazda Motor Corporation and **Toyota Motor Corporation** (Establishment of a new company)
Technological development of EVs

January 2018

FLOSFIA Inc. *1 (Investment)
Development of next-generation power semiconductors for electric vehicles
*1 A startup spun out of Kyoto University

DENSO Automated Driving

Advanced Safety & Automated Driving

April 2017

TOSHIBA CORPORATION (Collaboration)
Technological development for advanced safety, automated driving, etc.

October 2017

FotoNation *2 (Collaboration)
Technological development for image recognition inside cars
*2 An Irish company of U.S. capital

November 2017

DENSO TEN LIMITED *3 (Conversion into a subsidiary)
Strengthening the development of advanced safety & automated driving technologies, as well as electronic circuit board technology
*3 Former FUJITSU TEN LIMITED

November 2017

NEC Platforms, Ltd. (Establishment of a new company)
Development of information and telecommunication equipment for onboard use

January 2018

Toshiba Information Systems (Japan) Corporation (Investment)

Strengthening the development of embedded software for car-mounted products

February 2018

Toyota Motor Corporation and **Aisin Seiki Co., Ltd.** (Establishment of a new company)

Research and development of intelligent software for automated driving

March 2018

Renesas Electronics Corporation (Investment)

Strengthening the development of state-of-the-art semiconductor technology

DENSO Connected Driving

Connected

July 2017

TDmobile Corporation (Conversion into a subsidiary)

Expansion of business for mobile phone-related products and services

July 2017

MaaS Global^{*4} (Investment)

Joint development and search for a new business area in the MaaS^{*5} market

*4 A Finnish company

*5 Mobility as a Service: Mobility service to provide transportation of people and goods

December 2017

Toyota Tsusho Corporation (Collaboration)

Demonstration experiment for commercial services using quantum computers

December 2017

BlackBerry Limited (Collaboration)

Development of integrated Human Machine Interface (HMI) platforms for automobiles

December 2017

InfinityKey, Inc.^{*6} (Acquisition)

Technological development of the smart key system

*6 A US-based startup

January 2018

ActiveScaler Inc.^{*7} (Investment)

System development for the MaaS market

*7 A US-based startup

February 2018

CREATIONLINE, inc.^{*8} (Investment)

Technological development using open source and agile software development methods^{*9} in the IT area

*8 A startup based in Tokyo

*9 A speedy development method starting with the minimum functions required

February 2018

DellFer, Inc.^{*10} (Investment)

Technological development for cybersecurity

*10 U.S. venture company

(6) Our Challenge for Future Success and Initiatives toward Future Growth

<DENSO Group Long-term Policy 2030>

Bringing hope for the future for our planet, society and all people

Our Goal for 2030

A company that continuously generates value to enrich mobility that achieves sustainability, happiness and peace of mind for everyone

Green

Lasting vitality for the environment

Contribute to sustainability by increasing efficiency and reducing environmental impact

Peace of Mind

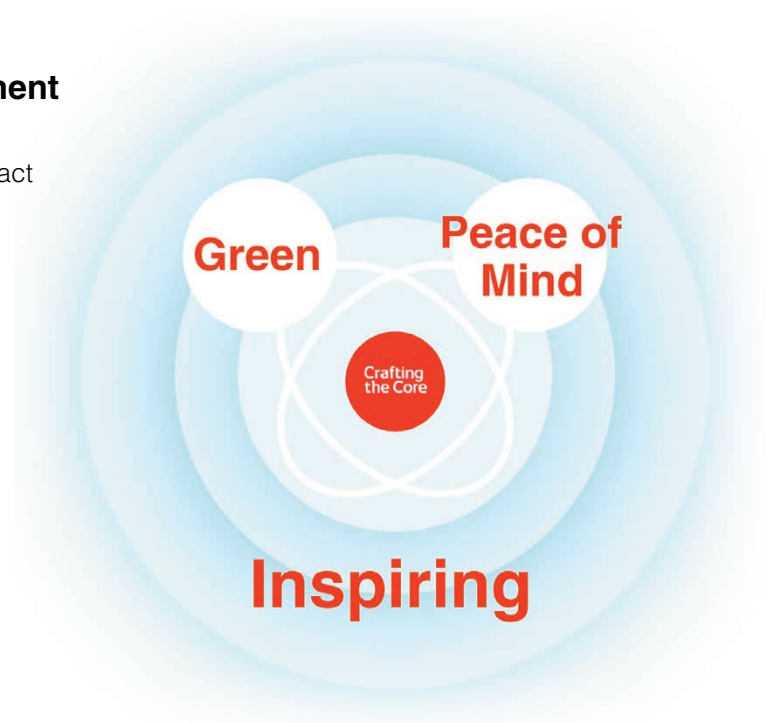
Providing a sense of well-being

Contribute to future mobility that is safer, more comfortable and convenient for everyone

Inspiring

Making a difference

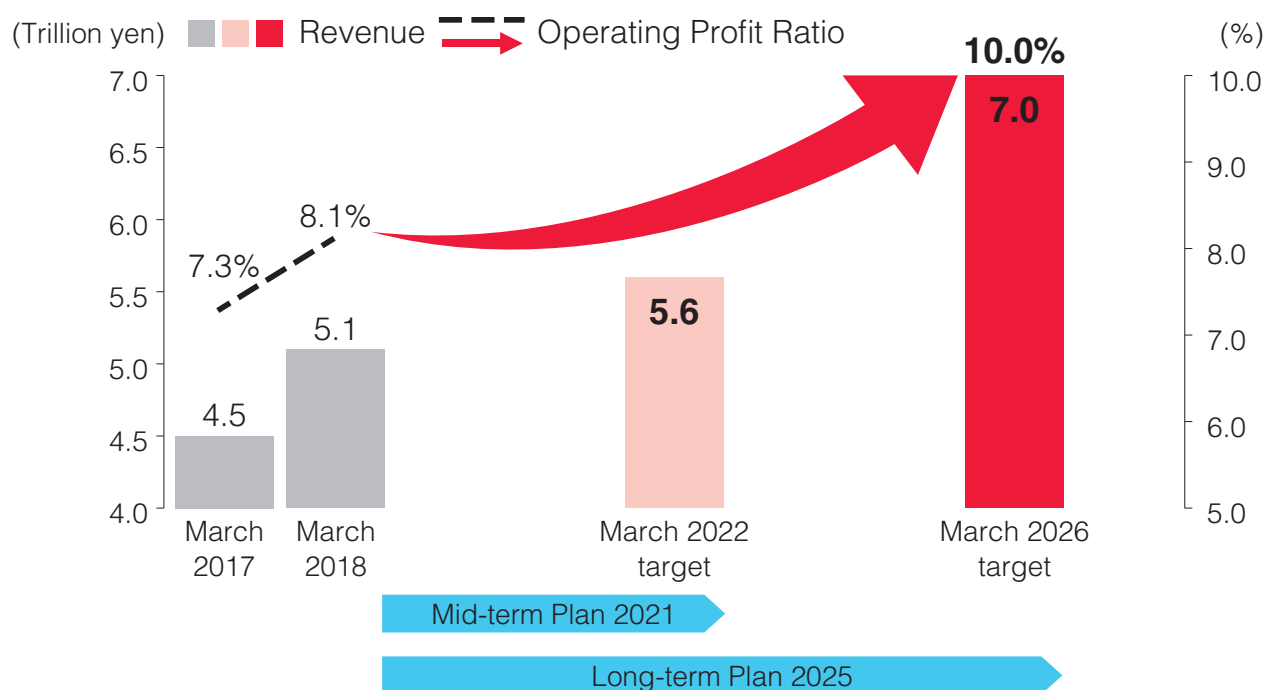
Contribute to happiness for everyone through inspiring value-added offering



<Numerical growth targets>

While growing in the new mobility field along with electrification and automated driving (AD), the DENSO Group intends to achieve the following numerical targets by reinforcing its earnings capability.

	Fiscal year ending March 2022	Fiscal year ending March 2026
Revenue	5.6 trillion yen	7.0 trillion yen
Operating Profit Ratio	8.0% or more	10.0%



<Fields of Focus and Management Reform: Five Pillars>

They say that the automobile industry is entering an era of once-in-a-century paradigm shift represented by accelerating technological developments associated with electrification, automated driving and connected cars, as well as with the emerging trend of car sharing. We therefore believe that it is necessary for us to anticipate and respond to customers' and societal needs ahead of others to be at the forefront of trends and ensure sustainable growth.

Given such circumstances, the Company formulated the DENSO Group Long-term Plan 2025 last autumn. This plan formulates the Fields of Focus and set up the Management Reform: Five Pillars with the intent to reform our corporate organization into one that can fully compete with competitors in a radically changing business environment.

— Fields of Focus —

1. Electrification (hybrid and electric vehicles)
2. Advanced Safety & Automated Driving
3. Connected (connected car)
4. Non-automotive businesses (FA and agriculture)

— Management Reform: Five Pillars —

1. Enhancement of vehicle perspective and cross-sector functions
2. Advanced R&D function to realize agile development globally
3. Business Unit evolution and smaller but stronger headquarters
4. Global management with optimal use of group and regional power
5. Way of working with tremendous speed and efficiency

1. Electrification (hybrid and electric vehicles)

Realizing the Future

The Company has long been engaged in the development of electrification technology to provide its customers with earth-friendly electrified vehicle systems that ensure more comfortable transportation. As a result, the Company has accumulated production achievements globally by achieving higher performance, more compactness and lower fuel consumption for major electrified products; these attributes are indispensable for hybrid vehicles. Going forward, by leveraging its broad range of businesses, the Company will endeavor to contribute to efficiency improvement of fuel economy and saving of electricity usage by connecting all the onboard systems and products and through efficient energy management in the vehicle.



Specific Initiatives:

1 A power element made from Silicon carbide (SiC) developed

When electricity for driving a vehicle is converted from DC to AC, heat is emitted. To harness such energy loss, the Company has developed a power element using SiC, for which heat generation is low, as a core material, considerably reducing the energy loss to one third compared with conventional processes. In addition, to use SiC in the stringent operating environment inside vehicles, the Company has established a special material formation technology that enables forming high-quality SiC crystals.

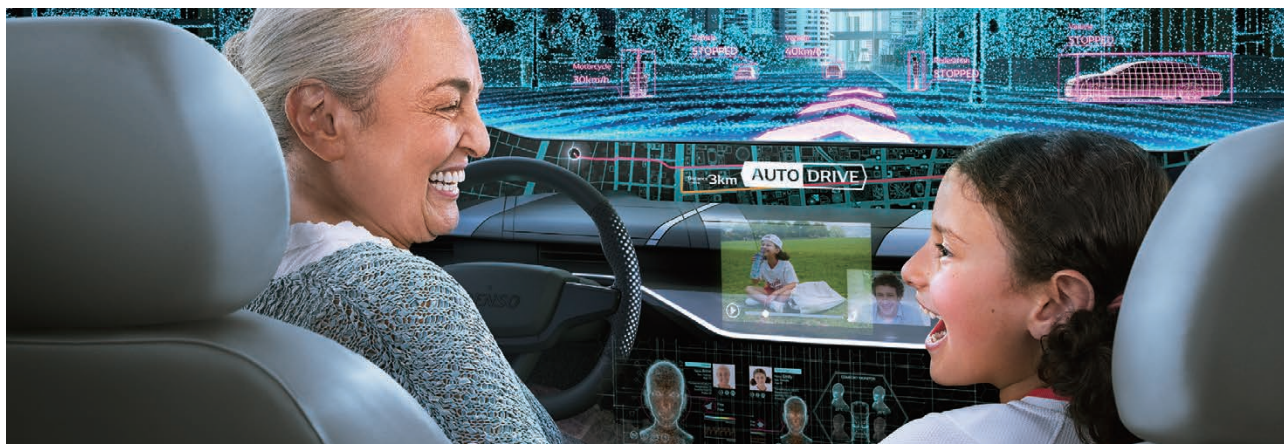
2 A new company for joint technological development on electric vehicles (EVs) with Mazda and Toyota has been established

In October 2017, Mazda Motor Corporation, Toyota Motor Corporation and the Company signed a contract to jointly develop basic structural technologies for EVs and established a new company (EV C.A. Spirit) to ensure the efficient implementation of the joint technological development projects. The three companies intend to focus their resources on fundamental vehicle value to enable the creation of appealing EVs that embody the unique identities of each brand by leveraging this joint development efficiently and reinforce their respective EV-related technology developments.

2. Advanced Safety & Automated Driving

Realizing the Future

To achieve Quality of Mobility in society without any traffic accidents and where everyone can travel freely and safely, the Company has been working continually to develop safety technology with high quality and reliability. In addition to its long-nurtured sensing technology, the Company intends to contribute to the development of AD technology by refining its Artificial Intelligence (AI) and information technologies. Rigorously abiding by the commitment to “Quality,” which has been unchanged since its foundation, the Company will continue to deliver a future mobility society with high security.



Specific Initiatives:

1 A vision sensor and a millimeter-wave radar, which combined improve perception at night and ease of mountability on vehicles, developed

The new-type vision sensor enables drivers to perceive pedestrians walking at night and bicycles, etc., which were previously difficult to recognize. Combined use with a new-type millimeter-wave radar prompts an automated braking action in case of an emergency—during the day or at night. The size of the recently developed vision sensor model is almost 40% more compact than conventional models and the millimeter-wave radar model almost 60%, improving the ease of mountability while increasing the types of perceived objects.

2 Participating in the establishment of TRI-AD for sophisticated perception using AI

The Company has participated jointly with Aisin Seiki Co., Ltd., in the establishment of Toyota Research Institute-Advanced Development (TRI-AD), a new company through which Toyota will accelerate technological development in the advanced development field for automated driving. The Company also set up an office specializing in R&D in Shinagawa (Minato-ku), Tokyo. The new office will be in charge of developing state-of-the-art technologies such as AI and enhancing recruitment of human resources specialized in software and AI. In the future, the Company will further collaborate with a variety of global corporations to strengthen the development of automated-driving-related technologies.

3. Connected (connected car)

Realizing the Future

Given a crucial shakeup, or a paradigm shift regarding vehicles from “ownership” to “an object for use and provision of services,” DENSO is committed to the Mobility-as-a-Service (MaaS: service of providing mobility for moving people and/or goods) business. The Company will contribute to realizing a new mobility society intended to provide safe, secure and convenient transportation means not only for drivers but also for people who do not have cars.



Specific Initiatives:

1 Strengthening software development capability in collaboration with IT ventures

The Company is actively recruiting mid-career IT professionals. Moreover, the Company has keenly addressed developing cloud technology, as well as software development using advanced open-source and agile software development methods. We will strengthen our software development capability in collaboration with IT ventures that are specialized in these software developments.

2 Investing in forward-thinking MaaS ventures

To early capture market needs and search for new business domains in the MaaS market, the Company has also invested in venture companies within and outside Japan. These ventures are developing MaaS systems powered by AI. The Company thus intends to be a leader in mobility services through the integration of its leading-edge technologies in the automotive field and the expertise of these ventures in the MaaS field.

4. Non-automotive businesses (FA and agriculture)

Realizing the Future

The Company will widely contribute to the development of the *monozukuri* industry through the provision of and making proposals on FA systems that can respond to diversifying customer needs by taking advantage of its wealth of experience gained through implementation of factory automation (FA) systems at the Group's 130 factories worldwide. Moreover, the Company will deliver new value in the agricultural food field by utilizing the *monozukuri* expertise and know-how it has nurtured in the automotive field, to provide people worldwide with smiles through agriculture.



Specific Initiatives:

1 Offering lean automation packages in FA

In late November 2017, the Company made a presentation of its flexible, lean automation packages, which are compatible with onsite needs, at the INTERNATIONAL ROBOT EXHIBITION 2017 held at TOKYO BIG SIGHT. Its solution packages benefit from the know-how on process design and field management that has been long nurtured in automotive part manufacturing, including assistance measures for *Kaizen* (continuous improvement) utilizing IoT. Effective from the fiscal year ending March 31, 2019, the Company plans to start the lean automation package business on a full-fledged basis by proceeding with development and mass-production in collaboration with a broad range of in-house and external partners.

2 Expanding its agricultural business to provide innovation in food value chain

The Company newly established the AgTech Promotion Division intended at developing business by introducing its technology into the agricultural field. The Company will fully utilize its environmental control technology to grow vegetables in greenhouses and various technologies and know-how from the automotive field, which have been nurtured up to now. Setting up partnerships with agricultural production legal persons that possess advanced technologies, the Company will create new value via integration with partners' strengths. The Company thus intends to contribute to further efficiency improvement of the food value chain overall and a stable food supply while looking ahead to the future of the entire agricultural food field.

Aspiring to be a company that continues to develop

To achieve the aforementioned growth targets, we must become an agile organization that can quickly make our operating fields dynamic. To this end, the Company has set Management Reform: Five Pillars as specific initiatives for management reform in the Long-term Plan 2025.



Management Reform: Five Pillars

1. Enhancement of vehicle perspective and cross-sector functions

DENSO has reorganized and integrated business fields throughout the company, including ECUs, semiconductors, sensors and motors, to raise the competitiveness of key devices. Moreover, to accelerate cross-functional technological development activities, DENSO established a new company in Thailand to develop ECUs, and a new company in Tokyo to develop semiconductor IPs. With these measures, DENSO intends to improve the earnings capability of the existing vehicle-related businesses and enhance competitiveness in the new field of mobility relative to software and hardware.

2. Advanced R&D function to realize agile development globally

To promote developing competitive products according to customers' needs, satellite facilities for advanced R&D functions will be established around the world. We are active in collaborating with various types of partners such as universities, research institutes and startup companies, to extend and reinforce our business partnerships. Technological development projects will be enhanced in Finland, Israel and elsewhere by leveraging the respective regional characteristics.

3. Business Unit evolution and smaller but stronger headquarters

More discretion and autonomy will be given to business units to promote speedy business management and reinforce competitiveness so that sustainable growth can be accomplished in an era of rapid changes. The head office will be streamlined via zero-based thinking to pursue the formation of a team that can create new value at an extraordinarily high speed.

4. Global management with optimal use of group and regional power

Directors of respective regional headquarters, who assume responsibility for achieving the earnings goals of their respective regions, operate businesses based on quick decision making by taking regional characteristics into account to achieve truly independent management by region. With this initiative, earlier decision making will be achieved globally, the determination to be an early-executing, and agile organization will be realized.

5. Way of working with tremendous speed and efficiency

DENSO will put an optimum worksite environment in place for everyone to promote a culture of speed and efficiency. DENSO will also enhance information systems with measures such as the digitization of its paper-based approval process. DENSO will enhance business processes for higher productivity and a better work-life balance in the pursuit of a corporation filled with smiling faces based on extraordinary field capabilities.



(7) Employees within the Group

Geographical Segment	Number of Employees
Japan	74,604 (16,831)
North America	24,330 (3,063)
Europe	17,071 (3,258)
Asia	49,740 (12,075)
Other Regions	3,068 (274)
Total	168,813 (35,501)

Note: “Number of Employees” indicates the number of persons working within the Group (i.e., exclusive of those loaned from outside the Group to within the Group and inclusive of those loaned from within the Group to outside the Group). The average yearly number of temporary employees (including fixed-term employees, temporary workers dispatched by personnel agencies, part-timers, contract employees, etc.) is indicated in parentheses.

(8) Capital Expenditures and Financing

During the fiscal year, capital expenditures of ¥347.2 billion were invested mainly to shift to highly cost-competitive next-generation products and further improve product quality and reliability. The Company appropriated the funds on hand for the investments.

(9) Major Lenders

Name of Lender	Balance of Borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicate Loan	32,498
Mitsubishi UFJ Trust and Banking Corporation	24,000
Shinkin Central Bank	20,000
Mizuho Bank, Ltd., Syndicate Loan	16,503
The Norinchukin Bank	15,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000
Fukoku Mutual Life Insurance Company	10,000
The Bank of Kyoto, Ltd.	8,000
The Hokkaido Bank, Ltd.	7,000
Others	29,000
Total	172,001

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. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

(10) 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	Advanced Technology Research Laboratories (Aichi Pref.)
Proving Ground	Nukata (Aichi Pref.)
Branches	Iwate, Tokyo
Note: The Ikeda Plant was closed on April 1, 2018.	

2) Subsidiaries

Refer to “(11) Significant Subsidiaries.”

(11) 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
TDmobile Corporation	JPY490 million	51.00	Sale of mobile phones, etc.
DENSO TEN Limited	JPY5,300 million	51.00	Manufacture and sale of automotive components, and R&D on automotive components
DENSO TEN MANUFACTURING Limited	JPY60 million	100.00*	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 TEN AMERICA Limited	USD42,500 thousand	100.00*	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

Name	Capital Stock	The Company's Ratio of Voting Rights (%)	Principal Businesses
TIANJIN DENSO ELECTRONICS CO., LTD.	CNY446 million	93.46*	Manufacture and sale of automotive components

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

2. SHARES OF THE COMPANY

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

(2) Total Number of Issued Shares: 779,754,625 shares (excluding treasury stock of 14,314,088 shares)

(3) Number of Shareholders: 66,101 persons

(4) Major Shareholders

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Ratio of Voting Rights (%)
Toyota Motor Corporation	188,949	24.23
Toyota Industries Corporation	69,373	8.89
The Master Trust Bank of Japan, Ltd. (Trust account)	40,948	5.25
Japan Trustee Services Bank, Ltd. (Trust account)	34,195	4.38
Towa Real Estate Co., Ltd.	33,309	4.27
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	19,481	2.49
Aisin Seiki Co., Ltd.	12,518	1.60
Denso Employees' Shareholding Association	11,977	1.53
Mitsui Sumitomo Insurance Company, Limited	9,544	1.22
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	8,878	1.13

Notes:

1. The Company holds treasury stock of 14,314 thousand shares, but is excluded from the list of major shareholders above.
2. "Ratio of Voting Rights" is calculated after excluding the treasury stock of 14,314 thousand shares.
3. "Investment in the Company" by Toyota Industries Corporation is stated after excluding the Company's 6,798 thousand shares (ratio of voting rights: 0.87%), 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.)

3. OFFICERS OF THE COMPANY

(1) Board Members

Name	Position	Assignment in the Company and Important Posts Concurrently Held at Other Corporations
Nobuaki Kato	Chairman *	(Important posts concurrently held at other corporations) Outside Director, Toyota Boshoku Corporation Outside Audit & Supervisory Board Member, KDDI CORPORATION Outside Audit & Supervisory Board Member, CHUBU Electric Power Co., Inc.
Koji Arima	President and CEO *	
Haruya Maruyama	Executive Vice President *	Overall Sales and Marketing
Yasushi Yamanaka	Executive Vice President *	Overall R&D, Future Creation Technology (Important posts concurrently held at other corporations) Outside Director, Tokai Rika Co., Ltd.
Hiroyuki Wakabayashi	Executive Vice President *	Overall Production, Safety, Environment & Quality Center, ADAS
Yoshikazu Makino	Director, Member of the Board, Senior Executive Director	Corporate Center, Audit Department, Thermal Systems Business Group
Koji Kobayashi	Director, Member of the Board	(Important posts concurrently held at other corporations) Vice President, Toyota Motor Corporation
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, Dai-ichi Life Holdings, Inc.
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 by the dispatch date of this notice as follows.

Name	Position	Assignments in the Company
Haruya Maruyama	Executive Vice President *	Overseas Business
Yasushi Yamanaka	Executive Vice President *	Safety, Quality, Production, Corporate Foundation Center
Hiroyuki Wakabayashi	Executive Vice President *	R&D Strategy, CISO (Chief Information Security Officer), Purchasing
Yoshikazu Makino	Director, Member of the Board	

(2) Audit & Supervisory Board Members

Name	Position	Important Posts Concurrently Held at Other Corporations
Masato Iwase	Standing Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member, Jeco Co., Ltd.
Atsuhiko Shimmura	Standing Audit & Supervisory Board Member	
Moritaka Yoshida Outside Audit & Supervisory Board Member	Audit & Supervisory Board Member	Vice President, Toyota Motor Corporation
Toshimichi Kondo Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	Director, Kondo Accounting Office
Noriyuki Matsushima Outside Audit & Supervisory Board Member Independent Auditor	Audit & Supervisory Board Member	Chief Research Advisor, Equity Research Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

Notes:

1. Audit & Supervisory Board Members Moritaka Yoshida, Toshimichi Kondo and Noriyuki Matsushima 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 Toshimichi Kondo and Noriyuki Matsushima as independent auditors.

(3) Remuneration, etc., Payable to Board Members and Audit & Supervisory Board Members Pertaining to the Current Fiscal Year

Officer Category	Number of Eligible Persons (Persons)	Amount of Remuneration, etc. (Millions of yen)
Board members	13	755
Audit & Supervisory Board Members	6	128
Total	19	883

Notes:

1. The amounts above include ¥68 million in remuneration, etc., payable to outside officers (two board members and four audit & supervisory board members).
2. The amounts above include the following.
The bonuses to board members for which a resolution is planned to be adopted by the 95th Ordinary General Meeting of Shareholders to be held on June 20, 2018.

Board members: ¥295 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 42.2% 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 into the field of business administration strategy.
Outside Audit & Supervisory Board Members	Moritaka Yoshida	He attended 14 of 15 Board of Directors meetings and 15 of 15 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.
	Toshimichi Kondo	He attended 15 of 15 Board of Directors meetings and 15 of 15 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.
	Noriyuki Matsushima	After assuming the post on June 20, 2017, he attended 11 of 11 Board of Directors meetings and 10 of 10 Audit & Supervisory Board meetings held in the current fiscal year. At these meetings, he mainly remarked on general management affairs from investors' perspective based on his considerable experience and deep insight into the automobile industry as an analyst.

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 AUDITOR

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Fees Payable to the Accounting Auditor for the year ended March 31, 2018

1)	Amount of fees to be paid by the Company to the Accounting Auditor pertaining to the audit for the current year	¥144 million
2)	Total of cash and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥231 million

Notes:

1. The audit agreement entered into by the Accounting Auditor and the Company does not distinguish the fee for the audit under the Companies Act and the fee for the audit under the Financial Instruments and Exchange Act, and the two fees cannot be practically distinguished from each other. Therefore, the fee in 1) above indicates the total of these two kinds of fees.
2. The Company and its subsidiary entrust non-audit services other than the services set forth in Article 2, Paragraph 1, of the Certified Public Accountant Law, to the Accounting Auditor such as the preparation of comfort letters relating to the issuance of corporate bonds and pay the consideration therefor.
3. Of the Company's significant subsidiaries, 18 subsidiaries including DENSO INTERNATIONAL AMERICA, INC., DENSO EUROPE B.V. and DENSO SALES (THAILAND) CO., LTD. are audited by Certified Public Accountants ("CPA"), accounting firms or those who have qualifications equivalent to CPAs or accounting firms. Their auditors are other than the Accounting Auditor 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 fee for the Accounting Auditor as a result of careful examination of the auditing plans for the current fiscal year presented by the Accounting Auditor, 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 Auditor" released by Japan Audit & Supervisory Board Members Association.

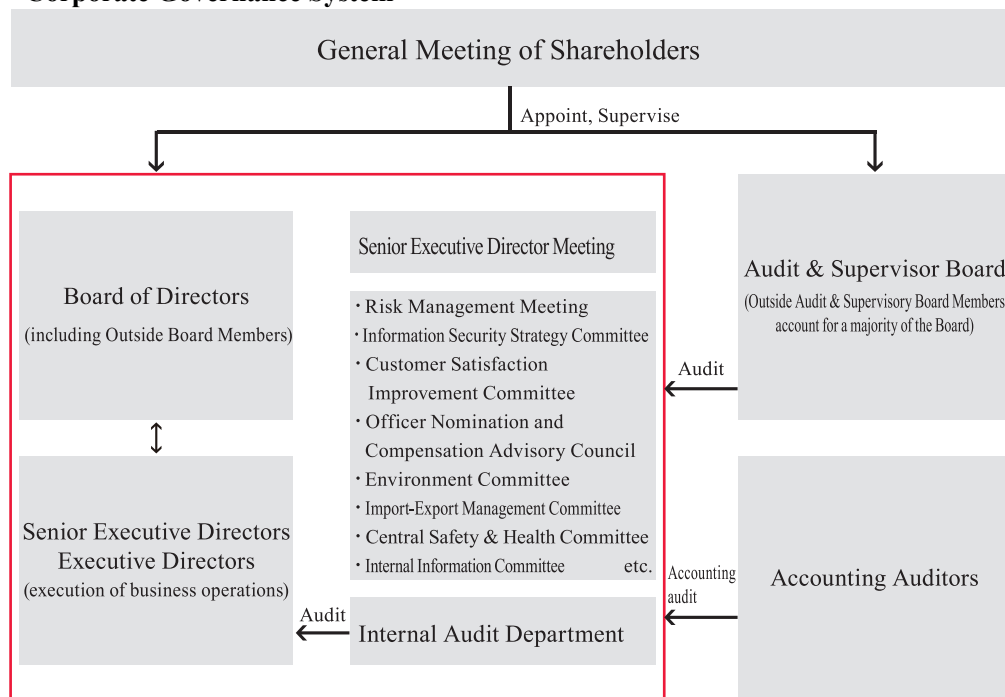
(3) Policy on Decisions of Dismissal or Non-Reappointment of Accounting Auditor

- 1) The Audit & Supervisory Board shall examine whether Accounting Auditor 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 Auditor is 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 Auditor if the dismissal thereof is determined reasonable.
- 2) If the Company determines that the appropriate execution of duties by Accounting Auditor 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 Auditor 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 Auditor, 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 Auditor.
- 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 Auditor 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 current fiscal year 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 DENSU Group Long-term Policy 2030 was 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 current fiscal year, 15 Board of Directors meetings and 35 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 22 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 promotional organizations for information security at the six regional headquarters around the world.

(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 current fiscal year, 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 Division conducted audits for three internal divisions/departments based on four themes according to its annual auditing plan. The Audit Department also conducted audits for about 50 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 42 internal departments/divisions and 63 Group companies in and outside Japan during the current fiscal year.
- 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 Finance & Accounting Division, the Human Resources Division, the Legal Division and the like regularly reported on proper business operations to the Audit & Supervisory Board Members.
- 5) As the internal audit department, the 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 Auditor.
- 8) The Audit & Supervisory Board Members Reporting Regulations prohibit detrimental treatment of any person who has reported to an Audit & Supervisory Board Member.

7. POLICY REGARDING A DECISION OF DIVIDENDS FROM SURPLUS

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

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

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

Accordingly, the Company, at its Board of Directors meeting held on April 27, 2018, resolved that the fiscal year-end dividend for the fiscal year ended March 31, 2018, be ¥65 per share of the Company's common stock (for a total of ¥50,684,050,625) and the date of commencement of dividend payment thereof be May 28, 2018. The annual dividend for the current fiscal year, including the interim dividend, is ¥130 per share.

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

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.

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	95th Term (As of March 31, 2018)	(Reference) 94th Term (As of March 31, 2017)	Account Item	95th Term (As of March 31, 2018)	(Reference) 94th Term (As of March 31, 2017)
(Assets)			(Liabilities)		
Current assets	2,563,833	2,332,050	Current liabilities	1,290,336	1,103,811
Cash and cash equivalents	783,338	793,550	Bonds and borrowings	170,003	84,139
Trade and other receivables	993,549	876,454	Trade and other payables	923,272	861,161
Inventories	550,291	485,867	Other financial liabilities	16,483	14,484
Other financial assets	151,122	93,781	Income tax payables	53,609	24,890
Other current assets	85,533	82,398	Provisions	69,295	70,549
Non-current assets	3,200,584	2,818,712	Other current liabilities	57,674	48,588
Property, plant and equipment	1,591,207	1,490,531	Non-current liabilities	699,788	599,869
Intangible assets	76,968	22,451	Bonds and borrowings	303,847	266,116
Other financial assets	1,330,820	1,111,945	Other financial liabilities	10,119	9,819
Investments accounted for using equity method	88,718	92,198	Retirement benefit liabilities	245,387	228,576
Retirement benefit asset	53,864	43,868	Provisions	1,515	1,529
Deferred tax assets	35,020	30,266	Deferred tax liabilities	121,272	78,243
Other non-current assets	23,987	27,453	Other non-current liabilities	17,648	15,586
			Total liabilities	1,990,124	1,703,680
			(Equity)		
			Equity attributable to owners of the parent company	3,598,321	3,312,724
			Capital stock	187,457	187,457
			Capital surplus	265,985	265,985
			Treasury stock	(57,677)	(31,191)
			Other components of equity	528,418	454,445
			Retained earnings	2,674,138	2,436,028
			Non-controlling interests	175,972	134,358
			Total equity	3,774,293	3,447,082
Total assets	5,764,417	5,150,762	Total liabilities and equity	5,764,417	5,150,762

Consolidated Statement of Income

(Millions of yen)

Account Item	95th Term (From April 1, 2017, to March 31, 2018)	(Reference) 94th Term (From April 1, 2016, to March 31, 2017)
Revenue	5,108,291	4,527,148
Cost of revenue	(4,254,598)	(3,769,532)
Gross profit	853,693	757,616
Selling, general and administrative expenses	(447,732)	(431,192)
Other income	34,275	27,721
Other expenses	(27,560)	(23,594)
Operating profit	412,676	330,551
Finance income	40,532	35,487
Finance costs	(9,495)	(9,883)
Foreign exchange gains	(328)	(3,733)
Share of the profit of associates accounted for using the equity method	6,518	8,436
Profit before income taxes	449,903	360,858
Income tax expenses	(106,459)	(86,963)
Profit for the year	343,444	273,895
Profit attributable to:		
Owners of the parent company	320,561	257,619
Non-controlling interests	22,883	16,276

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

Account Item	95th Term (As of March 31, 2018)	(Reference) 94th Term (As of March 31, 2017)	Account Item	95th Term (As of March 31, 2018)	(Reference) 94th Term (As of March 31, 2017)
(Assets)			(Liabilities)		
Current assets	1,476,401	1,411,259	Current liabilities	858,867	786,237
Cash and deposits	499,246	467,647	Accounts payable—trade	430,188	447,849
Notes receivable—trade	2,204	2,361	Current portion of bonds	30,000	—
Accounts receivable—trade	400,102	359,104	Current portion of long-term borrowings	37,497	—
Electronically recorded monetary claims—operating	71,750	59,830	Accounts payable—other	45,797	43,489
Marketable securities	28,097	91,557	Accrued expenses	74,390	62,502
Finished goods	40,975	45,263	Income taxes payable	27,151	1,621
Work in process	88,801	81,024	Deposits received	124,442	135,283
Raw materials and supplies	16,282	15,313	Accrued bonuses to employees	41,641	38,404
Advance payments	66,322	60,667	Accrued bonuses to directors and corporate auditors	287	317
Prepaid expenses	3,845	3,675	Reserve for product warranties	26,865	42,841
Deferred tax assets	31,817	29,349	Provision for loss on antitrust issues	19,757	10,817
Short-term loans receivable from subsidiaries and associates	115,752	95,712	Other current liabilities	852	3,114
Accounts receivable—other	95,158	76,170	Long-term Liabilities	547,658	437,634
Other current assets	16,102	23,635	Straight bonds	150,000	110,000
Allowance for doubtful accounts	(52)	(48)	Long-term borrowings	134,503	92,001
Fixed assets	2,282,805	2,051,233	Deferred tax liabilities	89,615	67,748
Property, plant and equipment	448,112	443,825	Liability for employees' retirement benefits	157,940	152,220
Buildings	91,558	89,988	Retirement allowances for directors and corporate auditors	17	27
Structures	13,415	13,329	Provision for loss on business of subsidiaries and associates	6,179	5,769
Machinery and equipment	155,180	155,706	Other long-term liabilities	9,404	9,869
Vehicles and transportation equipment	2,456	1,891	Total liabilities	1,406,525	1,223,871

Tools, furniture and fixtures	25,520	24,754	(Equity)		
Land	112,834	112,102	Shareholders' equity	1,886,317	1,848,157
Construction in progress	47,149	46,055	Capital stock	187,457	187,457
Intangible assets	9,048	7,044	Capital surplus	265,985	265,985
Software	5,690	5,186	Additional paid-in capital	265,985	265,985
Other intangible assets	3,358	1,858	Other capital surplus	0	—
Investments and other assets	1,825,645	1,600,364	Retained earnings	1,490,541	1,425,895
Investment securities	628,869	506,586	Legal reserve	43,274	43,274
Investment in subsidiaries and associates	1,071,301	950,690	Other retained earnings	1,447,267	1,382,621
Investments in equity	2,576	2,516	Reserve for special depreciation	68	85
Investments in equity of subsidiaries and associates	35,024	35,024	Reserve for advanced depreciation of fixed assets	546	384
Long-term loans receivable from subsidiaries and associates	27,295	33,073	General reserve	896,390	896,390
Prepaid pension cost	52,295	64,332	Earned surplus carried forward	550,263	485,762
Other assets	8,334	8,192	Treasury stock, at cost	(57,666)	(31,180)
Allowance for doubtful accounts	(49)	(49)	Variance of the estimate/ conversion	466,364	390,464
			Net unrealized gain on available-for-sale securities	466,543	390,730
			Deferred gains on derivatives under hedge accounting	(179)	(266)
			Total equity	2,352,681	2,238,621
Total assets	3,759,206	3,462,492	Total liabilities and equity	3,759,206	3,462,492

Non-Consolidated Statement of Income

(Millions of yen)

Account Item	95th Term (From April 1, 2017, to March 31, 2018)	(Reference) 94th Term (From April 1, 2016, to March 31, 2017)
Net sales	2,671,939	2,472,849
Cost of sales	2,412,553	2,236,057
Gross profit	259,386	236,792
Selling, general and administrative expenses	151,207	187,212
Operating income	108,179	49,580
Non-operating income	88,818	86,196
Interest and dividend income	75,801	72,495
Other non-operating income	13,017	13,701
Non-operating expenses	6,412	4,634
Interest expense	408	364
Other non-operating expenses	6,004	4,270
Ordinary income	190,585	131,142
Extraordinary income	312	12,503
Gain on sales of property, plant and equipment	312	2,000
Insurance income	—	10,503
Extraordinary losses	9,989	8,772
Impairment loss on investment securities	—	486
Loss on antitrust issues	9,665	8,286
Other	324	—
Income before income taxes	180,908	134,873
Income taxes—current	39,467	24,989
Income taxes for prior periods	(8,356)	—
Income taxes—deferred	(12,686)	(7,689)
Net Income	162,483	117,573

(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, 2018

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, 2018, 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, 2017, to March 31, 2018, 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, 2018, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

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

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

(TRANSLATION)

<Certified Copy of the Audit Report of the Accounting Auditors >

INDEPENDENT AUDITOR'S REPORT

May 10, 2018

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, 2018, of DENSO CORPORATION (the "Company"), and the related statements of income and changes in equity assets for the 95th fiscal year from April 1, 2017, to March 31, 2018, 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, 2018, 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 95th Fiscal Term, which began April 1, 2017, and ended March 31, 2018, 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, 2018.

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.

(2) Audit results regarding the financial statements

In our opinion, the audit methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 11, 2018

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

Toshimichi Kondo

Outside Audit & Supervisory Board Member

Noriyuki Matsushima

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

Guide to Stock-Related Procedures

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

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

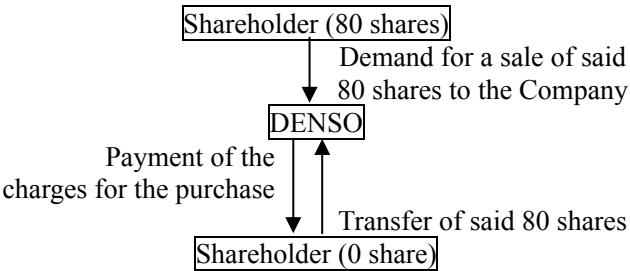
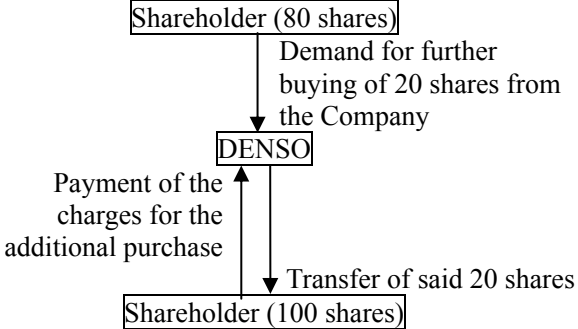
Account for Dividend Receipt	Method of Receiving Dividends
1) Securities transaction account	The dividends will be remitted into the shareholder's accounts at the respective securities companies in proportion to the number of his/her shares deposited therewith. (Share number pro-rata distribution)
2)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

To shareholders who wish to open an NISA account:

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

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

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

	Description of the System	Example: If a shareholder holds 80 shares of the Company's stock
Sale system	According to this program, the shares less than one share unit can be sold to the Company at the market price.	 <pre> graph TD A[Shareholder (80 shares)] -- "Demand for a sale of said 80 shares to the Company" --> B[DENSO] B -- "Payment of the charges for the purchase" --> C[Shareholder (0 share)] B -- "Transfer of said 80 shares" --> 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" --> B[DENSO] B -- "Payment of the charges for the additional purchase" --> C[Shareholder (100 shares)] B -- "Transfer of said 20 shares" --> 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 Contact: 1, Nikkocho 1-chome, Fuchu, Tokyo 0120-232-711 (Toll free in Japan) Mailing Address: Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation P.O. Box #29, Shin-Tokyo Post Office (Japan Post), Tokyo 137-8081

Guide to the Company’s Web site and IR e-mail delivery service

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/

If you register your e-mail address with our IR e-mail delivery service, Investor News e-mails will be sent from the Company.

Page for registration: <https://www.denso.com/jp/ja/investors/ir-mail/>

DENSO Q&A

Q1. What are the noteworthy differences in the DENSO Group Long-term Policy 2030 from similar policies in the past?

A1. Under the slogan of “Bringing hope for the future for our planet, society and all people,” we added a new axis of “Inspiring” in addition to “Green” and “Safety.” The “Inspiring” concept encompasses the desire at DENSO to provide society with new value that will be created via synergies from the strengths of various stakeholders inspired by the Company’s initiatives.

Q2. Given the accelerating trend of electric vehicles throughout the world including China, I am concerned about the future potential of DENSO.

A2. Since its foundation, the Company has focused on the development of electrification technology in anticipation of the coming trend of computerized control of vehicles, as proven by the creation of “The DENSO,” an EV prototype vehicle. The Company has been committed to battery control technology, which is essential for EVs, and the development of products such as motors and inverters. The Company boasts a record of having shipped approximately 5 million inverter units. We endeavor to strengthen our global production structure including Japan, the United States and China, in which electrification-related components already have been produced at our plants.

To increase cruising distance, which is one of the crucial tasks for EVs, the energy management of the entire vehicle is important. As a manufacturer specializing in air-conditioning equipment, one of DENSO’s strengths is optimum energy management that can be achieved through the utilization of heat energy emitted from batteries, motors and inverters for in-vehicle air-conditioning by connecting all the components and systems onboard.

We address not only the mass-production of silicon carbide (SiC), which is being called the next-generation power semiconductor, but also the development of corundum-structured gallium oxide (α -Ga₂O₃), an advanced next-generation power semiconductor, in collaboration with outside partners. We therefore intend to contribute to the popularization of EVs in the pursuit of higher output, more compactness and lower cost for a variety of electrification-related components including inverters.

Q3. The Company was certified as a Health and Productivity Stock Selection 2018¹ and a White 500 Recognized Health & Productivity Management Organization² for two consecutive years. Tell us about the Company’s initiatives on this topic.

A3. At the Company, the “Health Leader,” a core operator at each work site, prepares an annual plan for health improvement at his/her workplace and organizes activities with a sense of shared awareness of health depending on the workplace conditions. Meanwhile, organizational activities, including the Health Festival (involving events such as health-oriented walking, lectures and health checkups), are promoted through concerted labor-management efforts.

Furthermore, a new initiative was implemented to check the health and lifestyle habits of employees: The lifestyle habits of every individual are expressed through the “Lifestyle Score,” our original health indicator, based on the results of health checkups and diagnostic data obtained through employee interviews with a doctor. The average value of the Lifestyle Score in the Company is set as the companywide target to be achieved by each employee. In the years ahead, we intend to evaluate the scores to determine the effectiveness of the Company’s measures.

The Company is committed to improving the health of its employees through concerted efforts thereat.

1. Companies that address the health management of their employees from a management perspective and strategically practice the health management of their employees (limited to one company in each of the 26 business categories) are selected from among the companies listed on the TSE.
2. A system started in fiscal 2016 under which companies that practice excellent health and productivity management in collaboration with insurers (health insurance societies) are certified regardless of whether they are listed companies.

Q4. Tell us about the Company’s initiatives in sports taken last year.

A4. DENSO sponsors athletes who are dedicated to participating in such sports as women’s volleyball, basketball, softball and long-distance running. During the year ended March 31, 2018, our women’s volleyball team won the championship at the Kurowashiki (Black Eagle’s Flag) and was the runner-up at the Empress’s Cup All Japan Volleyball Tournament. Our women’s basketball team also performed well and was the runners-up at both the Empress’s Cup All Japan Basketball Tournament and the Women’s Japan Basketball League (“W LEAGUE”).

DENSO athletes also play at the top level in other competitive sports. As for the XXIII Olympic Winter Games (the PyeongChang Olympic Games) held in February 2018, Nana Fujimoto, who is affiliated with DENSO HOKKAIDO CORPORATION, participated in women's ice hockey and Reina Umehara, who was then affiliated with DENSO SALES JAPAN CORPORATION, participated in women's cross-country skiing.

The Company will continue to provide its employees with motivations through its commitment to sports activities and respect emotional ties with local communities, contributing to the development of the Japanese sporting world.

Q5. Tell us about DENSO's initiatives regarding social issues.

A5. The Company is endeavoring to provide new value to society and contribute to ensuring a society filled with smiling faces by helping to resolve social issues through its business activities.

The Company has been promoting "lean automation," a highly efficient automated production system, into its own production processes at its plants by improving efficiency. Taking advantage of this know-how, we have started the demonstration business of nurturing system integrators* to handle production facilities and FA equipment in Thailand.

This demonstration business is operated by a consortium consisting of the National Innovation Agency, five universities and an educational institute in Thailand, seven local system integrators, Nomura Research Institute, Ltd., LEXER RESEARCH Inc. and the Company, supported by the Thai Ministry of Industry. The consortium has established a showcase of production lines inside the Ministry's facilities to provide researchers with an open and practical venue for learning where they have direct access to state-of-the-art lean automation systems.

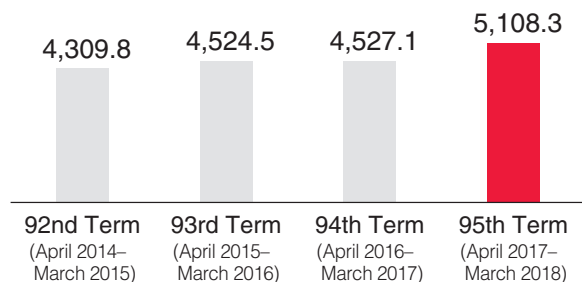
By putting in place this initiative of nurturing local system integrators that have practical capacity, we will strive to strengthen the competitiveness of Thai industrial society in the automation field and accelerate the automation of local manufacturing facilities.

*System integrator: A generic term of a company engaged in designing efficient production lines through the combination of various equipment and devices. To realize *monozukuri* with a high competitive edge, it is indispensable to develop system integrators that can establish efficient production systems by combining automation and computerization technology and improving efficiency in production lines and plants overall in addition to developing and introducing automated production equipment

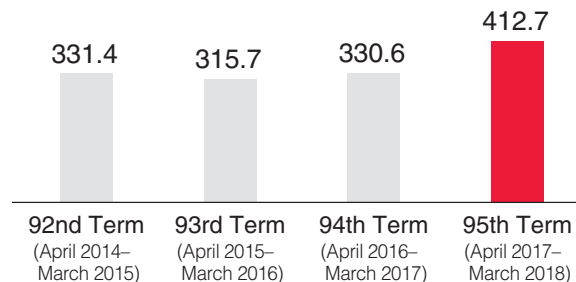
Financial Highlights

IFRS

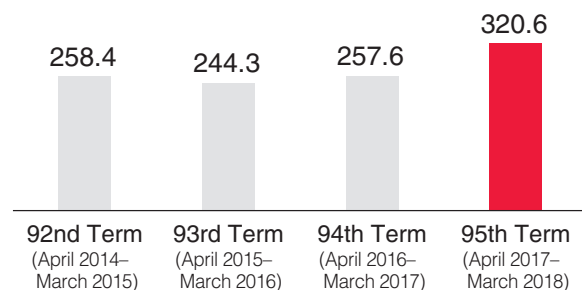
Revenue (Billions of yen)



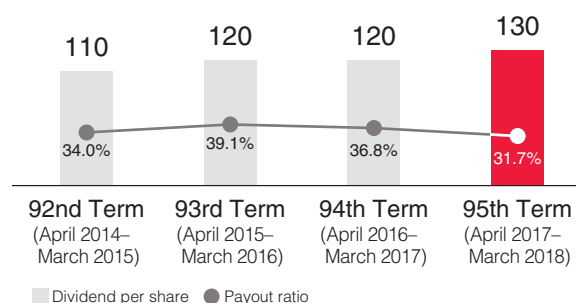
Operating Profit (Billions of yen)



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

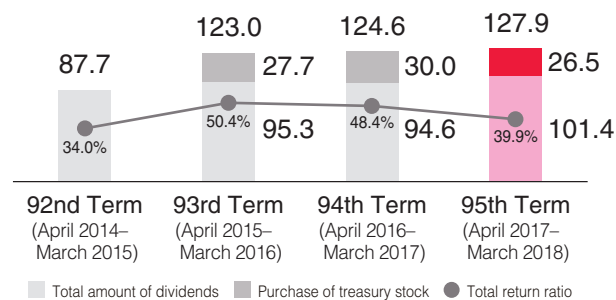


Annual Dividends per Share and Payout Ratio (Yen)



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

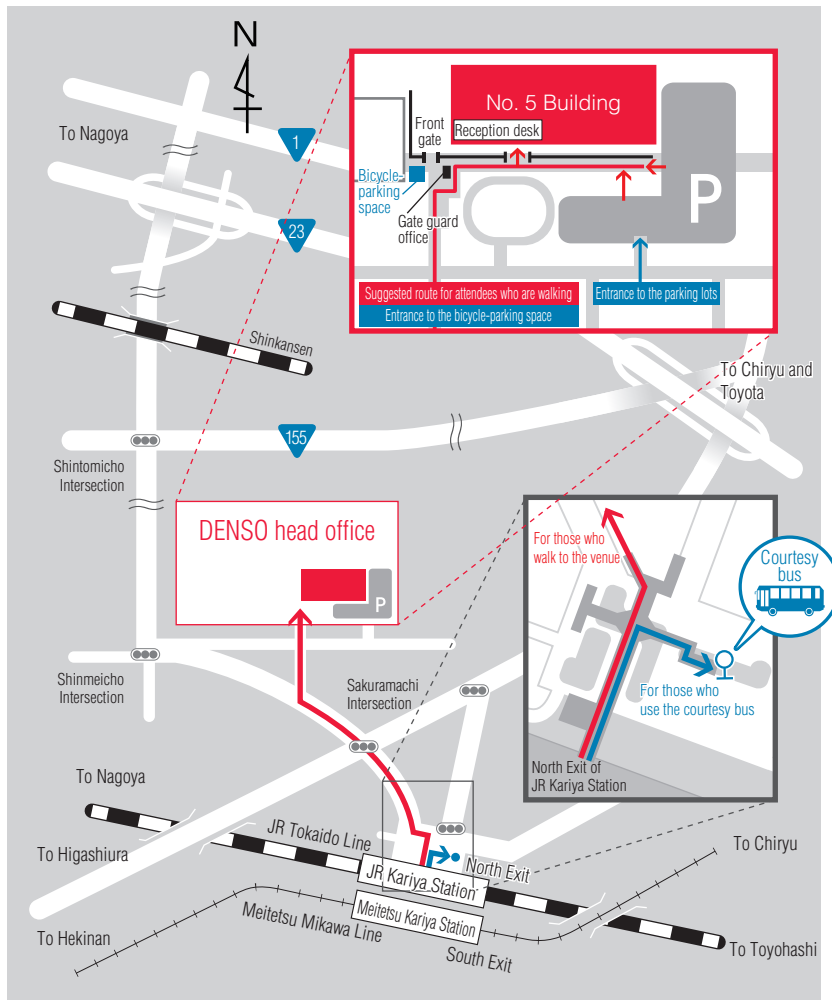
* (Total amount of dividends + Purchase of treasury stock) ÷ (Profit attributable to owners of the parent company)



The Company cancelled 90 million shares of treasury stock on August 25, 2016.

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.–9:40 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