

ANNUAL REPORT 1999



SUZUKI MOTOR CORPORATION

PROFILE

S

uzuki Motor Corporation designs and manufactures passenger cars, commercial vehicles, motorcycles, outboard motors, generators, general purpose engines and other products. The company continuously and vigorously promotes international economic and technical cooperation through numerous joint ventures overseas, and our production facilities are currently located in 27 countries around the world. The established network enables Suzuki to operate as a global organization serving 190 countries.

Suzuki is committed to use our amassed technological expertise and all other available resources to help raise the quality of human life in society by promoting corporate growth through manufacture and supply of socially demanded products.

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Headquarters, Engineering center and Motorcycle engines assembling plant

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A MESSAGE FROM THE PRESIDENT

During the fiscal year ended 31st March 1999, the demand trend of the automotive industry in Japanese market continued to show decrease from the previous year for both motorcycles and automobiles, and recovery in personal consumption has not been made. Outside Japan, exports of completely built-up vehicles--both motorcycles and automobiles--increased from the previous year, but exports of components for overseas production decreased from the previous year, due to a severe drop in Southeast Asia and Latin America.

Under these severe circumstances, we have made great efforts to increase sales of motorcycles and automobiles. In the domestic market, we have enhanced motorcycle product lineup by introducing new models such as the Sky Wave 400, and as for automobiles, we launched last October six versions of four new mini cars simultaneously--Alto, Wagon R and Jimny, a "new-genre" car Kei, Alto Works and Wagon R RR-- in accordance with the regulation revision for mini vehicles, and also introduced mini commercial vehicles Carry and Every last January.

Meanwhile, in the overseas markets, we have made efforts to increase our exports of completely built-up vehicles by introducing new models such as the Grand Vitara and Jimny, and also implemented measures to strengthen and enhance our overseas manufacturing facilities and distribution network.

As a result, our net sales in this fiscal year reached ¥1,455,832 million (US\$12,076 million), 97.8% of the previous year. Our operating income stood at ¥47,261 million (US\$392 million), 84.5% of the previous year, due to an increase of depreciation cost. Our net income stood at ¥24,359 million (US\$202 million), 80.8% of the previous year.

We can only expect difficult market circumstances in the months ahead. However, we



intend to challenge the difficult situation by fortifying our sales function through improvement of our sales network in Japan and by making positive efforts to strengthen the competitiveness of our existing facilities and open up new markets around the world.

Furthermore, we will continue to strengthen our product development towards improvement of safety and quality, and will enhance our R & D for the sake of protection of the global environment. We will also bolster our corporate potentials and strive to further develop our business.

As for the year 2000 computer issue, we recognize it as a matter of extraordinary importance in conducting our business. To date, we have already finished implementing measures for our main systems, and plan to complete all our Y2K-related work by September 1999.

We are sincerely looking forward to your continuing support and encouragement of our business.

June 1999

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Osamu Suzuki
President & CEO

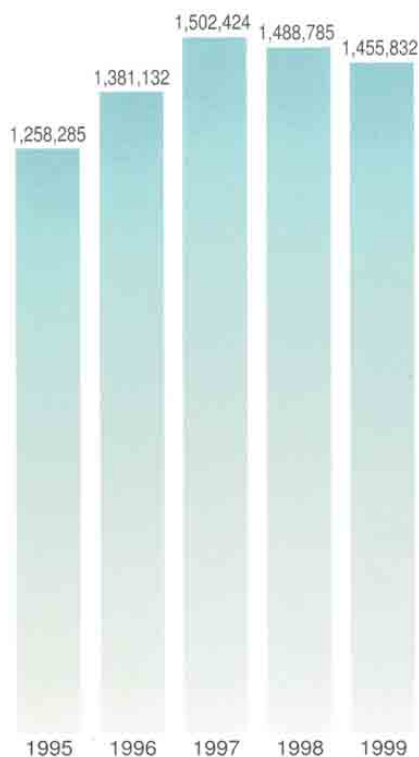
FINANCIAL HIGHLIGHTS

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	(except per share amounts)		(except per share amounts)
Years ended 31st March, 1999 and 1998	1999	1998	1999
Net sales	¥1,455,832	¥1,488,785	\$12,076,582
Net income	24,359	30,156	202,067
Net income per share:			
Primary	52.72	67.17	0.437
Fully diluted	52.40	66.71	0.434
Cash dividends per share	7.50	7.50	0.062
Shareholders' equity	438,047	374,566	3,633,743
Total current assets	627,232	581,328	5,203,088
Total assets	1,131,849	1,037,280	9,389,044
Depreciation and amortization	82,546	67,263	684,749

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥120.55= US\$1, the prevailing exchange rate on 31st March, 1999.

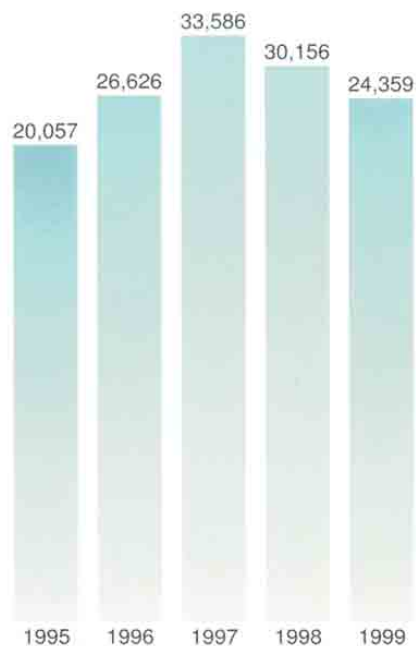
Net Sales

Years ended 31st March
(Millions of yen)



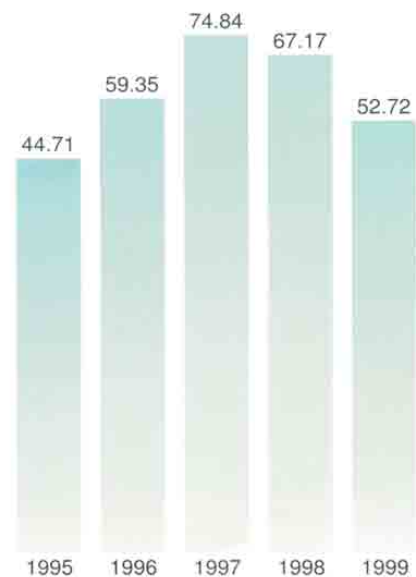
Net Income

Years ended 31st March
(Millions of yen)



Net Income Per Share

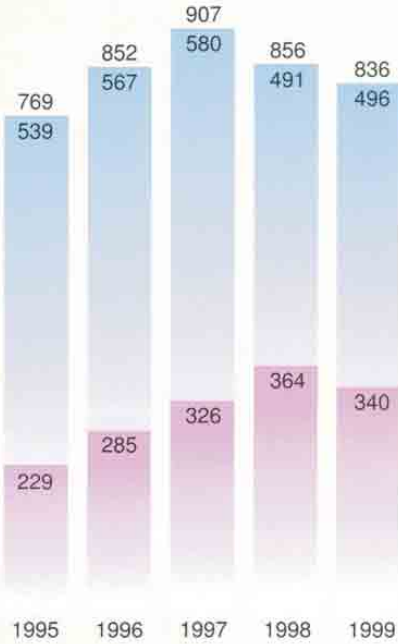
Years ended 31st March
(Yen)



YEAR IN REVIEW

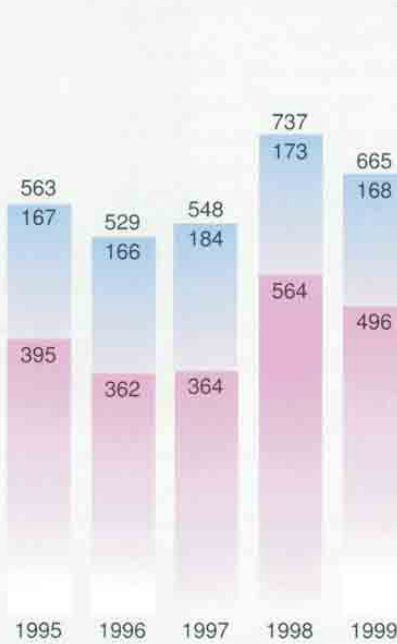
Automobiles Unit Sales

Years ended 31st March (Thousand units)



Motorcycles Unit Sales

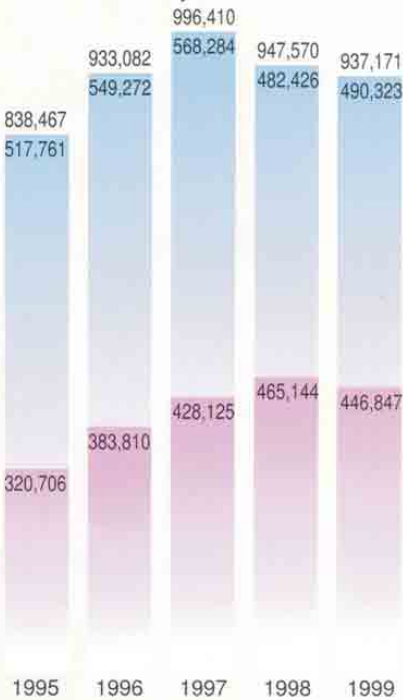
Years ended 31st March (Thousand units)



※ The figures for unit sales do not include vehicles assembled outside Japan by non-consolidated companies from KD sets of parts.

Automobiles Sales

Years ended 31st March (Millions of yen)



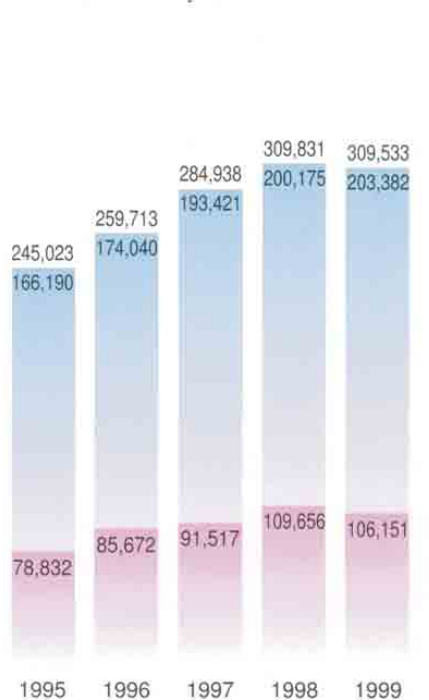
Motorcycles Sales

Years ended 31st March (Millions of yen)



Other Sales

Years ended 31st March (Millions of yen)



Automobiles

Japanese Market

Total domestic sales of automobiles in this fiscal year amounted to 5,874,171 units, 94% of the previous year, down for the 2nd consecutive year.

Despite such circumstance, Suzuki's automobile sales exceeded the previous year and totalled 575,448 units, 101% of the previous year. Suzuki occupied 9.8% share in the market, 0.7 point increase from the previous year, and ranked the fifth among the eleven domestic manufacturers.

Looking back at this fiscal year for Suzuki, 1) as the introduction of new models from each manufacturer responding to the regulation revision vitalized the market in the latter half of the year, Suzuki's mini vehicle sales was 526,872 units, 106% of the previous year. In 1999, Suzuki once again had the biggest market share of mini vehicles, for the 26th consecutive year; 2) the Wagon R became the top seller among all the mini vehicles for the 4th consecutive year since 1996; 3) the Carry Truck once again became the best-selling model in the all-truck segment, which includes compact and standard trucks for the 28th consecutive year; and 4) Suzuki's subcompact vehicle sales was 48,576 units, 66% of the previous year, influenced by the decline of total domestic sales of subcompact and larger vehicles reflecting the economic downturn.



Kosai automobile plant



BALENO WAGON



WAGON R+



Kei



ALTO



Iwata automobile plant

Overseas Markets

Total automobile sales for this fiscal year stood at 1,066,000 units, 87% of the previous year, due to the decrease of KD exports to Southeast Asia caused by the economic crisis in the region. Nevertheless, as CBU exports increased to 118% of the previous year, the turnover exceeded the previous year.

As for products, we have introduced a number of new models to the markets, including the new Jimny introduced in September 1998, the Grand Vitara Canvas Top, and the new Carry, after launching Wagon R⁺ and Grand Vitara Metal Van and long body in the 97/98 fiscal year.

As for the overseas operations, Suzuki is making further efforts to enhance our sales network, in an era of intense competition in which every company must struggle for its survival. We have also strengthened our partnership with General Motors, as an equal partner, to explore joint business opportunities in Europe and other regions. Business operations of our overseas subsidiaries are favorably performed overall, and we are making utmost efforts toward full rationalization and maximum efficiency to further heighten their business strengths.

Looking at each region, Suzuki's exports decreased in Southeast Asia, and Central and South Americas, particularly Indonesia where the economy was hit hard by the fall of the rupiah. On the other hand, exports of CBU to North America and Europe and other regions have increased.



GRAND VITARA



JIMNY



CARRY VAN



CARRY TRUCK

Motorcycles

Japanese Market

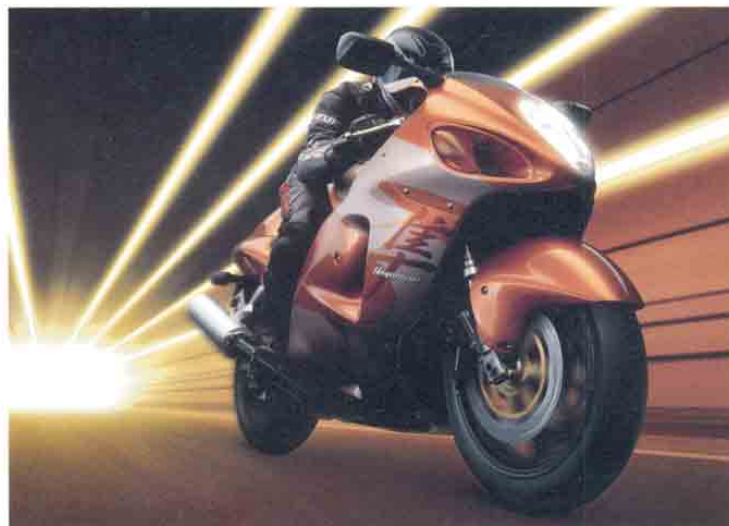
The number of motorcycles shipped to the domestic market by all the four Japanese manufacturers in this fiscal year, affected by the long continuing economic downturn, was 993,000 units, 86% of the previous year. In fact, the last time the shipment volume fell below one million was as far back as 40 years ago, in 1959.

As for the 126cc-and-over motorcycles, the market for 401cc-and-over motorcycles continued to grow following the revision of the motorcycle-rider licensing system in September 1996. But since the decrease of 400cc-and-under motorcycles has been severe, the number of newly registered 126cc-and-over motorcycles in this fiscal year dropped to 169,000 units, 92% of the previous year.

Suzuki shipped 153,000 units, 82% of the previous year. Nevertheless, the 250cc scooter Sky Wave introduced in 1998, and the Sky Wave 400, the first mass-production 400cc scooter, received favorable reputation, and as a result, the number of newly registered 126cc-and-over Suzuki motorcycle was 24,000 units, 105% of the previous year, marking the only growth among the four Japanese manufacturers.



Toyokawa motorcycle plant



GSX1300R



GSX1200



VZ400B



LT-A500F



SV650



AN400 (Sky Wave 400)



RM250



VL125



UC125

Overseas Markets

Total motorcycle sales for this fiscal year stood at 1,475,000 units, 76% of the previous year, due to the decrease of KD exports to Southeast Asian markets, as the automobile sales experienced in the similar way. The component parts sales for overseas production, also, decreased by the sluggish market condition of Southeast Asia.

The CBU motorcycle export sales, however, increased to 299,000 units, 122% of the previous year, which made the annual turnover remained almost unchanged, 99% of the previous year.

This year, a number of new models were introduced to overseas markets. Some of them were highly-reputed big scooters AN250/400, V-twin Sport SV650/650S and sensational Ultimate Sport GSX1300R Hayabusa. These new models substantially supported the increase of CBU motorcycle exports to European and North American markets.

Marine and Power Products

Marine Products

The new 1999 4-stroke outboard motor DF40/50 were honored with the Innovation Award at the IMTEC show held in Chicago, U.S.A. --the first-ever consecutive winning of this award, following the 1998 model DF60/70 last year, which firmly established the high technological reputation of Suzuki's 4-stroke outboard motors.

With economic recovery not yet in sight, sales continued to be slow in Southeast Asia, but in U.S.A. and Europe, where the economy is relatively strong, sales of outboard motors shifted from small models to larger models -- V6 models and the 4-stroke DF series and the sales of these models grew strongly. As a result, the total sales for overseas markets increased to 156% of the previous year.

Power Products

In the generator lineup, two economical new models were introduced: the SD1400 and SV2000K, powered by 4-stroke OHV engines. Efforts to cultivate new markets contributed to 138% growth of the generators in overseas markets compared to the previous year. As for general purpose engines, sales grew, supported by favorable OEM supplies to the U.S.A. and Europe, but shipments of lawn mowers and snowmobile engines decreased. In total overseas sales for power products stood at 103% of the previous year.



Suzuki outboard motors provide power for a wide range of boats



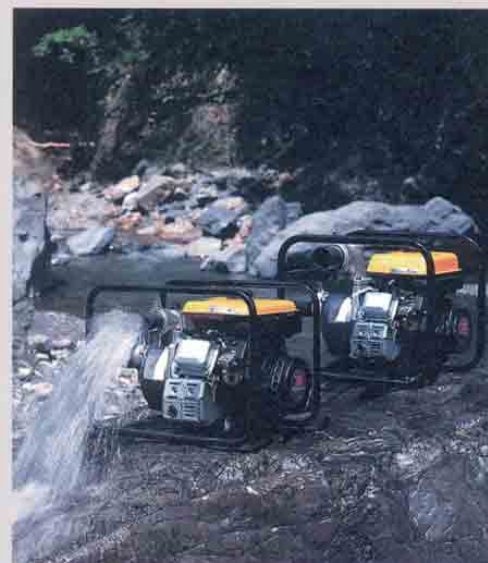
Outboard Motor DF50



Generator SD1400



General Purpose Engine V420E



Water pump

International Activities

One of Suzuki's corporate policies is to contribute to regional economies and employment by enhancing overseas local production. Currently, our global manufacturing and assembly network expanded in 27 countries around the world.

Through the establishment of this worldwide production network, Suzuki aims to introduce to our overseas plants not only various technologies for production processes, but also management of QC circle activities. Through these measures we encourage employees at all our overseas plants to implement various improvements in our plants and to heighten awareness and motivation toward achieving higher productivity and quality.



Suzuki International QC Circle Convention



Contestants at the Suzuki World Cup '99 International Aerobic Championship

The Suzuki International QC Circle Convention is held for the purpose of spreading the philosophy of production improvement and expanding QC activity itself throughout the entire Suzuki family. The convention is now held every two years; as many as 850 participants representing 14 countries plus Japan participated in the last convention, lending a lively international atmosphere to the event.

In order to share comprehensive technologies with our overseas plants, Suzuki welcomes a number of trainees to various study programs. Experiencing Suzuki QC circle activities and production systems for themselves, help the trainees to play an active role in promoting and developing QC circle programs in their own countries.

Our global exchanges are cultural as well as technical including a wide range of exchanges such as sports, economic, and others. This past April, the Suzuki World Cup '99 International Aerobic Championship, took place at the Tokyo Gymnasium. This event is organized by the International Aerobic Federation and was the tenth this year.

With the recent trend toward a healthier lifestyle, more and more people are interested in aerobics. This year's Championship event attracted over 4,000 people who enjoyed watching performance of participants from various nations. This year, 110 national champions from 21 countries competed in four categories: women's singles, men's singles, mixed pairs, and trios. Each of them, with the enthusiastic spectators filling the gymnasium, made the event a great success.

Outline of the Suzuki Group

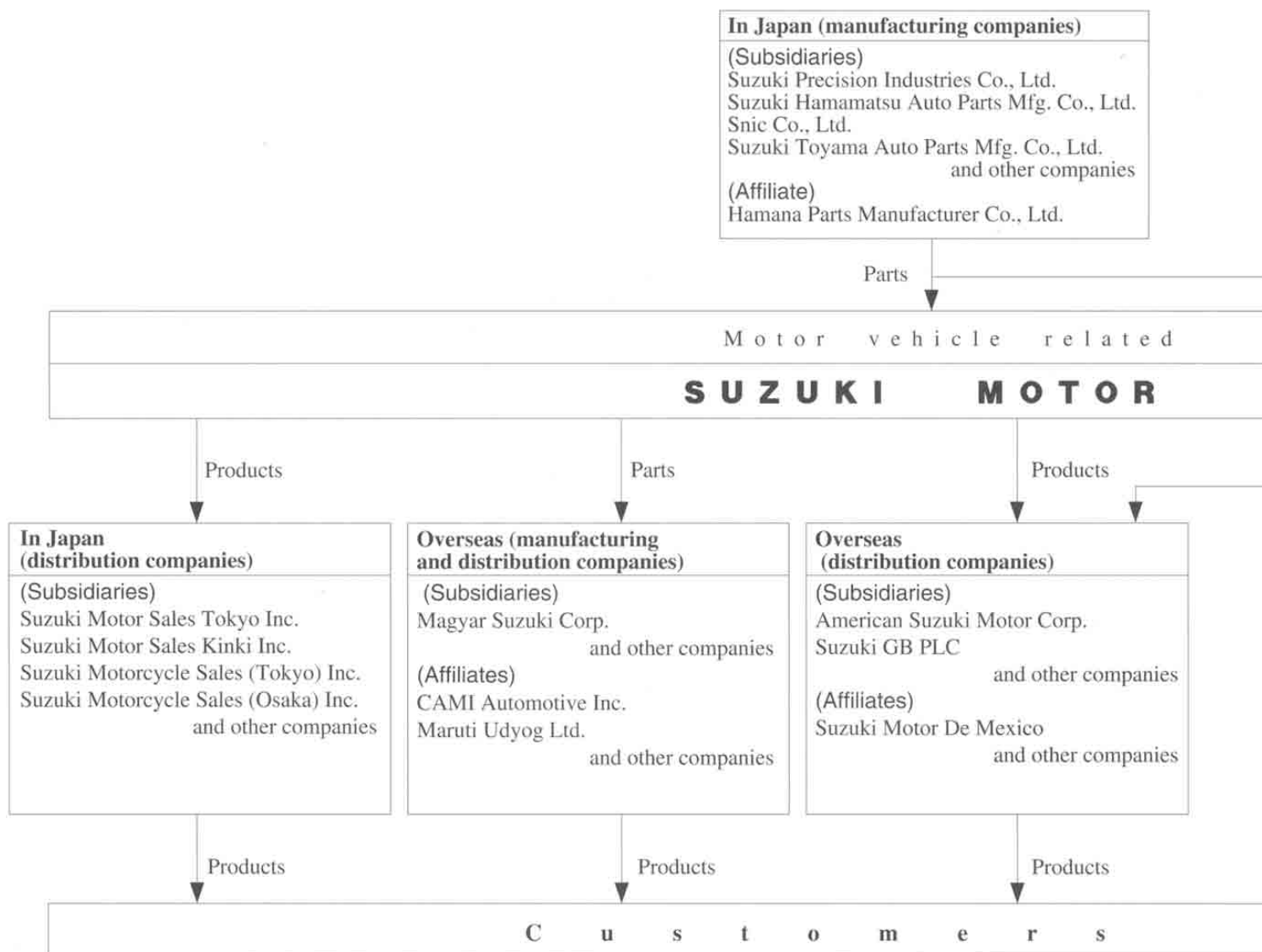
Suzuki group is composed of the parent company and its 136 subsidiaries, and 22 affiliates. Its main business activities are the production and sale of motor vehicles (motorcycles and automobiles), outboard motors, housing, and other various businesses such as logistics and servicing.

The positioning and the relationships within the Suzuki group are as follows:

Motor vehicle related businesses

Production of motorcycles and automobiles is carried out by Suzuki Motor Corporation, and a subsidiary Magyar Suzuki Corporation, affiliated CAMI Automotive Inc., and others which is in overseas. Suzuki Precision Industries, Co., Ltd., and others produce some components for Suzuki Motor Corporation.

The organization chart of the Suzuki corporate group is as follows:

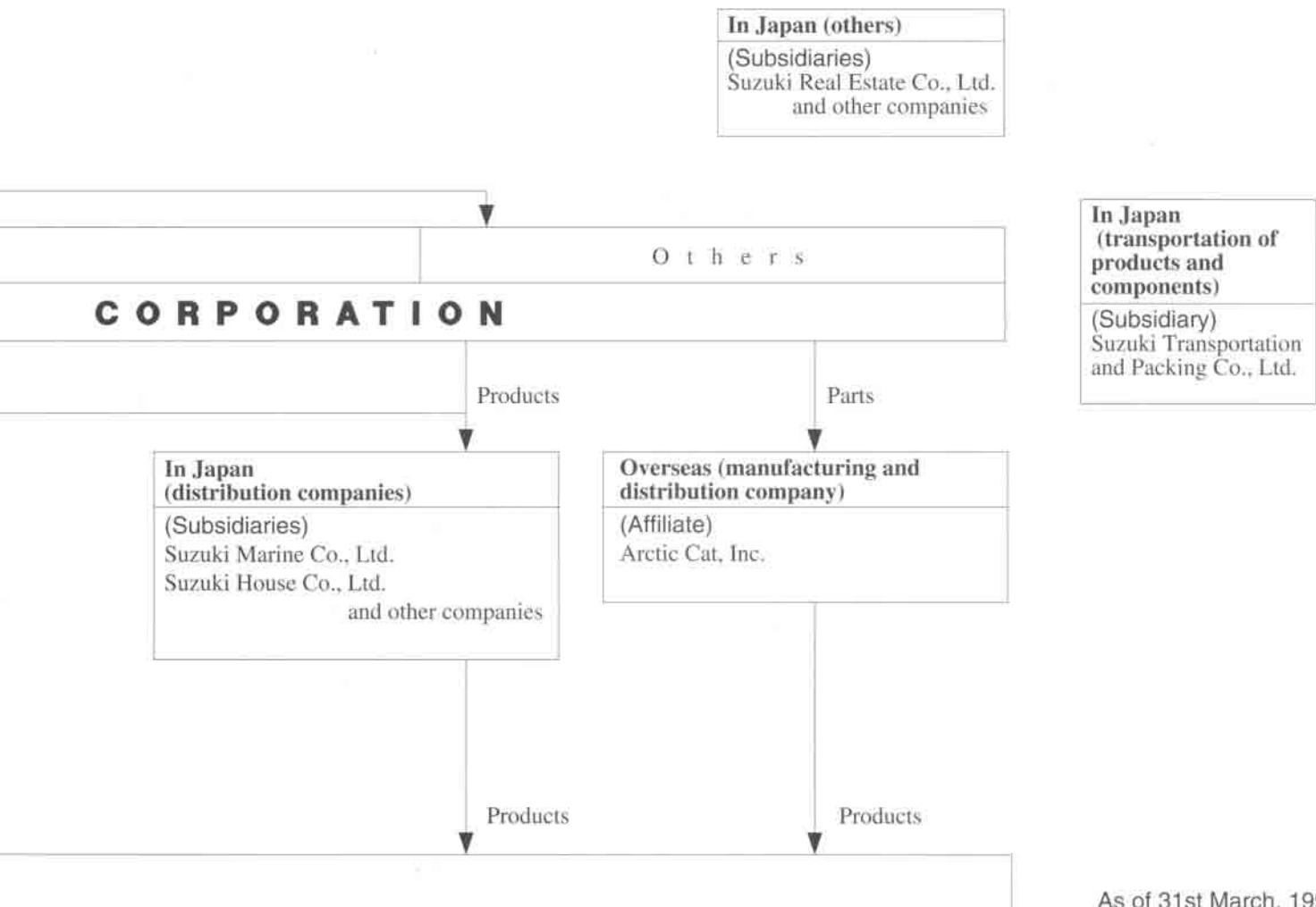


Sales in Japan is carried out through domestic distribution companies, such as a subsidiary Suzuki Motor Sales Kinki Inc. Sales outside Japan is carried out through distributors including American Suzuki Motor Corp. Transportation of products and components is carried out by Suzuki Transportation and Packing Co., Ltd.

Other businesses

Outboard motors are mainly produced by Suzuki Motor Corporation, and retailed by Suzuki Marine Co., Ltd. and others for the Japanese market.

A subsidiary Suzuki House Co., Ltd. deals with housing sales. A subsidiary Suzuki Real Estate Co., Ltd. and others carry out brokerage of estate and housing and provide other services.



As of 31st March, 1999

DIRECTORS AND AUDITORS

Chairman

Yoshio Saito

President & CEO

Osamu Suzuki

Executive Vice Presidents

Masao Toda

Akira Tsutsui

Senior Managing Directors

Sokichi Nakano

Shigeo Narita

Taizo Miyake

Keiji Yamauchi

Managing Directors

Yuichi Nakamura

Chosuke Sato

Chuichi Mizuguchi

Toshitaka Suzuki

Kotaro Naito

Takahira Kiriya

Osamu Matsuoka

Katsuhiko Yokota

Directors

Kouhei Murata

Tsuneo Kobayashi

Junzo Sugimori

Yasuhiro Yamada

Takehisa Okabe

Ryujiro Nozawa

Takashi Nakayama

Hiroshi Tsuda

Shunichi Wakuda

Kiyoshi Aoshima

Haruo Terada

Kenji Yamamoto

Shinzo Nakanishi

Corporate Auditors

Takeshi Nakamura

Kazuaki Yamagata

Norio Hamabata

Takashi Suzuki

Shin Ishizuka

As of 1st July, 1999

CORPORATE DATA

Corporate Name:

SUZUKI MOTOR CORPORATION

Head Office:

300, Takatsuka, Hamamatsu

Shizuoka 432-8611, Japan

Mailing Address:

Hamamatsu-Nishi, P.O. Box 1

Hamamatsu, Shizuoka 432-8611, Japan

Established: 1920

Employees: 13,896 (As of 31st March, 1999)

MAJOR OVERSEAS SUBSIDIARIES

American Suzuki Motor Corp.

California, U.S.A.

Suzuki Canada Inc.

Ontario, Canada

Suzuki Motor de Colombia S.A.

Pereira, Colombia

Suzuki Australia Pty. Ltd.

Melbourne, Australia

Suzuki New Zealand Ltd.

Wanganui, New Zealand

Suzuki Motor GmbH Deutschland

Heppenheim, Germany

Suzuki France S.A.

Trappes, France

Suzuki Italia S.P.A.

Torino, Italy

Suzuki Motor España, S.A.

Gijón, Spain

Suzuki Austria Automobil Handels G.m.b.H.

Salzburg, Austria

Suzuki Philippines Inc.

Manila, Philippines

Suzuki Motorcycles Pakistan Ltd.

Karachi, Pakistan

Suzuki Auto Madrid S.A.

Madrid, Spain

Suzuki GB PLC

West Sussex, United Kingdom

Pak Suzuki Motor Co., Ltd.

Karachi, Pakistan

Magyar Suzuki Corp.

Esztergom, Hungary

Thai Suzuki Motor Co., Ltd.

Thanyaburi, Thailand

Myanmar Suzuki Motor Co., Ltd.

Yangon, Myanmar

Thai Suzuki Trading Co., Ltd.

Thanyaburi, Thailand

FIVE-YEAR SUMMARY

SUZUKI MOTOR CORPORATION

Consolidated

Years ended 31st March	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	1999	1998	1997	1996	1995	1999
Net sales	¥1,455,832	¥1,488,785	¥1,502,424	¥1,381,132	¥1,258,285	\$12,076,582
Net income	24,359	30,156	33,586	26,626	20,057	202,067
Net income per share:						
Primary	52.72	67.17	74.84	59.35	44.71	0.437
Fully diluted	52.40	66.71	74.29	58.91	—	0.434
Cash dividends per share ...	7.50	7.50	8.50	8.50	7.50	0.062
Shareholders' equity	438,047	374,566	348,313	318,342	296,256	3,633,743
Total current assets	627,232	581,328	603,581	577,219	522,704	5,203,088
Total assets	1,131,849	1,037,280	1,009,631	952,603	875,862	9,389,044
Depreciation and amortization	82,546	67,263	60,225	57,175	64,572	684,749

Note: Yen amounts have been translated into U.S.dollars, for convenience only, at ¥120.55=US\$1, the prevailing exchange rate on 31st March, 1999.

Non-consolidated

Years ended 31st March	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	1999	1998	1997	1996	1995	1999
Net sales	¥1,189,622	¥1,179,136	¥1,182,121	¥1,120,944	¥1,048,804	\$9,868,288
Net income	8,855	9,533	11,352	9,452	8,002	73,457
Net income per share:						
Primary	19.17	21.23	25.30	21.07	17.84	0.159
Fully diluted	19.07	21.12	25.14	20.94	—	0.158
Cash dividends per share ...	7.50	7.50	8.50	8.50	7.50	0.062
Shareholders' equity	295,422	247,350	241,780	234,224	228,245	2,450,625
Total current assets	442,938	392,663	416,839	402,630	393,473	3,674,313
Total assets	806,140	723,487	717,716	690,961	685,168	6,687,186
Depreciation and amortization	61,782	47,339	42,987	42,702	50,507	512,507

Note: Yen amounts have been translated into U.S.dollars, for convenience only, at ¥120.55=US\$1, the prevailing exchange rate on 31st March, 1999.

CONSOLIDATED FINANCIAL STATEMENTS OF 1999

CONSOLIDATED BALANCE SHEETS

As of 31st March, 1999 and 1998

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
ASSETS			
Current assets:			
Cash and time deposits	¥ 233,196	¥ 185,121	\$1,934,440
Short-term investments (Note 4)	14,600	20,239	121,114
Receivables (Note 5):			
Trade notes and accounts	146,541	134,291	1,215,610
Less allowance for doubtful receivables	(2,511)	(2,450)	(20,837)
Inventories (Note 3 and 5)	193,462	202,368	1,604,828
Other current assets	41,943	41,758	347,931
Total current assets	<u>627,232</u>	<u>581,328</u>	<u>5,203,088</u>
Property, plant and equipment (Note 5):			
Land	128,765	126,241	1,068,147
Buildings and structures	210,901	201,936	1,749,491
Machinery and equipment	619,278	591,180	5,137,112
Construction in progress	2,125	4,538	17,631
	<u>961,070</u>	<u>923,897</u>	<u>7,972,382</u>
Less accumulated depreciation	(609,632)	(586,908)	(5,057,090)
Property, plant and equipment, net	<u>351,438</u>	<u>336,988</u>	<u>2,915,292</u>
Investments and other assets:			
Investments in securities (Note 4)	54,326	32,482	450,655
Investments in non-consolidated subsidiaries and affiliates	54,119	52,597	448,935
Other assets	12,821	11,278	106,362
Total Investments and other assets	<u>121,267</u>	<u>96,358</u>	<u>1,005,952</u>
Foreign currency translation adjustments	<u>31,910</u>	<u>22,605</u>	<u>264,711</u>
	<u>¥1,131,849</u>	<u>¥1,037,280</u>	<u>\$9,389,044</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
LIABILITIES AND SHAREHOLDERS, EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 267,625	¥ 274,034	\$ 2,220,033
Short-term bank loans (Note 5)	122,616	124,524	1,017,141
Commercial paper (Note 5)	40,000	—	331,812
Current portion of long-term debt (Note 5)	25,154	4,937	208,662
Accrued income taxes (Note 9)	17,106	15,744	141,904
Accrued expenses	80,373	82,230	666,721
Other current liabilities	71,929	72,846	596,676
Total current liabilities	<u>624,804</u>	<u>574,317</u>	<u>5,182,952</u>
Long-term liabilities:			
Long-term debt (Note 5)	8,037	30,230	66,671
Accrued retirement and severance benefits	26,436	23,932	219,299
Other liabilities	26,063	25,934	216,207
Total long-term liabilities	<u>60,537</u>	<u>80,097</u>	<u>502,178</u>
Minority interests	<u>8,459</u>	<u>8,298</u>	<u>70,170</u>
Shareholders, equity (Note 7):			
Common stock:			
Authorized-1,500,000,000 shares			
Issued, par value ¥50 per share			
as of 31st March, 1999-483,325,003	85,524	—	709,448
as of 31st March, 1998-448,960,125	—	64,156	—
Additional paid-in capital	91,950	70,852	762,760
Retained earnings	260,580	239,559	2,161,597
Less treasury stock, at cost	(7)	(1)	(63)
Total shareholders' equity	<u>438,047</u>	<u>374,566</u>	<u>3,633,743</u>
Contingent liabilities (Note 8)	<u>¥1,131,849</u>	<u>¥1,037,280</u>	<u>\$9,389,044</u>

CONSOLIDATED STATEMENTS OF INCOME

Years ended 31st March, 1999 and 1998

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Net sales	¥1,455,832	¥1,488,785	\$12,076,582
Cost of sales	1,119,776	1,133,128	9,288,892
Gross profit	336,056	355,657	2,787,689
Selling, general and administrative expenses	288,794	299,757	2,395,639
Operating income	47,261	55,899	392,050
Other income (expenses) :			
Interest and dividend income	5,846	4,339	48,500
Interest expense	(5,513)	(6,195)	(45,739)
Other, net	(856)	(1,201)	(7,103)
Income before income taxes	46,738	52,841	387,708
Income taxes:			
Current (Note 9)	28,630	38,812	237,502
Deferred	1,529	(4,303)	12,683
	30,159	34,508	250,186
Minority interests in earnings of consolidated subsidiaries	(27)	(830)	(225)
Equity in earnings of non-consolidated subsidiaries and affiliates	7,808	12,654	64,770
Net income	¥ 24,359	¥ 30,156	\$ 202,067

	Yen	U.S. dollars
Net income per share:		
Primary	¥52.72	¥67.17
Fully diluted	52.40	66.71
Cash dividends per share	7.50	7.50

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended 31st March, 1999 and 1998

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen			
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost
Balance as of 1st April, 1997	448,956	¥64,155	¥70,851	¥213,307	¥(1)
Net income	—	—	—	30,156	—
Cash dividends	—	—	—	(3,816)	—
Directors' and statutory auditors' bonuses	—	—	—	(150)	—
Conversion of convertible bonds	3	1	0	—	—
Treasury stock acquired	—	—	—	—	(0)
Increase resulting from consolidation of additional subsidiaries	—	—	—	60	—
Balance as of 31st March, 1998	<u>448,960</u>	<u>¥64,156</u>	<u>¥70,852</u>	<u>¥239,559</u>	<u>¥(1)</u>
Net income	—	—	—	24,359	—
Cash dividends	—	—	—	(3,368)	—
Directors' and statutory auditors' bonuses	—	—	—	(150)	—
Issue of common stock	33,600	21,134	21,134	—	—
Conversion of convertible bonds	764	233	232	—	—
Treasury stock acquired	—	—	—	—	(5)
Increase (decrease) resulting from consolidation of additional subsidiaries and affiliates	—	—	(269)	181	—
Balance as of 31st March, 1999	<u>483,325</u>	<u>¥85,524</u>	<u>¥91,950</u>	<u>¥260,580</u>	<u>¥(7)</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

	Thousands of shares of common stock	Thousands of U.S. dollars			
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost
Balance as of 31st March, 1998	448,960	\$532,196	\$587,746	\$1,987,218	\$(13)
Net income	—	—	—	202,067	—
Cash dividends	—	—	—	(27,946)	—
Directors' and statutory auditors' bonuses	—	—	—	(1,244)	—
Issue of common stock	33,600	175,316	175,316	—	—
Conversion of convertible bonds...	764	1,935	1,929	—	—
Treasury stock acquired	—	—	—	—	(49)
Increase (decrease) resulting from consolidation of additional subsidiaries and affiliates	—	—	(2,231)	1,502	—
Balance as of 31st March, 1999	483,325	\$709,448	\$762,760	\$2,161,597	\$(63)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of SUZUKI MOTOR CORPORATION (the Company) have been prepared on the basis of generally accepted accounting principles and practices in Japan, and from the consolidated financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

Certain reclassifications and modifications have been made to the original consolidated financial statements for the convenience of readers outside Japan. In addition, the consolidated statements of shareholders' equity have been prepared as additional information, although such statements are not required in Japan, and the notes include information which is not required under generally accepted accounting principles and practices in Japan.

All yen figures have been rounded down to millions of yen. For the convenience of readers, the consolidated financial statements have been presented in U.S. dollars by translating all Japanese yen amounts on the basis of ¥120.55 to U.S.\$1, the rate of exchange prevailing as of 31st March, 1999. Consequently, the totals shown in the consolidated financial statements (both in yen and in U.S.dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended 31st March, 1999 and 1998, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 135 and 134 respectively. All significant inter-company accounts and transactions are eliminated in consolidation.

Investments in certain significant unconsolidated subsidiaries and affiliated companies (20 per cent. to 50 per cent. owned) are accounted for by the equity method.

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in unconsolidated subsidiaries and affiliated companies accounted for under the equity method is, as a rule, amortized over a period of five years after appropriate adjustments.

(b) Foreign currency translations

Current receivables and payables in foreign currencies of domestic companies are translated into Japanese yen at the exchange rates as of the balance sheet date, and other assets in foreign currencies are translated at the historical rates. Revenue and costs are translated at exchange rates prevailing during the year. Gains or losses resulting from translation of foreign currency transactions are credited or charged to income as incurred.

The balance sheet accounts, revenue and expenses of overseas consolidated subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

are translated into Japanese yen on the basis of the year-end rates except shareholders' equity, which are translated at the historical rates.

Translation differences are shown as "Foreign currency translation adjustments" in the consolidated balance sheets.

(c) Investments in securities

Marketable securities (current and non-current) are stated at the lower of cost or market value, cost being determined by the moving average method. Non-marketable securities are stated at cost determined by the moving average method.

(d) Inventories

Inventories are stated at the lower of cost or market value, cost being determined principally by the gross average method.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is principally computed by the declining-balance method based on estimated useful lives of the assets.

Provision for additional depreciation is made to reflect use of machinery and equipment in excess of normal production schedules, a substantial portion of which is, however, not tax deductible.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(f) Leases

Finance lease transactions, except for those which meet the conditions that the ownership of the lease assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

(g) Income taxes

Income taxes are principally accounted for on an accrual basis. Deferred income taxes pertaining to timing differences are recognized only insofar as they relate to the elimination of unrealized inter-company profits and other adjustments for consolidation purposes.

(h) Retirement and severance benefits

The Company and certain consolidated subsidiaries have a funded retirement and severance pension plan and/or an unfunded retirement benefit plan, both of which cover all of their employees.

The amount of the retirement and severance benefits is in general determined on the basis of length of service and basic salary at the time of the retirement. The Company and certain consolidated subsidiaries reserve retirement and severance allowances for directors and statutory auditors. The liability for accrued retirement and severance benefits shown on the consolidated balance sheet represents the retirement and severance benefits accrued in respect of the unfunded plan of the Company and certain subsidiaries at the amounts which would be required if all employees voluntarily retired at the balance

sheet date, plus the provisions for retirement and severance benefits of directors and statutory auditors computed by the retirement and severance benefit rule of directors and statutory auditors at the balance sheet date.

(i) Research and development expenses

Research and development expenses are charged to income as incurred.

(j) Revenue recognition

Sales of products are generally recognized in the accounts as delivery is made.

(k) Amounts per share

Primary net income per share is computed based on the weighted average number of shares issued during the respective years.

Fully diluted net income per share is computed assuming that all convertible bonds at the beginning of the year were converted into common stock, with an applicable adjustment for related interest expense and net of tax.

Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

(l) Reclassification

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

3. Inventories

Inventories as of 31st March, 1999 and 1998 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Finished goods	¥154,778	¥166,037	\$1,283,935
Work in process	17,967	18,106	149,043
Raw materials and others	20,716	18,224	171,848
	¥193,462	¥202,368	\$1,604,828

4. Short-term investments and investments in securities

Short-term investments and investments in securities as of 31st March, 1999 and 1998 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Marketable securities-			
Equity securities	¥36,053	¥25,671	\$299,074
Bonds and other	17,308	6,192	143,576
	53,361	31,863	442,650
Other	15,565	20,858	129,119
	¥68,926	¥52,721	\$571,770
Market value of marketable securities	¥83,973	¥53,668	\$696,583

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Short-term bank loans, commercial paper and long-term debt

Short-term bank loans were generally represented by short-term notes and/or bank overdrafts. The annual interest rates of short-term bank loans and commercial paper as of 31st March, 1999 were 0.15 per cent to 15.5 per cent.

Short-term bank loans and commercial paper as of 31st March, 1999 and 1998 consisted of:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Short-term bank loans			
Secured	¥ 12,395	¥ 10,055	\$ 102,820
Unsecured	110,221	114,469	914,320
	<u>¥122,616</u>	<u>¥124,524</u>	<u>\$1,017,141</u>
Commercial paper	¥ 40,000	—	\$ 331,812

Long-term debt as of 31st March, 1999 and 1998 consisted of:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Loans maturing through 2009			
Secured	¥ 130	¥ 451	\$ 1,084
Unsecured	11,458	12,648	95,053
4.75 per cent. yen bonds due 1999	20,000	20,000	165,906
Unsecured 2.1 per cent. convertible bonds in yen due 2003	1,602	2,068	13,289
	<u>¥33,191</u>	<u>¥35,167</u>	<u>\$275,333</u>
Less portion due within one year	<u>(25,154)</u>	<u>(4,937)</u>	<u>(208,662)</u>
	<u>¥ 8,037</u>	<u>¥30,230</u>	<u>\$ 66,671</u>

The aggregate annual maturities of long-term debt outstanding as of 31st March, 1999 were as follows:

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2000	¥25,154	\$208,662
2001	2,211	18,342
2002	3,035	25,181
2003	2,579	21,393
2004	112	933
Thereafter	98	820
	<u>¥33,191</u>	<u>\$275,333</u>

Assets pledged as collateral as of 31st March, 1999:

	Millions of yen	Thousands of U.S. dollars
Receivables	¥ 415	\$ 3,466
Inventories	8,263	68,551
Property, plant and equipment	7,476	62,020
	<u>¥16,155</u>	<u>\$134,017</u>

The 2.1 per cent. convertible bonds outstanding as of 31st March, 1999 may be redeemed at the option of the Company, in whole or in part, at prices ranging from 103 per cent. to 100 per cent. of the principal amount under certain conditions as provided in the applicable agreement.

The 2.1 per cent. convertible bonds are convertible into common stock at the options of holders at the conversion price of ¥609.1 per share, after giving effect to the new shares issued to General Motor Corporation (see Note 7). If the outstanding convertible bonds were fully converted as of 31st March, 1999, approximately 2,630,000 additional shares of common stock would be issued.

As is customary in Japan, both short-term and long-term bank loans are subject to general agreements which provide that the banks may, under certain circumstances, request additional security for those loans, and may treat any security furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness.

6. Lease transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, as of 31st March, 1999 and 1998 were as follows:

As a lessee

(1) Amounts equivalent to acquisition

costs, accumulated depreciation and
net balance as of 31st March, 1999

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Acquisition costs	¥2,093	¥ —	\$17,368
Accumulated depreciation	(1,749)	—	(14,513)
Net balance	<u>344</u>	<u>—</u>	<u>2,855</u>
(2) Future lease payments			
Due within one year	325	462	2,696
Thereafter	417	602	3,465
	<u>742</u>	<u>1,064</u>	<u>6,162</u>
(3) Lease expenses	<u>470</u>	<u>531</u>	<u>3,901</u>
Depreciation	<u>¥ 369</u>	<u>¥ —</u>	<u>\$ 3,062</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As a lessor

(1) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of 31st March, 1999

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Acquisition costs	¥ 610	¥ —	\$5,060
Accumulated depreciation	(263)	—	(2,186)
Net balance	346	—	2,874
(2) Future lease revenues			
Due within one year	132	74	1,097
Thereafter	391	220	3,243
	523	295	4,341
(3) Lease revenues	124	73	1,034
Depreciation	¥ 180	¥ —	\$1,501

Operating lease transactions as of 31st March, 1999 were as follows:

As a lessee

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Future lease payments			
Due within one year	¥ 165	¥ 255	\$1,375
Thereafter	974	1,101	8,086
	1,140	1,357	9,461

As a lessor

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Future lease revenues			
Due within one year	29	32	246
Thereafter	64	102	533
	¥ 93	¥ 135	\$ 779

7. Shareholders, equity

On 19th November, 1998, the Company issued 33,600,000 new shares to General Motor Corporation in the amount of ¥21,134 million by third-party allotment.

Under the Commercial Code of Japan, at least 50 per cent. of the issue price of new shares, with a minimum of the par value, is required to be designated as common stock, and proceeds in excess of the amounts designated as common stock may be transferred to additional paid-in capital.

8. Contingent liabilities

As of 31st March, 1999, the Company and certain consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantee of indebtedness of non-consolidated subsidiaries, affiliates and others	¥ 2,710	\$ 22,481
Trade notes discounted	6,348	52,660
	<u>¥ 9,058</u>	<u>\$ 75,142</u>

9. Income taxes

The effective income tax rates on income before income taxes in the consolidated financial statements differ from the normal statutory rate in Japan. The principal reasons for such differences are (a) not to provide for deferred income taxes arising from all of the timing differences between financial and tax reporting; (b) certain expenses which are not deductible for income tax purposes; and (c) tax credit for certain qualified expenditures.

10. Segment Information

(a) Information by industry segment

The Company and certain consolidated subsidiaries operate mainly in a single industry segment known as motor business (included motorcycle business). In the fiscal years of both 1999 and 1998, motor business represented more than 90 per cent., all of gross assets, net sales and operating profit.

(b) Information by geographic area

	Millions of yen				
	<u>1999</u>				
	<u>Japan</u>	<u>Europe</u>	<u>Other areas</u> ¹	<u>Elimination and others</u>	<u>Consolidated</u>
Net sales:					
Outside customers	¥1,034,324	¥ 221,420	¥ 200,086	¥ —	¥1,455,832
Inter-area	273,570	455	292	(274,318)	—
	1,307,895	221,876	200,379	(274,318)	1,455,832
Costs and expenses	1,268,016	217,147	197,724	(274,318)	1,408,570
Operating income	¥ 39,879	¥ 4,728	¥ 2,654	¥ (0)	¥ 47,261
Identifiable assets	¥ 709,209	¥ 89,533	¥ 72,086	¥ 261,019	¥1,131,849

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Millions of yen					
1998					
	Japan	Europe	Other areas ¹	Elimination and others	Consolidated
Net sales:					
Outside customers	¥1,069,320	¥ 220,731	¥ 198,733	¥ —	¥1,488,785
Inter-area	212,614	816	175	(213,605)	—
	1,281,934	221,548	198,908	(213,605)	1,488,785
Costs and expenses	1,238,920	214,465	193,105	(213,605)	1,432,886
Operating income	¥ 43,013	¥ 7,082	¥ 5,803	¥ (0)	¥ 55,899
Identifiable assets	¥ 691,324	¥ 84,792	¥ 75,983	¥ 185,180	¥1,037,280

Thousands of U.S. dollars					
1999					
	Japan	Europe	Other areas ¹	Elimination and others	Consolidated
Net sales:					
Outside customers	\$ 8,580,046	\$1,836,753	\$1,659,782	\$ —	\$12,076,582
Inter-area	2,269,353	3,779	2,424	(2,275,557)	—
	10,849,400	1,840,532	1,662,206	(2,275,557)	12,076,582
Costs and expenses	10,518,590	1,801,308	1,640,189	(2,275,557)	11,684,532
Operating income	\$ 330,809	\$ 39,223	\$ 22,016	\$ (0)	\$ 392,050
Identifiable assets	\$ 5,883,113	\$ 742,705	\$ 597,983	\$2,165,241	\$ 9,389,044

¹"Other areas" consists principally of North America and Asia.

(c)Export sales and sales by overseas subsidiaries

Millions of yen					
1999					
	Europe	Asia	North America	Other areas ²	Consolidated
Export sales and sales					
by overseas subsidiaries ...	¥323,867	¥116,674	¥192,508	¥99,766	¥ 732,817
Consolidated net sales					1,455,832
Percentage of such sales					
against consolidated net sales					50.3%

1998

	<u>Europe</u>	<u>Asia</u>	<u>North America</u>	<u>Other areas</u>	<u>2</u>	<u>Consolidated</u>
Export sales and sales						
by overseas subsidiaries ...	¥297,641	¥195,608	¥177,844	¥107,894	¥	778,989
Consolidated net sales						1,488,785
Percentage of such sales						
against consolidated net sales						52.3%

Thousands of U. S. dollars

1999

	<u>Europe</u>	<u>Asia</u>	<u>North America</u>	<u>Other areas</u>	<u>2</u>	<u>Consolidated</u>
Export sales and sales						
by overseas subsidiaries ...	\$2,686,580	\$967,854	\$1,596,917	\$827,597	\$	6,078,949
Consolidated net sales						12,076,582
Percentage of such sales						
against consolidated net sales						50.3%

2"Other areas" consists principally of Oceania and Central America.

11. Subsequent events

- (a) The meeting of the Board of Directors held on 31st May, 1999 approved the issue of unsecured bonds, due 2003 and 2004, and issued on 28th June, 1999 respectively as follows:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Total issue amount of the bonds	¥ 5,000	\$41,476
Issue price	¥100 per ¥100 face value	
Interest rate	0.89 per cent	
Date of issue of the bonds	28th June, 1999	
Date of maturity of the bonds	27th June, 2003	
Total issue amount of the bonds	¥10,000	\$82,953
Issue price	¥100 per ¥100 face value	
Interest rate	1.13 per cent	
Date of issue of the bonds	28th June, 1999	
Date of maturity of the bonds	28th June, 2004	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) The following plan for the appropriation of retained earnings for the year ended 31st March, 1999 was approved by the ordinary general meeting of shareholders of the Company held on 29th June, 1999:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥4.00 per share	¥ 1,933	\$16,037
Directors' and statutory auditors' bonuses	150	1,244
	¥2,083	\$17,281

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Suzuki Motor Corporation

We have examined the accompanying consolidated balance sheets of Suzuki Motor Corporation and its consolidated subsidiaries as of 31st March, 1999 and 1998, and the related consolidated statements of income and earnings for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based upon our examinations and the reports of other auditors, the aforementioned consolidated financial statements, expressed in yen, present fairly the financial position of Suzuki Motor Corporation and its consolidated subsidiaries as of 31st March, 1999 and 1998, and the results of their operations for the years then ended, in conformity with generally accepted accounting principles in Japan applied on a consistent basis during the periods.

The accompanying consolidated financial statements as of and for the year ended 31st March, 1999 have been translated into United States dollars solely for the convenience of readers. We have reviewed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been properly translated into United States dollars on the basis set forth in Note 1. to the consolidated financial statements.

Tokyo, Japan
June 29, 1999

Seimei Audit Corporation

Seimei Audit Corporation

NON-CONSOLIDATED FINANCIAL STATEMENTS OF 1999

NON-CONSOLIDATED BALANCE SHEETS

As of 31st March, 1999 and 1998

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
ASSETS			
Current assets:			
Cash and time deposits	¥191,996	¥146,820	\$1,592,673
Short-term investments	9,968	9,971	82,692
Receivables:			
Trade notes and accounts	34,879	33,011	289,332
Subsidiaries and affiliates	95,908	72,174	795,586
Less allowance for doubtful receivables	(788)	(803)	(6,539)
Inventories	83,398	102,944	691,820
Other current assets	27,575	28,544	228,746
Total current assets	<u>442,938</u>	<u>392,663</u>	<u>3,674,313</u>
Property, plant and equipment:			
Land	92,038	90,477	763,484
Buildings and structures	145,997	136,885	1,211,093
Machinery and equipment	470,207	449,744	3,900,518
Construction in progress	985	3,015	8,178
	709,228	680,122	5,883,275
Less accumulated depreciation	(488,086)	(472,432)	(4,048,826)
Property, plant and equipment, net	<u>221,142</u>	<u>207,690</u>	<u>1,834,448</u>
Investments and other assets:			
Investments in securities	53,117	30,683	440,624
Investments in subsidiaries and affiliates	86,430	91,157	716,964
Other assets	2,511	1,291	20,835
Total investments and other assets	<u>142,059</u>	<u>123,133</u>	<u>1,178,424</u>
	<u>¥806,140</u>	<u>¥723,487</u>	<u>\$6,687,186</u>

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
LIABILITIES AND SHAREHOLDERS, EQUITY			
Current liabilities:			
Short-term bank loans	¥ 33,680	¥ 35,480	\$ 279,386
Commercial paper.....	40,000	—	331,812
Current portion of long-term debt	20,854	854	172,990
Payables:			
Trade notes and accounts	232,880	235,108	1,931,813
Subsidiaries and affiliates	23,529	20,711	195,185
Accrued expenses	72,520	75,820	601,583
Accrued income taxes	10,668	9,989	88,498
Other current liabilities	<u>38,501</u>	<u>40,536</u>	<u>319,383</u>
Total current liabilities	<u>472,634</u>	<u>418,499</u>	<u>3,920,654</u>
Long-term liabilities:			
Long-term debt.....	3,685	25,011	30,570
Accrued retirement and severance benefits	16,760	15,279	139,034
Other liabilities	<u>17,636</u>	<u>17,346</u>	<u>146,301</u>
Total long-term liabilities	<u>38,082</u>	<u>57,637</u>	<u>315,906</u>
Shareholders, equity			
Common stock:			
Authorized-1,500,000,000 shares			
Issued, par value ¥50 per share			
as of 31st March, 1999-483,325,003	85,524	—	709,448
as of 31st March, 1998-448,960,125	—	64,156	—
Additional paid-in capital	91,950	70,583	762,760
Legal reserve	7,189	6,837	59,639
Retained earnings	<u>110,758</u>	<u>105,772</u>	<u>918,777</u>
Total shareholders' equity	<u>295,422</u>	<u>247,350</u>	<u>2,450,625</u>
	<u>¥806,140</u>	<u>¥723,487</u>	<u>\$6,687,186</u>



SUZUKI MOTOR CORPORATION
300, TAKATSUKA, HAMAMATSU, JAPAN