

Ensuring Trust and Satisfaction

A Commitment to Optimum Quality for Our Customers

In fiscal 2003 we took decisive steps to dramatically reduce the risk of unexpected quality incidents, strengthen the quality management system in overseas production and eliminate possibilities for human error.

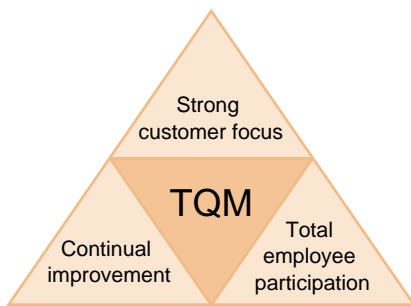
At DENSO, Quality Always Comes First

Automotive parts help keep passengers safe. This has been our belief since the company was founded. All employees at DENSO are focused on the customer and committed to continuous quality improvement. We work under the principle that quality always comes first: the entire product manufacturing process is the process of quality control. The standard of quality that earned us the Deming Prize* in 1961 and allowed us to receive QS9000 accreditation** in 1996 is still present in our Total Quality Management (TQM) activities. As part of TQM, DENSO's top executives determine quality objectives, create frameworks, and lead the Consumer Satisfaction (CS) Improvement Committee, Quality Assurance Council, and TQM contests, which serve an important motivational role for employees. Each year the CS Improvement Committee defines the main goals, then directs focus on improving these areas.

In fiscal 2003 attention focused on strengthening the quality assurance system at DENSO's production bases in Europe, ASEAN member countries and China.

In addition to this, in March 2004, all companies (all business departments and departments with associated roles) received the European automobile industry quality management system qualification, ISO/TS 16049:2002.***

Core Approach to TQM



Tests on ice (Abashiri Test Center, Hokkaido)

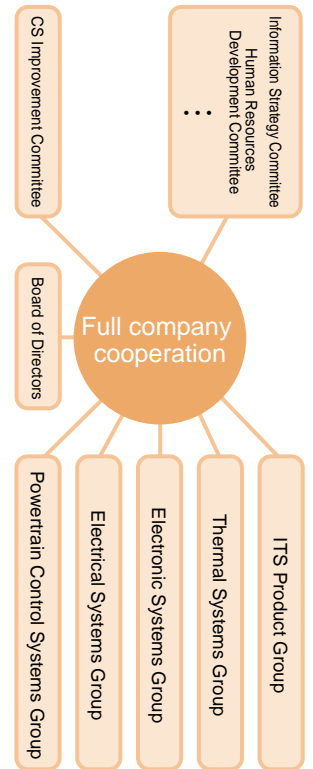


High-speed circuit tests (Nukata Course, Aichi)

Rigorous Evaluation on Actual Vehicles

As part of the quality assurance process for new products, the Quality Assurance Council conducts four reviews throughout the engineering process, from planning and design through mass production. Top executives join the council and contribute to the quality examination. During design, quality assurance covers more than simply looking at each individual product -- the total vehicle system must be highly reliable and durable. To verify this quality, we conduct repeated testing on all road conditions including high-speed circuits, poor roads, low temperatures and on ice.

Quality Improvement System



* Deming Prize: Established in 1951 by the Union of Japanese Scientists and Engineers to commemorate Dr. W. Deming, who contributed greatly to quality control in Japan. The prize honors both companies and individuals for advancing quality control.

** QS9000: Quality standard based on ISO9000 with added requirements from the Big Three U.S. automobile manufacturers.

***ISO/TS16049: Quality management system standard for the automobile industry integrated from QS9000 and German, French and Italian standards.

Column

Acclaim from Carmakers

Each year the major automobile manufacturers honor their best suppliers to encourage improvement in supplier quality. DENSO and its group companies around the world are receiving high praise from various customers for our quality, cost, reliable delivery and technical development.



2003 Global Supplier Award (DaimlerChrysler)

Awards from Customers

Name	Customer	Recipient	Reason
Supplier of the Year 2002	GM (USA)	DENSO	Technology, quality and service (10 years in a row)
Volkswagen Group Award (2003)	VW (Germany)	DNDE (Germany)	Strong performance over five categories
2003 Global Supplier Award	DaimlerChrysler (Germany/USA)	DENSO	Electronics (technology, quality and supply of electrical systems)
14 awards including Global Contribution Award	Toyota Motor Corporation (Japan)	DENSO	DENSO's performance in fiscal 2003 (Global contribution, cost improvement, technological development etc.)
Qualitas Award 2003	Fiat (Italy)	DNTS (Italy)	Quality of thermal systems
Supplier of the Year Award	Mitsubishi Motors (Australia)	DIAU, AAA (Australia)	Three-way performance: cost, quality and delivery time



Our website to help locate the nearest service station



Training for overseas staff



Customer service team

 DENSO's Service Network
<http://www.denso.co.jp/ja/products/servicenetwork/>

 Privacy Policy
<http://www.denso.co.jp/ja/privacypolicy/>

Service and Skill Training for Improved Customer Satisfaction

To establish a network to deliver after-sales service for DENSO products in Japan, we have tie-ups with nearly 800 DENSO-designated and authorized service stations and eight local sales companies throughout Japan. Each service station inspects and repairs parts from automobile dealers and repair shops. They also sell replacement parts and offer services such as CFC recovery from car air conditioners. Approximately 80 to 95 percent (by weight) of all parts brought in (starters, alternators and car air conditioner compressors) are repaired and reused, thereby saving resources and reducing disposal tonnage.

DENSO provides services similar to its domestic service outside Japan. To ensure the service stations always provide advanced technical expertise, DENSO provides technical training to staff both domestically and overseas at our own service training centers. We also keep all service stations up to date with the latest information and provide DENSO Eco Service Station certification to service stations who provide environmentally excellent service (Japan only).

Rapid Response for Quality Issues

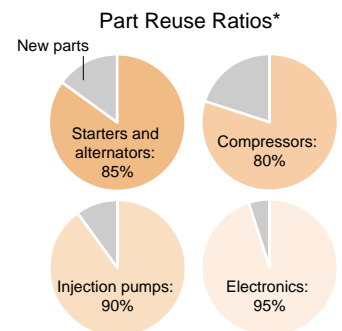
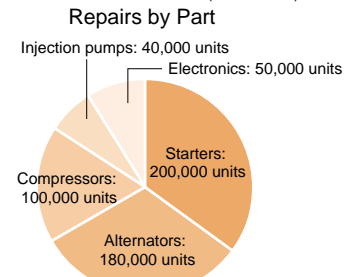
In addition to local sales companies and service stations, customers are able to directly contact the customer service staff of the Service Department at DENSO's Head Office. We welcome your opinions and comments, and provide this feedback to the appropriate departments.

If by rare chance a product has a serious defect, we have a strict procedure whereby we collect the product, analyze it, and take necessary action to rectify the problem to ensure the problem does not happen again.

We have arranged for the retail stores or customer support centers of automobile manufacturers to deal with complaints regarding quality and warranty issues for OEM (original equipment manufacturer brand) products such as the car air conditioners and engine related systems that we supply to automobile manufacturers.

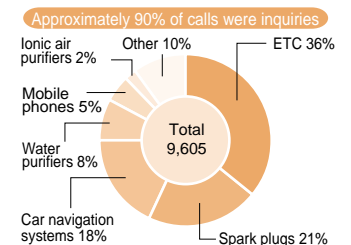
We operate under a strict security policy regarding the personal information from our customers.

Repairs by Part and Part Reuse Ratios at DENSO Service Stations (570,000 Units) (Fiscal 2003)

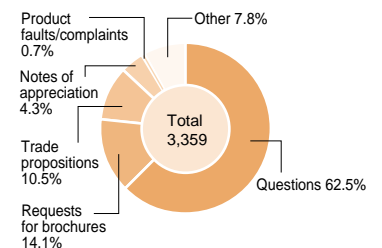


*Part reuse ratio = Part weight reused in component / Total part weight

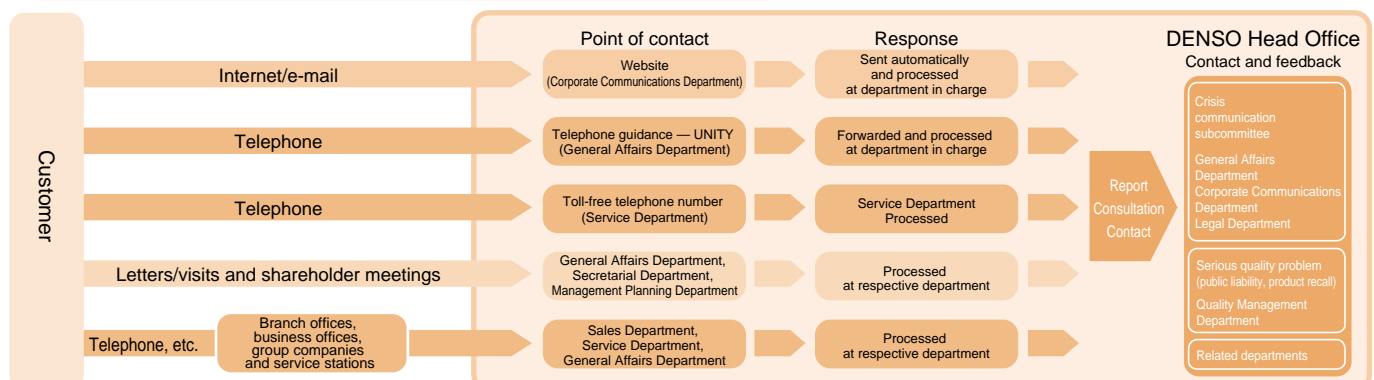
Inquiries and Feedback Received by Customer Service (Fiscal 2003)



Inquiries and Complaints Received over the Internet (Fiscal 2003)



How Customer Feedback Is Communicated Through the Company

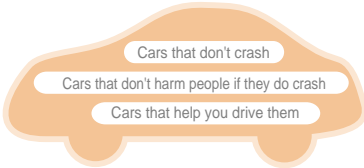


Helping to Make Cars Safer and More Passenger-friendly

Setting the Highest Standard for Safety and Comfort

In fiscal 2003, a wider range of models adopted headlamp control systems and millimeter-wave radar systems.

Basic Safety Mission



Millimeter-wave Radar

Millimeter-wave Radar

By emitting radio waves, this radar detects the position and speed of obstacles, stationary vehicles, cars ahead or oncoming cars, and sends the information to the system.

Making Cars Safer

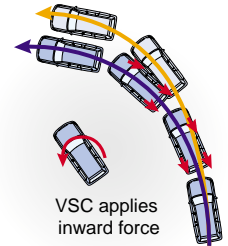
At DENSO, the fundamental requirement for automobile manufacturing is safety, and we focus on working toward a society free from automobile accidents and the damage they can cause. This is the driving force in our three-tiered focus in product development: we strive to make cars that don't crash, cars that don't harm people (passengers and pedestrians) if they do crash, and cars that help you safely drive.

1 Cars That Don't Crash (Enhanced Preventive Safety)

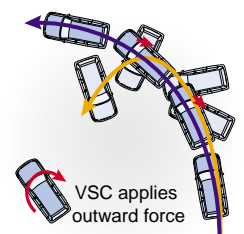
To enhance car safety, it is crucial to improve the preventive safety features that operate before an accident occurs. DENSO teamed with Toyota Motor Corporation and Koito Manufacturing to develop a headlight control system (AFS*) designed to enhance visibility for the driver. This system automatically adjusts the direction of the headlights when the car is turning so that they point in the direction the car is moving. In Japan, the 2003 Harrier and the 2003 Celsior are equipped with AFS. In addition, we have developed a sensor that is a core element in a vehicle stability control system (VSC) that controls the sideways skidding of a vehicle.

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When the front wheels skid sideways



When the rear wheels skid sideways



← Car with VSC → Car without VSC

Vehicle Stability Control (VSC)

When the driver is cornering on a slippery road or turns the steering wheel sharply, a sensor detects the sideways skidding of the vehicle. VSC stabilizes vehicle by individually controlling the braking force on each wheel and adjusting the engine output.

* AFS: Adaptive Front-Lighting System

** ECU: Electronic Control Unit

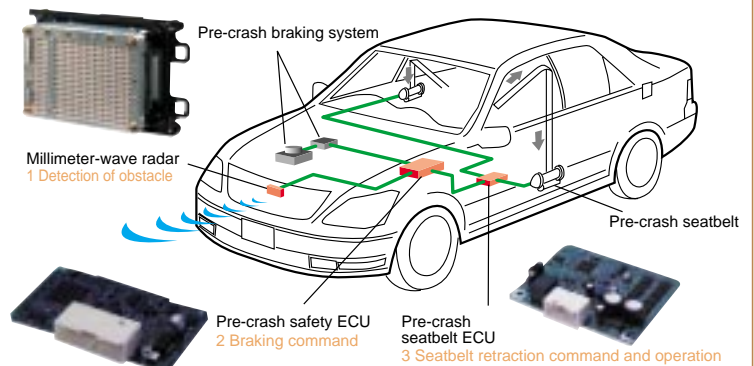
2. Cars That Don't Harm People If They Do Crash (Improving Collision Safety)

The Pre-crash Safety System is designed to reduce damage from a collision by rapidly activating safety fixtures when the system determines that a collision is unavoidable. DENSO has been jointly developing with Toyota Motor Corporation, products such as millimeter-wave radar and ECUs** (computers), the core technologies of this system. Like AFS, these features have been adopted in the Harrier (as an optional extra) and the Celsior. In the fiscal 2003 "Automobile Assessment" (published by Japan's Ministry of Land, Infrastructure and Transport) for safety of drivers and passengers during a collision, the Toyota Harrier received the highest rating of six stars.

Column

New Groundbreaking Pre-crash Safety System Integrates Technologies

It has been calculated that a mere 5 km/h reduction in a car's speed the moment before impact reduces the chances of a fatal accident by 20 to 30 percent. This system is designed to reduce vehicle speed by detecting obstacles that the car will unavoidably collide with and sending a signal to an ECU, which immediately applies the brakes and retracts the seatbelts. This system incorporates technologies developed for the already commercialized Adaptive Cruise Control (automatically controlled cruising speed) and electronic power steering (easier steering wheel operation).





Instrument cluster head-up display

The instrument cluster information is displayed as a video image projected on the windshield to allow easy reference with little eye or head movement.



Easy-to-use switches

With one touch of a button you can adjust the temperature setting or fan speed of the air conditioner.



Car navigation systems

Maps of 26 countries around the world are on DVD.



Onboard ETC

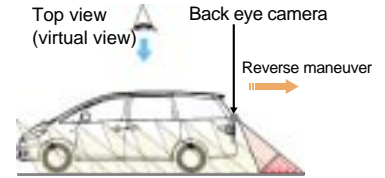
In March 2004, domestic sales for DENSO's onboard ETC broke the 1 million mark.

3. Cars That Help You Drive Them (Engineering People-friendly Products)

DENSO is committed to developing products that are universally designed to provide ease of use to all people, regardless of age, sex or physical ability. Products representative of this ideal are the instrument cluster head-up display designed to minimize movement of the driver's line of vision, and the top view parking assist, which makes it easier to maneuver into a parking space by converting the image from a camera at the rear of the vehicle into a top-view picture displayed on the car navigation screen. A common theme in these products and in designs such as easy-to-operate air conditioner switches is our ongoing effort to improve human-machine interface. Our goal is interaction between humans and devices that is completely seamless.

ITS for Smoother Traffic Flow

Around the world, there is an ongoing effort to develop ITS* . These systems use information and communications technology to reduce traffic congestion, traffic accidents, environmental impact and energy consumption. DENSO is developing ITS products such as car navigation systems that reduce exhaust emissions and improve fuel efficiency by routing drivers around traffic congestion through access of traffic data and onboard ETC** (electronic toll collection systems) that reduce traffic congestion at toll gates. We are also active in research and development into Internet ITS, which establishes data communication by connecting the car to the Internet.



Top view parking assist (under development)

This system is designed to help the driver by showing the movement of the car using an aerial view on the navigation system.



Car navigation communication module compatible with Toyota G-BOOK

G-BOOK is a system that links a car with a data center by satellite communication and which can establish a two-way exchange of various information. DENSO has developed this mobile phone compatible communications module.

* ITS: Intelligent Transport Systems
** ETC: Electronic Toll Collection System

ITS at Work

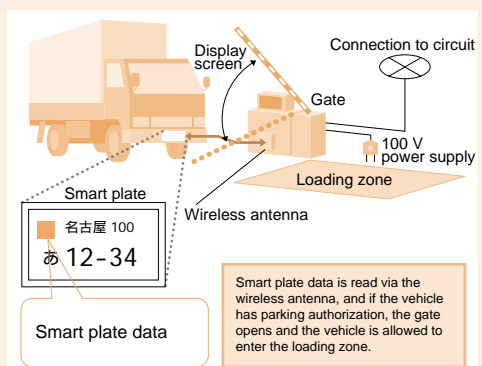
Testing a Loading Zone System Using Smart (Electronic) License Plates

Chojamachi, the wholesale textile district in Nagoya, Japan, is notorious for illegal parking and traffic congestion due to the never-ending collection and delivery of goods in the area. In this demonstration exercise, DENSO worked with the district, government, universities and businesses to resolve these problems using the ITS technology smart plate.

The smart plate is designed to optimize freight logistics and traveler mobility by installing wireless modules to license plates, linking them to data control systems and assigning IDs (digital certificates) to vehicles. It is also incorporated in the national ITS Promotion Plan. DENSO, a participant in the plan since 1994, is continuing development of this system.

As part of the Chojamachi demonstration exercise Dec. 1 to 7, 2003, parking spaces (off-road loading zones) were established in several locations in the wholesale district, and identification by automatic entry/exit parking control was conducted through data links with trucks equipped with smart plates.

Overview of the Demonstration Exercise



In-house smart plate testing at the Nukata Test Course