

For Immediate Release

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Notice Regarding Acquisition of Own Shares and Tender Offer for Repurchase of Own Shares

Kariya (Japan) — DENSO corporation (“the Company”) hereby provides notice that it resolved to conduct a tender offer for the repurchase of its own shares at a meeting of the Board of Directors on October 31, 2018, as outlined below, using the acquisition method specified under Article 156, Paragraph 1 of the Companies Act (No.86 of 2005, including its amendments in the later eras), as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and the provisions of the Company’s Articles of Incorporation.

I . Acquisition of Own Shares

1. Purpose of the stock purchase

The purchase of the stock will increase returns to shareholders and improve capital efficiency.

2. Contents of acquisition

- (1) Type of shares to be purchased: Common stock
- (2) Total number of shares to be purchased: Up to 6,000,000 shares
(0.76 percent of total outstanding shares)
- (3) Total cost of the purchase: Up to 30,000 million yen
- (4) Acquisition period: November 1, 2018 to March 31, 2019
- (5) Method of acquisition: Regarding 3,600,000 shares out of the total numbers of shares to be purchased, it is corresponded to the anticipated number of shares to be purchased shown in “ II . Tender Offer for Repurchase of Own Shares” and to be acquired by the tender offer. Rest of the shares are to be acquired by way of open market purchase

II. Tender Offer for Repurchase of Own Shares

1. Purpose of tender offer

The Company will continue to raise dividends payment sustainably with taking into accounts its consolidated results, consolidated dividend payout ratio, and dividend amount. Therefore, the Company makes efforts to develop management bases for adapting to environmental changes flexibly and improve consolidated results. The Company's Articles of Incorporation prescribe that the Company can pay dividend by resolving not only at a shareholders meeting but also at a meeting of the Board of Directors, under the provision of Article 459 of the Companies Act, and the Company appropriates its internal reserve for capital investment, research and development expenses, and repurchase of own shares for shareholders returns.

The Company's Articles of Incorporation also prescribe that the Company can repurchase its own shares by resolving at a meeting of the Board of Directors, under the provision of Article 165, Paragraph 2 of the Companies Act, so that the Company can promote shareholders returns, enhance capital efficiency, and execute capital policies for adapting to environmental changes more flexibly.

The Company considered various options regarding the specific method for returns to shareholders based on its capital policies described above. At the beginning of September 2018, from the view point of being able to acquire considerable number of its own shares in relatively short terms without losing capital efficiency if the Company repurchase its own shares from a large shareholder, the Company started to examine repurchasing its own shares from Mitsui Sumitomo Insurance Company, Limited ("Mitsui Sumitomo Insurance"), who is the 10th shareholder of the Company, which holds 9,543,600 of the Company's common shares as of September 30, 2018, and its shareholding represents 1.20% (rounded to two decimal places; the same applies hereafter in calculating the percentage of the total number of issued shares.) of all the Company's issued shares, 794,068,713, and Tokio Marine & Nichido Fire Insurance Company, Ltd. ("Tokio Marine & Nichido Fire Insurance"; collectively, together with Mitsui Sumitomo Insurance, the "Tendering Shareholders"), who is the 36th shareholder of the Company, which holds 2,832,949, and its shareholding represents 0.36%.

At the middle of September 2018, the Company concluded that the method of a tender offer would ensure an opportunity for shareholders to tender their shares while watching the trend in the market price during the prescribed offer period (hereinafter referred to as the "tender offer period"), was the most suitable from the viewpoint of both the equitable treatment of shareholders and the transparency of the transactions. When deciding on the purchase price for the tender offer (referred to as the "tender offer price" hereafter), the Company also concluded that it would be desirable to conduct a tender offer at a price representing a certain discount to the market price. The tender offer price is based on the market price, with a focus on ensuring the precision and objectivity of the criteria used to determine the tender offer price and with a view towards setting a tender offer price that is below the market price in order to stem the outflow of assets from the Company, to the extent possible, from the perspective of

respecting the interests of shareholders who will continue to hold the Company's common shares. Thus, at the middle of September 2018, the Company communicated with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a discount of around 3% versus the closing price on October 30, 2018 or average of closing prices on past one month (from September 30, 2018 to October 30, 2018) of the Company's common shares on the First Section of the Tokyo Stock Exchange.

At the middle of September 2018, the Company asked Tendering Shareholders if they would apply for tender offer based on the conditions above. As a result, at the end of September 2018, the Company received answers from Mitsui Sumitomo Insurance that they would apply 2,120,000 of the Company's common shares (0.27% of total number of issued shares), which was a part of 9,543,600 shares (1.20% of total number of issued shares) which Mitsui Sumitomo Insurance holds, and from Tokio Marine & Nichido Fire Insurance that they would apply 1,130,000 of the Company's common shares (0.14% of total number of issued shares), which was a part of 2,832,949 shares (0.36% of total number of issued shares) which Tokio Marine & Nichido Fire Insurance holds.

After examining and determining the above issues, the Company resolved to conduct the tender offer for repurchasing its own shares, using the acquisition method specified under Article 156, Paragraph 1 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and the provisions of the Company's Articles of Incorporation, and set a tender offer price of 4,748 yen (rounded to the nearest yen; the same applies hereafter in calculating the tender offer price.) by applying a discount of 3.00% to the 4,895 yen, which is the closing price for the Company's common shares on the First Section of the Tokyo Stock Exchange on October 30, 2018, the business day before the meeting of the Board of Directors held on October 31, 2018. Also, in order to provide an opportunity for other shareholders exclude Tendering Shareholders to tender their shares, the Company set a maximum limit of 3,600,000 (0.45% of the total number of issued shares) on the number of shares the Company intends to purchase.

Regarding a source of funds, the Company plans to appropriate initial resources for repurchasing own shares. The Company holds 687,882 million yen as a short-term liquidity (cash and cash equivalents) on a consolidated basis as of September 30, 2018, which is enough to keep high liquidity, and a specific sum of cash-flow by business enterprise is expected to be accumulated additionally. Therefore, the Company considers it is able to keep financial soundness and safety even after tender offer.

Furthermore, the Company received explanations from Mitsui Sumitomo Insurance that it is Mitsui Sumitomo Insurance's policy at present, to hold 7,423,600 of the Company's common shares (0.93% of the total shares issued), and from Tokio Marine & Nichido Fire Insurance that it is Tokio Marine & Nichido Fire Insurance's policy at present, to hold 1,702,949 of the Company's common shares (0.21% of the total shares issued).

The Company has no plans for the disposition regards to the portion of Company shares

acquired as a result of the tender offer at present.

2. Outline of tender offer

(1) Timetable

(A)	Board of Directors resolution	Wednesday, October 31, 2018
(B)	Date of tender offer commencement notice	Thursday, November 1, 2018 Notices will be posted electronically, and a notice to this effect will be published in the Nihon Keizai Shimbun. Electronic notice address: http://disclosure.edinet-fsa.go.jp/
(C)	Tender offer registration statement submission date	Thursday, November 1, 2018
(D)	Tender offer period	Thursday, November 1, 2018 To Thursday, November 29, 2018(20 business days)

(2) Tender offer price

4,748 yen per common share

(3) Basis for calculating the tender offer price

(A) Calculation basis

When deciding on the purchase tender offer price, the Company concluded that it would be desirable to conduct a tender offer at a price representing a certain discount to the market price with a focus on ensuring the precision and objectivity of the criteria used to determine the tender offer price and with a view towards setting a tender offer price that is below the market price in order to stem the outflow of assets from the Company, to the extent possible, from the perspective of respecting the interests of shareholders who will continue to hold the Company's common shares. Thus, the Company decided to communicate with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a discount of around 3% versus the closing price on October 30, 2018 or average of closing prices on past one month of the Company's common shares on the First Section of the Tokyo Stock Exchange. At the middle of September 2018, the Company asked Tendering Shareholders if they would apply for tender offer based on the conditions above. As a result, at the end of September 2018, the Company received answers from Mitsui Sumitomo Insurance that they would apply 2,120,000 of the Company's common shares (0.27% of total number of issued shares), which was a part of 9,543,600 shares (1.20% of total number of issued shares) which Mitsui Sumitomo Insurance holds, and from Tokio Marine & Nichido Fire Insurance that they would apply 1,130,000 of the Company's common shares (0.14% of total number of issued shares), which was a part of 2,832,949

shares (0.36% of total number of issued shares) which Tokio Marine & Nichido Fire Insurance holds.

After examining the above issues, the Company resolved to set a tender offer price of 4,748 yen by applying a discount of 3.00% to the 4,895 yen, which is the closing price for the Company's common shares on the First Section of the Tokyo Stock Exchange on October 30, 2018, the business day before the meeting of the Board of Directors held on October 31, 2018.

Please note that the tender offer price of 4,748 yen represents a discount of 3.00% (rounded to the second decimal place; the same applies hereafter in calculating the percentage of discount price.) on the closing price of the Company's common shares of 4,895 yen on the business day before October 31, 2018 (October 30, 2018), the date of the Board of Directors resolution on the tender offer; a discount of 10.65% on the simple average of the closing prices for the Company's common shares over the one-month period ending October 30, 2018 of 5,314 yen (rounded to the first decimal place; the same applies hereafter in calculating the simple average of the closing prices.), and a discount of 12.12% on the simple average of the closing prices for the Company's common shares over the three-month period ending October 30, 2018 of 5,403 yen on the First Section of the Tokyo Stock Exchange.

(B)Background for Calculation

The Company will continue to raise dividends payment sustainably with taking into accounts its consolidated results, consolidated dividend payout ratio, and dividend amount. Therefore, the Company makes efforts to develop management bases for adapting to environmental changes flexibly and improve consolidated results.

The Company considered various options regarding the specific method for returns to shareholders based on its capital policies described above. At the beginning of September 2018, from the view point of being able to acquire considerable number of its own shares in relatively short terms without losing capital efficiency if the company repurchase its own shares from large shareholders, the Company started to examine repurchasing its own shares from Mitsui Sumitomo Insurance who is the 10th shareholder of the Company, which holds 9,543,600 of the Company's common shares as of September 30, 2018, and its shareholding represents 1.20% and Tokio Marine & Nichido Fire Insurance who is the 36th shareholder of the Company, which holds 2,832,949, and its shareholding represents 0.36%.

At the middle of September 2018, the Company concluded that the method of a tender offer would ensure an opportunity for shareholders to tender their shares while watching the trend in the market price during the prescribed offer period, was the most suitable from the viewpoint of both the equitable treatment of shareholders and the transparency of the transactions.

When deciding on the purchase price for the tender offer, the Company also concluded that it would be desirable to conduct a tender offer at a price representing a certain discount to the market price with a focus on ensuring the precision and objectivity of the criteria used to determine the tender offer price and with a view towards setting a tender offer price that is below the market price in order to stem the outflow of assets from the Company, to the extent possible, from the perspective of respecting the interests of shareholders who will continue to hold the Company's common shares. Thus, the Company decided to communicate with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a discount of around 3% versus the closing price on October 30, 2018 (a business day before the meeting of the Board of Directors held on October 31, 2018) or average of closing prices on past one month of the Company's common shares on the First Section of the Tokyo Stock Exchange on the business day.

At the middle of September 2018, the Company asked Tendering Shareholders if they would apply for tender offer based on the conditions above. As a result, at the end of September 2018, the Company received answers from Tendering Shareholders that Mitsui Sumitomo Insurance would apply 2,120,000 of the Company's common shares (0.27% of total number of issued shares), which was a part of 9,543,600 shares (1.20% of total number of issued shares) which Mitsui Sumitomo Insurance holds and Tokio Marine & Nichido Fire Insurance would apply 1,130,000 of the Company's common shares (0.14% of total number of issued shares), which was a part of 2,832,949 shares (0.36% of total number of issued shares) which Tokio Marine & Nichido Fire Insurance holds.

After examining the above issues, the Company resolved to set a tender offer price of 4,748 yen by applying a discount of 3.00% to the 4,895 yen, which is the closing price for the Company's common shares on the First Section of the Tokyo Stock Exchange on October 30, 2018, the business day before the meeting of the Board of Directors held on October 31, 2018.

(4)Number of shares to be purchased

Share class	Anticipated number of shares to be purchased	Number of excess shares to be purchased	Total
Common shares	3,600,000 shares	0 shares	3,600,000 shares

Note 1: If the number of shares tendered does not exceed the anticipated number of shares to be purchased (3,600,000 shares), all of the tendered shares will be purchased. If the number of tendered shares exceeds the anticipated number of shares to be purchased (3,600,000 shares), the excess shares will not be purchased, in whole or in part. The transfer and other settlement procedures associated with the purchase of the shares will be carried out using the pro rata method as provided in Article 27-13-5 of the Financial Instruments and Exchange Act (Act No. 25 of

1948, as amended; hereinafter referred to as the “Act”) as applied mutatis mutandis pursuant to Article 27-22-2-2 of the Act and Article 21 of the Cabinet Office Ordinance Concerning the Disclosure of a Tender Offer for Listed Shares by the Issuer (Ministry of Finance Ordinance No. 95 of 1994, as amended).

Note 2: Shares of less than one unit will also be subject to the tender offer. Moreover, should the right to request the purchase of shares of less than one unit be exercised by a shareholder in accordance with the Companies Act, the Company may buy its own shares during the tender offer period in accordance with procedures prescribed by law.

(5) Funds required for the tender offer

17,115,300,000 yen

Note : This amount is the total of the purchase amount (17,092,800,000 yen), the estimated fees, and other expenses associated with the purchase, such as the cost of public notices associated with the tender offer, the cost of printing the tender offer statement and other documentation, and other such expenses.

(6) Method of Settlement

(A) Name and head office address of the financial instruments business operator, bank, or other institution in charge of settlement of the tender offer;

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(B) Settlement Commencement Date

Friday, December 21, 2018

(C) Method of Settlement

Notification of the purchases under the tender offer will be sent to the address of tendering shareholders (or the standing proxy for foreign shareholders) after the conclusion of the tender offer period without delay.

Purchases will be settled in cash. Tendering shareholders will be able to receive the purchase amount for the tender offer, less applicable withholding taxes (see note), by wire transfer or other method as instructed by the tendering shareholder without delay after the settlement commencement date.

Note : Taxes on shares purchased under the tender offer

*Please make any decisions after consulting a tax advisor or other professional about specific tax questions.

(a) For tendering shareholders who are residents, or non-residents with a permanent establishment in Japan

When the amount of money received for accepting the tender offer exceeds the amount of the portion of the Company's capital (or for a consolidated corporation, its consolidated individual stated capital) attributable to the shares that are the basis for that payment (when the per-share purchase amount is greater than the per-share amount of capital), the amount in excess will be deemed a dividend and taxed accordingly. The amount deemed to be a dividend is subject to a withholding of 20.315% (15.315% for income tax and special income tax for reconstruction and 5% for resident tax) (There will be no special withholding of the 5% resident tax for non-residents with a permanent establishment in Japan). However, if the shareholder is considered a principal shareholder, the withholding is 20.42% (income tax and special income tax for reconstruction only). As a general rule, the amount after deducting the cost of acquiring the shares from the transfer income is subject to declared separate income taxes.

(b) For tendering shareholders who are non-residents without a permanent establishment in Japan

The amount deemed to be a dividend will be subject to withholding of 15.315% (income tax and special income tax for reconstruction only). If the shareholder is considered a principal shareholder, the withholding will be 20.42% (income tax and special income tax for reconstruction only).

(c) For corporate shareholders

when the amount of money received for accepting the tender offer exceeds the amount of the portion of the Company's capital (or for a consolidated corporation, its consolidated individual stated capital) attributable to the shares that are the basis for that payment, the amount of this excess will be deemed a dividend. As a general rule, the portion deemed to be a dividend is subject to withholding of 15.315% (income tax and special income tax for reconstruction only).

A foreign shareholder who wishes to receive an income tax reduction or exemption for such deemed dividends pursuant to an applicable tax treaty should notify the tender offer agent by the last day of the tender offer period that he plans to submit the tax treaty application form, and then submit that form to tender offer agent by November 29, 2018.

(7) Other

(A) The tender offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the United States Postal Service or any methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication), and is not conducted through securities exchange facilities within the United States. Under the tender offer, shares may not be tendered using the above methods and means, through the above facilities, or from within the United States. Any purported acceptance of the tender offer resulting directly or indirectly from a violation of these restrictions will not be accepted. No Securities or other consideration is being solicited in the United States and if sent in response by a resident of the United States of America will not be accepted. No indications of interest in the tender offer are sought by this press release.

Furthermore, the tender offer notice and other related purchase documents concerning the tender offer may not be sent or distributed to the United States, nor sent or distributed using postal or other methods within, to, or from the United States. Any tenders under the tender offer which violate the above restrictions directly or indirectly shall not be accepted.

Every applier (including a tender offer agent for a foreign shareholder) is required to submit a certification that; (i)An applier doesn't exist in the United States at both moments when he/her applies for the tender offer and when he/her sends application form. (ii)An applier doesn't receive/send any information/documents regarding the tender offer in/to/from the United States. (iii)An applier neither uses the United States Postal Service or any methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication) nor employs any security market in the United States in order to tender their shares or to sign on/issue application form, nor behaves as an agent/assignee/mandatory those who has no discretionary power regarding tender offer (excluding the person gives every advice regarding the tender offer from the United States).

(B) The Company received answers from Mitsui Sumitomo Insurance that they would apply 2,120,000 of the Company's common shares (0.27% of total number of issued shares), which was a part of 9,543,600 shares (1.20% of total number of issued shares) which Mitsui Sumitomo Insurance holds, and from Tokio Marine & Nichido Fire Insurance that they would apply 1,130,000 of the Company's common shares (0.14% of total number of issued shares), which was a part of 2,832,949 shares (0.36% of total number of issued shares) which Tokio Marine & Nichido Fire Insurance holds.

(C) The Company releases "Consolidated Financial Results for the six months ended September 30, 2018" on October 31, 2018. The summary of Financial Results is as outlined

below. Though, the Company has not received audit certificate under Article 193, Paragraph 1 of 2 of the Companies Act. Please refer to news release for more detail.

The summary of “Consolidated Financial Results for the six months ended September 30, 2018”

From April 1, 2018 to September 30, 2018

(a) Consolidated Statement of Income

	As of September 30, 2018
Revenue	2,624,979 million yen
Cost of revenue	2,224,593 million yen
Selling, general and administrative expenses	247,962 million yen
Other income	7,430 million yen
Other expenses	7,475 million yen
Profit for the year attributable to owners of the parent company	114,079 million yen

(b) Consolidated data per one share

	As of September 30, 2018
Profit for the year attributable to owners of the parent company per one share	146.11 yen
Dividend payment per one share	70.00 yen

(D) The Company releases “DENSO Announces First-half Financial Results” on October 31, 2018. The summary of forecast for Fiscal Year Ending March 31, 2019 is as bellow. Please refer to news release for more detail.

Forecast for Fiscal Year Ending March 31, 2019

	Full-Year Forecast (Original)	Full-Year Forecast (Revised)
Revenue	5,400 billion yen	5,400 billion yen
Operating profit	390 billion yen	393 billion yen
Profit before income taxes	427 billion yen	430 billion yen
Profit attributable to owners of the parent company	303 billion yen	305 billion yen

(E) The Company releases “DENSO Announces of Result of Interim Dividend and the Revision of Year-end Dividend Forecast” on October 31, 2018. The Company revised both Interim dividends (record dates: September 30, 2018) and Year-end dividends forecast

upward from 65 yen to 70 yen. Please refer to news release for more detail.

(F) The Company releases “DENSO Announces Cancellation of Own Shares” on October 31, 2018. Please refer to news release for more detail.

(Reference) The number of shares held by the Company as of September 30, 2018

-Total number of issued shares (exclude own shares) :	780,875,393 shares
-The number of own shares held by the Company :	13,193,320 shares

About DENSO

DENSO is a \$48.1 billion global mobility supplier that develops advanced technology and components for nearly every vehicle make and model on the road today, including Toyota, Honda, FCA, GM, Ford, Volvo, and Mercedes-Benz. With manufacturing at its core, DENSO invests in its 220 facilities in 35 countries to produce thermal, powertrain, mobility, electrification, & electronic systems, to create jobs that directly change how the world moves. The company's 170,000+ employees are paving the way to a mobility future that improves lives, eliminates traffic accidents, and preserves the environment. Globally headquartered in Kariya, Japan, DENSO spent 8.8 percent of its global consolidated sales on research and development in the fiscal year ending March 31, 2018. For more information about global DENSO, visit <https://www.denso.com/global>.

In North America, DENSO employs 24,000+ engineers, researchers and skilled workers across 31 sites in the U.S, Canada and Mexico. In the United States alone, DENSO employs 17,000+ employees across 11 states and 25 sites. Headquartered in Southfield, Michigan, in fiscal year ending March 31, 2018, DENSO in North America generated \$10.9 billion in consolidated sales. Join us, and craft not only how the world moves, but also your career. For more information, go to <https://www.denso.com/us-ca/en/>.

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