ANNUAL REPORT 2007

SUZUKI MOTOR CORPORATION

A MESSAGE FROM THE MANAGEMENT

In delivering our Annual Report 2007, we wish to extend our greetings to you.

Results for the current fiscal year

Regarding the business environment surrounding the Suzuki Group during the current fiscal year, domestically there were some signs of recovery in somewhat weak personal consumption, while changes in corporate profits continued favorably. As a result, the economy has been in the process of a gradual recovery with increases in capital investment and improvement of employment and income environments. Overseas, the world economy has been growing steadily in spite of concern for the deceleration of the U.S. economy.

Under these circumstances we are pleased that strong demand for automobiles in overseas markets and good sales of large motorcycles in Europe and North America produced consolidated sales amounting to ¥3,163,669 million (115% compared to the previous fiscal year)—our first ever fiscal year with sales over ¥3 trillion. As for consolidated income, increases in depreciation, research and development costs and overhead costs, etc., were absorbed by increased sales, initial cost reduction and exchange gains, etc. resulting in operating income totaling ¥132,900 million (116.7% compared to the previous fiscal year), ordinary income totaling ¥139,183 million (116.6% compared to the previous fiscal year), and net income totaling ¥75,008 million (113.7% compared to the previous fiscal year).

On the other hand, non-consolidated net sales in the current fiscal year amounted to ¥1,939,806 million (114.8% compared to the previous fiscal year). As for non-consolidated income, increases in depreciation expenses, research and development expenses, overhead costs, etc., absorbed by increased sales, initial cost reductions, and exchange gains, etc., resulted in operating income totaling ¥55,698 million (117.3% compared to the previous fiscal year), ordinary income totaling ¥61,572 million (118% compared to the previous fiscal year), and net income totaling ¥43,054 million (115.5% compared to the previous fiscal year).

Dividends at the end of the current fiscal year were ¥8 per share (¥14/year including interim dividends).

Revising the Medium Term 5-Year Plan

The Suzuki Group is operating in a business environment that has been extremely unclear due to fluctuating exchange rates, etc., additionally competition within the industry has intensified creating increasingly unfavorable business conditions.

To cope with this severe situation, we have implemented a basic policy under the slogan “In order to survive, let us stop acting in a self-styled manner and get back to basics” and are reevaluating our practices in all areas in order to strengthen our management structure.

Furthermore, for the Suzuki Group to survive and develop in this challenging business environment, we established in May of 2005, the “Suzuki Medium Term 5-year Plan (April 2005 to March 2010)”, which sets a consolidated sales target of ¥3 trillion and consolidated ordinary income of ¥150 billion with an investment of ¥1 trillion by the corporation and its group in plant and equipment.

The Suzuki Group has focused its energies on achieving this target figure as early as possible before the end of March 2010. As a result of our group’s efforts, and thanks to strong overseas sales of automobiles, etc., we have achieved, ahead of the initial plan, the ¥3 trillion consolidated sales target in the current year. With the three years remaining we have woven in major measure review and revised the medium term plan.

Our basic policy for the next three years gives the highest priority to investing in research and development, promoting equipment outlay to further extend growth, and nurturing human resources to advance the laying of the groundwork for a revenue base. This has led to every member of the Suzuki Group continuing to working to achieve a managerial goal by March 2010, which sets a consolidated sales target of ¥3.5 trillion and a ¥175 billion target in consolidated ordinary income.

Operating results by sector

Regarding motorcycle operations, in order to develop a profitable motorcycle business, we will continue expanding sales of our scooters and large motorcycles in the domestic market, and in Europe and North America we will promote products that enhance a “Sporty, Youthful, and Unique” brand image derived from our racing activities.

In Asia, where demand for motorcycles is increasing rapidly due to economic growth in the region, we will continue our efforts to introduce products that meet the needs of those markets and also improve and expand our production systems.

In regard to our automobile operations, efforts will be made to promote market-based production and business activities in both domestic and overseas markets. To increase sales in Japan, we are transforming our Suzuki Arena dealers with additional staff and education programs aimed at strengthening the sales force. In overseas markets onsite procurement of components, cost reductions, and further heightening of quality and productivity will be pursued in order to strengthen our business base.

To deal with the active demands and chronic deficiency in overseas production capabilities, a production facility dedicated to producing mini vehicles and capable of producing 240,000 units per year was constructed on the site of the Sagara plant. Regarding overseas facilities, we have strengthened our production capabilities at Magyar Suzuki Corporation, Maruti Udyog Ltd., Pak Suzuki Motor, etc.

Efforts will be made to develop products, in an effective and efficient manner that closely suit each of the world’s four markets, and introduce them in a timely fashion. In conserving the global environment, we will promote the development of products that are designed for low environmental impact by reducing exhaust emissions, improve fuel efficiency, save on natural resources, facilitate recycling, etc., and maximize the effectiveness of our strategic alliances with Fiat in diesel engines, and with the General Motors Corporation in hybrid and fuel cell vehicles, etc.

Although the General Motors group reduced their holdings of our corporate stock to 3% in March 2006, the General Motors Corporation and Suzuki have had ties since August 1981. We will continue to promote concrete projects such as the cooperative development of advanced technologies, our joint venture in the CAMI project in Canada and midsized crossover SUV production, development of power train systems, complementary supply of OEM products, global joint procurement, etc.

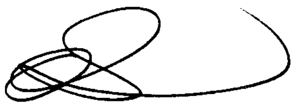
Under the slogan “Small Cars for a Big Future” Suzuki has set out our determination to continue striving to develop small cars and environmentally friendly products, which meet our customer’s demands, while also focusing on the key words “Smaller, Fewer, Lighter, Shorter, and Neater” in all aspects of production, organization, facilities, parts, environment, etc., in order to promote a highly efficient and healthy business operation.

Also, our board members and employees will strictly adhere to all statutes, social norms, and in-house rules, etc., act fairly and with sincerity.

We look forward to the continued support and encouragement of all of our stockholders.

	Revised Mid-Term Plan (ending March 2010)	Initial Mid-Term Plan (ending March 2010)
Consolidated sales	More than ¥3.5 trillion	More than ¥3 trillion
Consolidated Ordinary income (rate)	More than ¥175 billion (more than 5.0%)	More than ¥150 billion (more than 5.0%)
Exchange Rate (after March 2009)	U.S. $ = ¥105	U.S. $ = ¥100
	1 € = ¥130	1 € = ¥130
Global Production	Motorcycles more than 4.4 million units	Motorcycles more than 4.4 million units
	Automobiles more than 3 million units	Automobiles more than 2.7 million units
Total Business Investment Over 5 Years (end of March 2006 to end of March 2010)	¥1 trillion	¥1 trillion

Osamu Suzuki
Chairman & CEO



Hiroshi Tsuda
President & COO

PROFILE

Suzuki Motor Corporation designs and manufactures passenger cars, commercial vehicles, motorcycles, all terrain vehicles (ATVs), outboard motors, and other products. The company continuously and vigorously promotes technical cooperation through numerous joint ventures overseas, and its main production facilities are currently located in 23 countries and areas around the world. The established network enables Suzuki to operate as a global organization serving 192 countries and areas.

Suzuki Motor Corporation was first established as Suzuki Loom Manufacturing Co. in March 1920.

Suzuki then entered the motorcycle business with the introduction of "Power Free" motorized bicycle in 1952, and entered the automobile business in 1955 with the introduction of "Suzulight" mini car.

Suzuki is committed to use its 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.

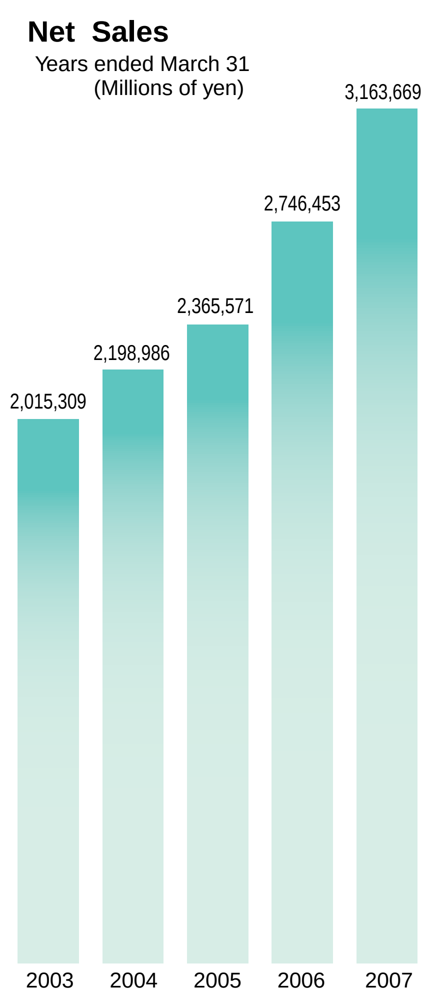
CONTENTS

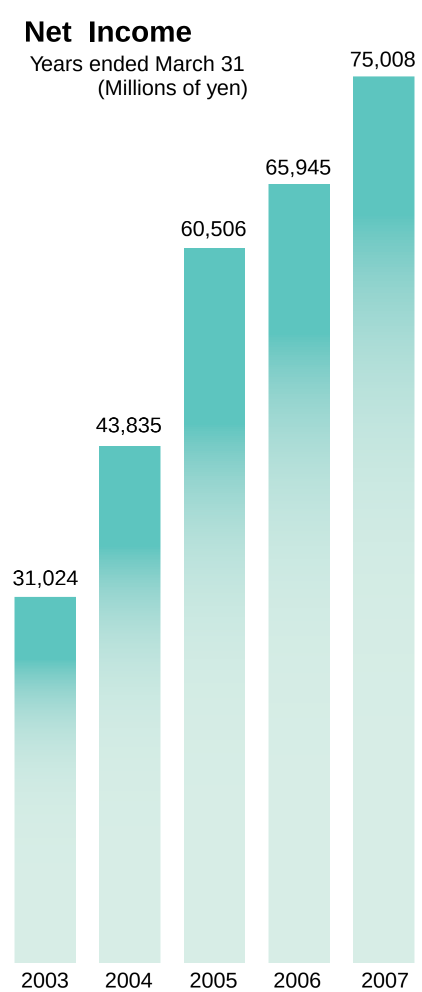
Head Office & Takatsuka Plant
Headquarters, Engineering center and Motorcycle engines assembling plant

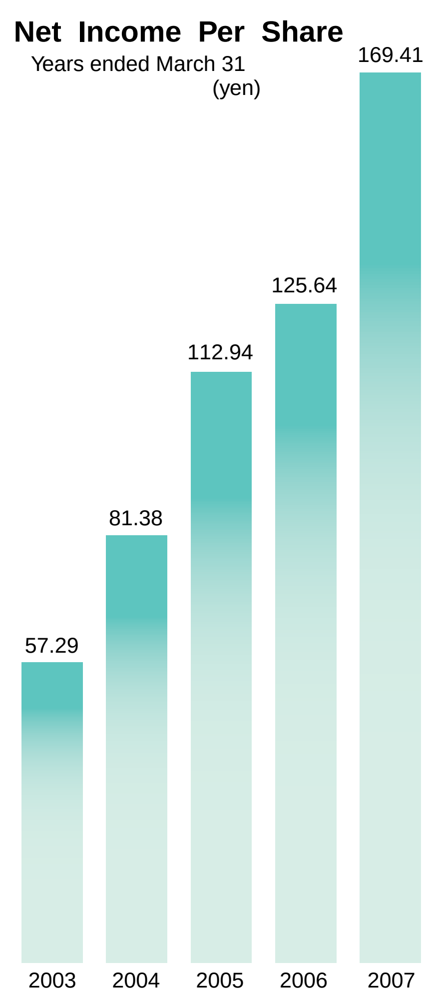
FINANCIAL HIGHLIGHTS

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2007 and 2006	Millions of yen (except per share amounts) **2007**	 2006	Thousands of U.S. dollars (except per share amounts) **2007**
Net sales	**¥3,163,669**	¥2,746,453	$26,799,405
Net income	**75,008**	65,945	635,394
Net income per share:			
Primary	**169.41**	125.64	1.435
Fully diluted	**151.41**	122.14	1.282
Cash dividends per share	**14.00**	11.00	0.118
Shareholders' equity	**855,973**	616,770	7,250,936
Total current assets	**1,435,405**	1,067,709	12,159,301
Total assets	**2,321,441**	1,849,714	19,664,898
Depreciation and amortization	**149,910**	126,520	1,269,889

Note: Yen amounts are translated into U.S. dollars, for convenience only, at ¥118.05 = US$1, the prevailing exchange rate on March 31, 2007.



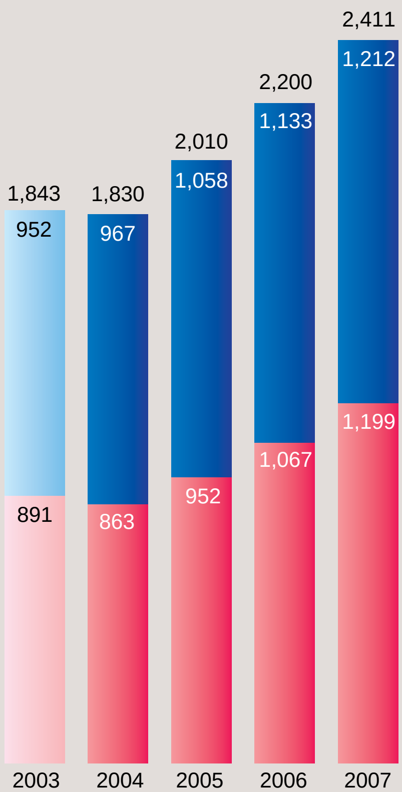




YEAR IN REVIEW

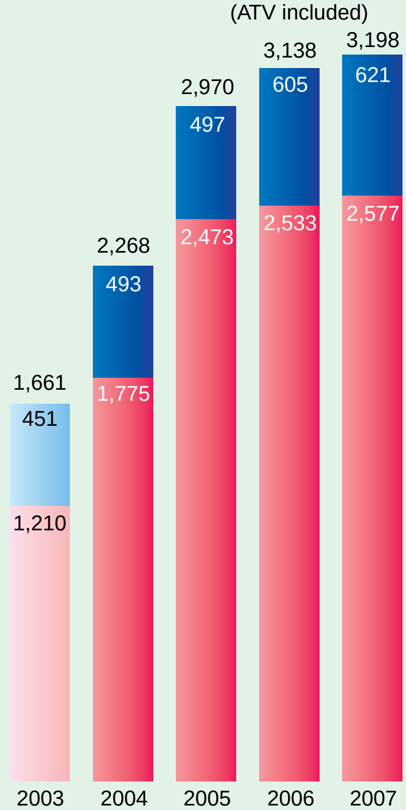
Automobile Production

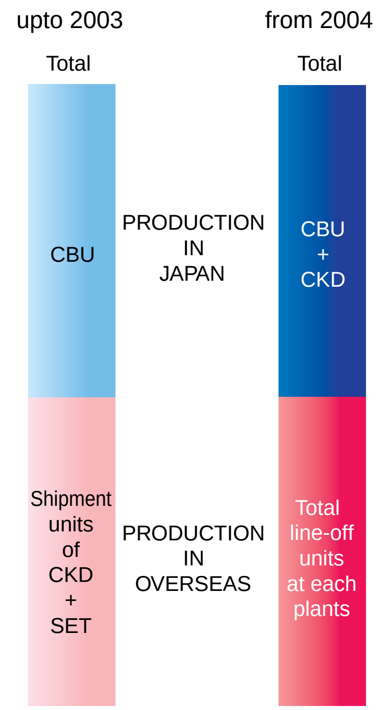
Years ended March 31 (Thousand units)



Motorcycle Production

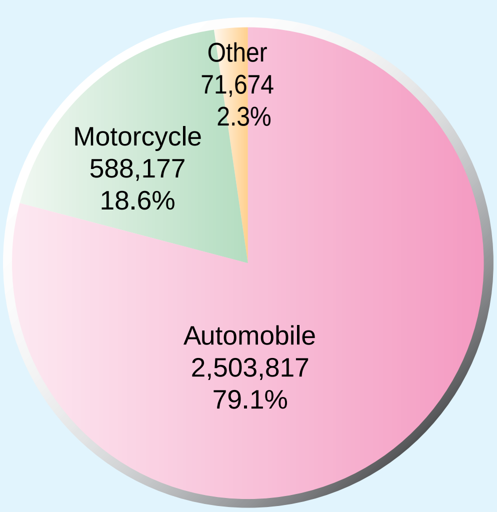
Years ended March 31 (Thousand units)
(ATV included)





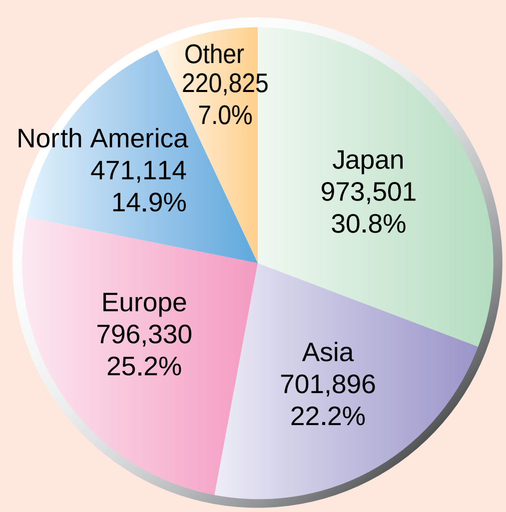
2007 Net Sales By Business

(Year ended March 31, 2007, Millions of yen)



2007 Net Sales By Market

(Year ended March 31, 2007, Millions of yen)



AUTOMOBILES

Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2006 increased significantly to 1,199 thousand units, 112% compared to the previous year. Worldwide production, including Japan, reached 2,411 thousand units, 110% compared to the previous year.

Sales of automobiles in overseas markets grew to 1,531 thousand units, 113% compared to the previous year, while total global sales, including Japan, reached 2,222 thousand units for growth to 107% compared to the previous year.

The Japanese Market

1. Domestic Automobile Market Overview

Domestic sales of all domestic brands for the period from April 2006 to March 2007 totaled 5,619 thousand units (96% compared to the previous year), falling below the previous fiscal year for the first time in two years.

Included in this figure, mini vehicle sales increased to 2,031 thousand units (104% compared to the previous year) bolstered by a wave of new model introductions from domestic manufacturers. This is the fourth consecutive year-on-year increase, and the first time that sales have exceeded 2 million units, a record high.

Meanwhile, total sales of registered vehicles amounted to 3,588 thousand units (92% compared to the previous year), which came in below sales for the previous fiscal year and the fourth consecutive year-on-year decline. This figure also represents a drop to the 1977 level, a 29-year low.

2. Suzuki Sales Status

Suzuki's total domestic sales for fiscal 2006 were 690 thousand units* (98% compared to the previous year), falling below the previous fiscal year for the first time in three years.

In the mini vehicle category the new Cervo and a special version of the Wagon R "Stingray" were introduced to strengthen product competitiveness but due to the implementation of an output reduction, mini vehicle sales totaled 606 thousand units (97% compared to the previous year), falling below the previous fiscal year for the first time in three years.

The introduction of the new SX4 and continued strong sales of our core model Swift resulted in sales of registered vehicles totaling 85 thousand units* (106% compared to the previous year). This is the seventh consecutive year-on-year increase, and a new record high.

Suzuki's domestic market share was 12.3%, and the fourth largest among the 12 domestic automotive makers.

* Includes the Chevrolet Cruze and the Chevrolet MW

WAGON R

CERVO

3. Suzuki Automobile Topics

- The new SX4 was introduced to the domestic market in July 2006. Selling 10 thousand units in fiscal 2006, it boosted overall sales of registered vehicles in 2006.
- The stylish and sporty mini vehicle Cervo was introduced to the domestic market in November 2006. A sales target of 25 thousand vehicles in fiscal 2006 was met as planned.
- The special version of the Wagon R "Stingray" was added to the lineup in February 2007. In strengthening product competitiveness, the Wagon R placed top in mini vehicle sales for the fourth consecutive year.
- The Wagon R placed top for the third consecutive year in the domestic new car sales segment with a total of 220,679 units sold in 2006.
- The Carry achieved top place in sales in the truck segment for the 36th consecutive year.

Kosai Plant
Passenger car assembling plant

Iwata Plant
Sport utility vehicle and commercial vehicle assembling plant

GRAND VITARA

SX4 Sedan

SWIFT

Overseas Markets

Total overseas production saw a significant increase in fiscal 2006 rising to 1,199 thousand units, 112% compared to the previous year. Total global production, including Japan, reached 2,412 thousand units, 110% compared to the previous year. And sales of automobiles in overseas markets grew to 1,531 thousand units, 113% compared to the previous year, while total global sales, including Japan, reached 2,222 thousand units, 107% compared to the previous year.

Of this volume, retail sales in the United States reached a record 102 thousand units, 114% compared to the previous year. The increase is attributed to a rise in sales of the Grand Vitara (178% compared to the previous year) and the successful introduction of the new SX4 and XL7 models. In Europe, favorable sales of world strategic models reached 306 thousand units (106% compared to the previous year), a record high. Expanding demand for the Swift and full production startup of the SX4 lead to production volume at Magyar Suzuki in Hungary reaching 181 thousand units, 121% compared to the previous year.

In Asia, production of the Grand Vitara started at Indonesia ISI to meet a possible increase in domestic demand of the compact SUV. And in China, production of the SX4 at Chongqing Changan Suzuki and the Landy at Jiangxi Changhe Suzuki in order to address increased demand in China. Meanwhile, production at Maruti Udyog in India increased to 667 thousand units (117% compared to the previous year) with sales increasing to 636 thousand units (121% compared to the previous year). The new Manesar facility was also established in order to create a production system that can meet future increases in demand. Pak Suzuki Motor Co., Ltd. in Pakistan achieved a significant increase in production, producing 120 thousand units (130% compared to the previous year) and sales increased to 119 thousand units (129% compared to the previous year).

Following after the Swift and Grand Vitara, sales of our third world strategic model, the SX4, were launched in Europe. This vehicle received high ratings from European journalists for its new crossover concept, superior driving stability and handling performance. Global introduction of the SX4 followed after fine-tuning of specifications to fit individual market needs. Demand remains very high. A sedan version was introduced at motor shows in Beijing and Geneva. We will continue to meet an expanding range of needs.

Meanwhile, we introduced the Project Splash, a “clinic model” of our new 4th world strategic model, at the Paris Motor Show in September 2006. In addition to pursuing the sporty concepts of the Swift, Grand Vitara, and SX4, the new model places a greater emphasis on user friendliness.

Suzuki’s world strategic models are also taking an active role in motor sports. The Swift Super 1600 made it Junior (World) Rally Championship debut in August 2005 winning five races out of six in 2006 then started the 2007 season in 1st place.

It was also announced at the Geneva Motor Show in February 2006, that the SX4, with its superior chassis potential, would participate in the World Rally Cup. Since that announcement the SX4WRC has made excellent progress, undergoing testing and fine-tuning. As a test it participated in the Rally de France in October 2007and will make its official debut will take place in January 2008.

We are currently using our “Way of Life” campaign to characterize Suzuki’s overseas corporate philosophy and promote active lifestyles. After fiscal 2007, we will continue to put our best efforts into providing the market with products that are based on our brand philosophy.

XL7 (manufactured at CAMI Automotive Inc. in Canada)

APV (manufactured at P.T.Indomobil Suzuki International in Indonesia)

SX4

MOTORCYCLES

Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in fiscal 2006 was 2,577 thousand units, 102% compared to the previous year. Worldwide production, including production in Japan, increased to 3,198 thousand units, 102% compared to the previous year.

Sales of motorcycles (including ATVs) in overseas markets were 2,901 thousand units, 99.9% compared to the previous year, while total global sales, including Japan, were 3,065 thousand units, 100% compared to the previous year.

The Japanese Market

The number of motorcycles produced for the period from April 2006 to March 2007 for the domestic market by the four Japanese manufacturers stood at a total of 682 thousand units (96% compared to the previous year).

Breaking this figure down into displacement categories shows that volume for the 125cc and under class was 545 thousand units (97% compared to the previous year), and the 126cc and greater class was 136 thousandunits (93% compared to the previous year), both declines.

Further breakdown shows sales of the 50cc and under class dropping to 458 thousand units (96% compared to the previous year) due to a drop in scooter sales, which accounts for 81% of sales in this class, to 372 thousand units (98% compared to the previous year).

Sales in the 51 to 125cc class increased to 87 thousand units (102% compared to the previous year) driven by sales of newly introduced scooter models.

Looking at the figures for larger models, both scooter and touring models in the 126 to 250cc class showed a drop in sales to 88 thousand units (88% compared to the previous year).

In the 251 to 400cc class, overall sales grew to 27 thousand units (104% compared to the previous year) driven by sales of newly introduced touring models. Sales in the 401cc and greater class grew to 21 thousand units (105% compared to the previous year) with an increase in sales of touring models while sales of scooters declined.

Total volume for Suzuki in fiscal 2006 increased to 162 thousand units (107% compared to the previous year) with increased volume in the 125cc and under class, with sales of 134 thousand units (106% compared to the previous year), and in the 125cc and over class, with sales of 28 thousand units (113% compared to the previous year).

Looking at sales in the 50cc class, shipments increased of 4-stroke scooters such as the Let's 4, Address V50, etc., which contributed to offsetting the drop in sales in the 51 to 125cc class.

Regarding sales of large displacement motorcycles, sales in the 126 to 250cc class increased to 20 thousand units (112% compared to the previous year) driven by sales of scooter models like the Skywave250 Type S. Sales in the 251 to 400cc class increased to 6 thousand units (142% compared to the previous year) driven by sales of touring class models like the GSR400, however both sales of scooter and touring models in the 401cc and over class declined to 2 thousand units (74% compared to the previous year).

ADDRESS V50G (UZ50XG)

SKYWAVE250 TYPE S (AN250S)

GSR400

BANDIT1200S (GSF1200AS)

Overseas Markets

1. Overseas Market Overview

Sales in North America totaled 154 thousand units (104% compared to the previous year) and in Europe they came to 183 thousand units (112% compared to the previous year). Both markets showed increases due to strong sales of large models.

In Asia, sales in the six ASEAN nations (Indonesia, Thailand, Vietnam, Philippines, Malaysia, Cambodia) declined to 883 thousand units (69% compared to the previous year), and 64 thousand units in India, which re-entered the market in 2006 with a very severe start. Meanwhile, wholesale figures in China dramatically increased to 1 million units (117% compared to the previous year).

In the future we will gradually introduce attractive new models that meet demands for specific Asian markets in order to popularize our products in the market, and also strengthen our sales network to increase sales.

Toyokawa Plant
Motorcycles and outboard motors assembling plant

B-KING

GSX-R1000

BANDIT1250S (GSF1250AS)

2. Expanding Products

Suzuki's high-end GSX-R1000, from the super sport GSX-R series, underwent a full model change to revitalize performance and styling. Receiving high acclaim from critics both in Japan and abroad it has contributed to enhancing our brand image. In our standard model category the popular Bandit series also underwent a complete model change that incorporates a newly designed water-cooled engine. It has received high acclaim in Europe and is leading worldwide in the large displacement class.

With the 125cc class market expanding in Europe, we have introduced premium scooter models like our Burgman 125 and will continue introducing new models that meet the demands of this growing market and expand the lineup.

In our ATV (All Terrain Vehicle) production, we started manufacturing the LT-A450X, a new sport utility ATV. Highly rated for its power and performance its sales are on the rise.

3. Racing Activities

In our racing activities, which play in important role in brand positioning, we have done well in demonstrating the superiority of the Suzuki brand and its products. Under the slogan “Own the Racetrack” we had a spectacular season placing extremely well at the pinnacle of motorcycle racing, the MOTO GP, and world title events driving road-going GSX-R and RM/RM-Z series motorcycles that are available for general purchase. While our blue GSV-R bikes in MOTO GP and GSX-R1000 bikes at the Superbike World Championships are always competing for first place, team Suzuki Endurance drove a GSX-R1000 to a title finish in World Endurance Championship racing. In the United States, which has the biggest of the large displacement motorcycle markets in the world, Ben Spies won a series championship at the AMA Superbike Championships on a GSX-R1000. We also did very well in off-road racing with Strijbos winning 2nd place in the MX1 class on an RM-Z450, and Ricky Carmichael, who also rides an RM-Z450 in the US, winning the AMA Supercross Championships and AMA National Motorcross two years in a row. The GSX-R series and RM-Z series bikes are also making spectacular showings at club and nation level races in Japan and abroad.

BURGMAN200 (UH200)

HAYATE125 (UW125)

KINGQUAD450 (LT-A450X)

RM-Z450 (racing machine)

GSV-R (racing machine)

MARINE PRODUCTS

The Japanese Market

Domestic sales figures for outboard motors in fiscal 2006 (between April 2006 and March 2007) rose dramatically, standing at 118% compared to the previous year and net sales standing at 112% compared to the previous year.

The increases in the number of units and sales were mainly due to an increase in 4-stroke models.

Subsequently, emphasis will be placed on expanding the lineup, developing 4-stroke outboards with concern for conservation of the natural environment.

Overseas Markets

In terms of outboard motor exports in fiscal 2006, combining CBU and KD for Thai Suzuki, production was 116% compared to the previous year while net sales stood at 123%. The increase in the number of units and sales amount was mainly due to an increase in shipments of outboard motors, primarily to North America and Europe.

The current Suzuki 4-stroke outboard motor lineup ranges from the lowest horsepower model DF2.5 (1.8kw/2.5 horsepower), to the highest horsepower model, the DF300 (220.7kW/300 horsepower).

The DF300 was awarded the Innovation Award at the 16th International Boat Builders Exhibition & Conference (IBEX) held at the Miami International Boat Show in November 2006.

DF6

DF175

DF2.5

Suzuki outboard motors provide power for a wide range of boats

DF175

DF300

OTHER TOPICS

Environment

As a general manufacturer of automobiles, motorcycles, outboard motors, etc., Suzuki addresses environmental conservation at all stages—from development to disposal.

In environmentally-friendly products development, we make every effort to research and develop new products that satisfy customer demands by dealing with issues such as improving fuel economy, reducing exhaust emissions, promoting the three Rs, reducing noise, managing and reducing materials with environmental impact, recycling, etc.

In environmentally-friendly manufacturing, we also address issues such as considering the environment at all corporate sites, preventing pollution, promoting energy reduction and the use of alternative energy, managing and reducing materials with environmental impact, promoting the three Rs, etc.

In environmentally-friendly distribution and offices, we are focusing on using efficient transportation efficiency and reducing energy consumption, promoting the three Rs, promoting the use of low emission transport and promoting green purchasing, etc.

In environmentally-friendly marketing, in addition to promoting environment management at our distributors, proper disposal of end of -life products, we are advancing the environmentally proper treatment of our products after being used by the customer.

Also, in environmentally-friendly education and information disclosure, we are promoting environmental conservation through a variety of projects such as environmental education and providing environmental information, promotion social action program etc.

• 2006 Topics

We published the Suzuki 2006 Environmental and Social Report. Suzuki has published an environmental report annually since fiscal 1999 to provide information on all activities related to the environment.

In our environmental cleanup activities, we are conducting forest conservation activities at Shimokawa Test Course in Hokkaido.

Shimokawa town in Hokkaido, where our proving ground is located, is surrounded by forest, which accounts for about 90% of the total land in that region. In order to conserve this valuable forest resource and pass it to the next generation, the Shimokawa town forest owners' cooperative made arrangements for the forest conservation system and acquired the FSC Forest Group Certificate* in 2003, which was the nation's 11th and Hokkaido's first acquisition.

The 287-ha forest in the Suzuki Shimokawa Test Course also proved to conform to the strict standard of the FSC certification program, so it was included in the FSC Forest Group Certificate for Shimokawa Town in April 2006. Thus, Suzuki always considers the coexistence with nature, while conducting industrial activities.

SGS-FM/COC-1469
FSC Trademark© 1996
Forest Stewardship
Council A.C.

*** FSC is an internationally recognized certification on the "forest management with due considerations to the balance among environment, society and economics."**
FSC (Forest Stewardship Council) is a Germany-based organization established in 1993 in line with the international forest certification program to certify, from authorized third-party's standpoint, that forests are properly managed according to the basic rules and regulations.

Suzuki 2006 Environmental and Social Report

Shimokawa Test Course (Hokkaido)

FSC Group Certificate

Strategic Alliance with General Motors Corporation

Suzuki has yielded solid results since its start of a strategic business partnership with General Motors Corporation (GM) in 1981.

Expressing its individual strengths, both companies will continue to create synergies by utilizing and complementing the resources in the areas of advanced technology, CAMI project, powertrains and global joint purchasing etc. especially, and will proceed business collaborations in order to develop better products more quickly with lower investment and to introduce appropriate products into the global market at an appropriate time.

Besides the partnership with GM, Suzuki has respective partnerships with other car manufacturers. For example, Suzuki supplies Mazda's all mini-cars in OEM, Suzuki also supplies multi-purpose-vehicle to Mitsubishi Motors in Indonesia, and Suzuki has cross-OEM relationship with Nissan. Suzuki purchases diesel engine-units from Peugeot/Citroen and Renault, and moreover Suzuki supplies compact cars to Fiat and Fiat provides Suzuki with technical/engineering support for its diesel engines. Suzuki is flexibly implementing various strategic collaborations with partners that complement each other and creates synergies.

The first ever Suzuki mid-sized SUV "XL7" produced in CAMI Automotive Inc. in Canada

The GM-designed global V6 engine for XL7

Suzuki Landy, launched in January 2007 in Japan

CORPORATE DATA, BOARD MEMBERS, AND OVERSEAS SUBSIDIARIES

CORPORATE DATA

SUZUKI MOTOR CORPORATION

Head Office:
300 Takatsuka-Cho, Minami-ku, Hamamatsu,
Shizuoka 432-8611, Japan

Mailing Address:
Hamamatsu-Nishi, P.O.Box 1
Naka-ku, Hamamatsu, Shizuoka 432-8611, Japan

MEMBERS OF THE BOARD AND AUDITORS

Chairman & CEO
Osamu Suzuki

President & COO
Hiroshi Tsuda

Senior Managing Executive Officer
Takashi Nakayama
Shinzo Nakanishi
Akihiro Sakamoto
Takao Hirosawa
Kazuo Suzuki
Takeo Shigemoto
Hirotaka Ono
Minoru Tamura
Eiji Mochizuki
Toshihiro Suzuki
Takumi Kunikiyo
Toyokazu Sugimoto

Corporate Auditors
Tamotsu Kamimura
Nobuyasu Horiuchi
Katsuhiko Kume

Corporate Auditors (non full-time)
Shin Ishizuka
Kazuhiro Kosugi

As of May 10, 2007

MAJOR OVERSEAS SUBSIDIARIES

Suzuki International Europe GmbH
Bensheim, Germany

Suzuki Motor Espana, S.A.
Gijon, Spain

Suzuki Motor Iberica, S.A.
Leganes, Spain

Suzuki Italia S.p.A.
Torino, Italy

Suzuki Austria Automobil Handeles G.m.b.H
Salzburg, Austria

Suzuki France S.A.
Trappes, France

Magyar Suzuki Corporation
Esztergom, Hungary

Suzuki GB PLC
West Sussex, United Kingdom

Suzuki Motor Poland SP.Z.O.O.
Warszawa, Poland

American Suzuki Motor Corporation
California, U.S.A.

Suzuki Manufacturing of America Corporation
Georgia, U.S.A.

Suzuki Canada Inc.
Ontario, Canada

Maruti Udyog Ltd.
New Delhi, India

Suzuki Motorcycle India Private Limited
Gurgaon Haryana

Pak Suzuki Motor Co., Ltd.
Karachi, Pakistan

Suzuki Motorcycles Pakistan Ltd.
Karachi, Pakistan

P.T. Indomobil Suzuki International
Jakarta, Indonesia

Thai Suzuki Motor Co., Ltd.
Thanyaburi, Thailand

Suzuki Motorcycle Malaysia SDN.BHD.
Prai Penang Malaysia

Suzuki Philippines Inc.
Manila, Philippines

Myanmar Suzuki Motor Co., Ltd.
Yangon, Myanmar

Cambodia Suzuki Motor Co., Ltd.
Kandal Province, Cambodia

Suzuki Australia Pty. Ltd.
Melbourne, Australia

Suzuki New Zealand Ltd.
Wanganui, New Zealand

Suzuki Motor de Colombia S.A.
Pereira, Colombia

THE STATUS OF THE CORPORATE GROUP

1. The outline of the corporate group

The corporate group of the Company consists of subsidiaries of 139 companies and affiliates of 31. The main businesses are manufacturing and marketing of motorcycles, automobiles, marine & power products, motorized wheelchairs, electro senior vehicles and houses, further developing the businesses of logistics and other services related to the respective operations.

The position of the group companies in relation to the business segmentation is as follows.

(Motorcycle operation)

Motorcycles are manufactured by the Company. In overseas, they are additionally manufactured by a subsidiary, Thai Suzuki Motor Co., Ltd. and an affiliate, Jinan Qingqi Suzuki Motorcycle Co., Ltd. and others. Some of parts are manufactured by a subsidiary, Suzuki Toyama Auto Parts Mfg. Co., Ltd. and others, and those parts are purchased by the Company.

The marketing of the motorcycles is conducted in the domestic market through a subsidiary, Suzuki Motorcycle Sales (Higashi Nihon) Inc. and other marketing companies, and in overseas markets through a subsidiary, Suzuki International Europe GmbH and other marketing companies.

(Automobile operation)

Automobiles are manufactured by the Company as well as in overseas, by a subsidiary, Magyar Suzuki Ltd. and by an affiliate, CAMI Automotive Inc. and others. Some of parts are manufactured by Suzuki Hamamatsu Auto Parts Mfg. Co., Ltd. and others, and they are purchased by the Company.

The marketing of automobiles is carried out in the domestic market by a subsidiary, Suzuki Motor Sales Kinki Inc. and other marketing companies throughout the market, and in overseas markets, by a subsidiary, American Suzuki Motor Corp. and other marketing companies. The business of logistics services is conducted by a subsidiary, Suzuki Transportation & Packing Co., Ltd.

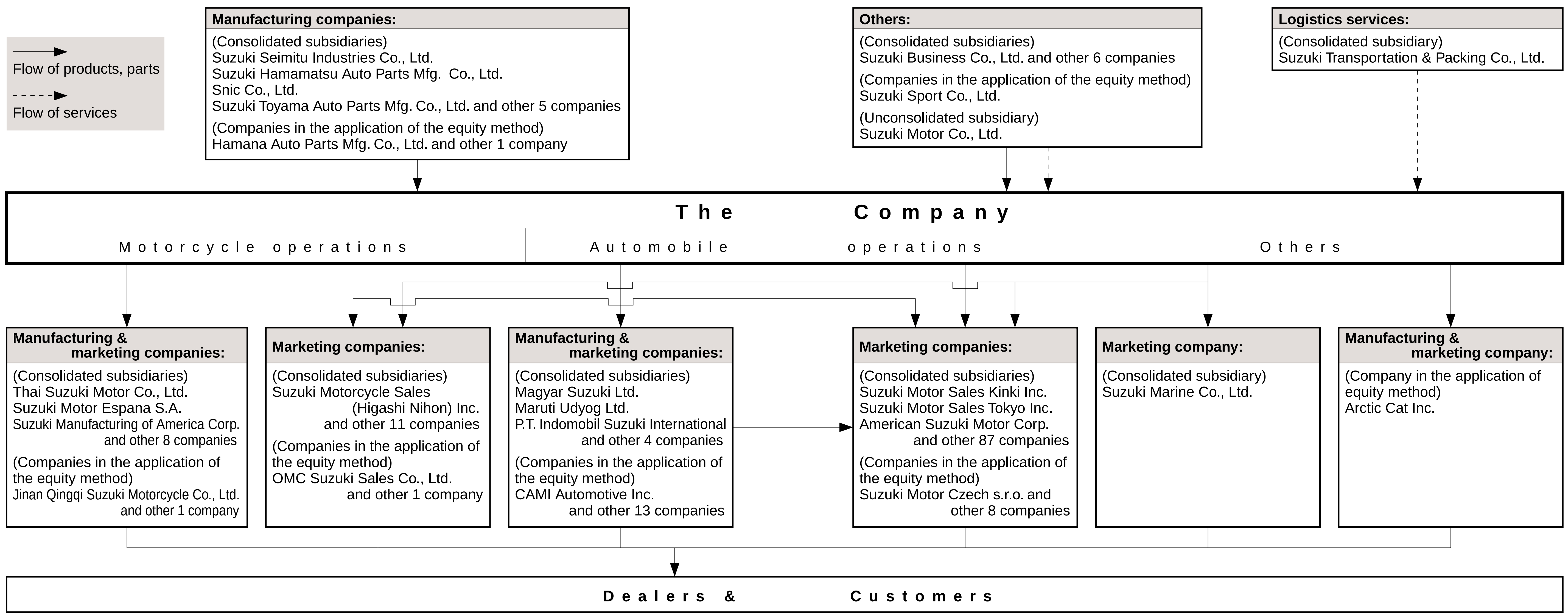
(Other operations)

Outboard motors are manufactured mainly by the Company and marketed by a subsidiary, Suzuki Marine Co., Ltd. and others.

In the domestic market, the marketing of motorized wheelchairs and electro senior vehicles is conducted by subsidiaries such as Suzuki Motor Sales Kinki Inc. and others, and the marketing of houses is conducted by a subsidiary, Suzuki Business Co.,Ltd.

2. Operation flow chart

As of March 31, 2007



FINANCIAL SECTION

CONTENTS

MANAGEMENT POLICY

1. Business operations basic policy

Ever since establishment, the Suzuki Group has maintained a basic policy of making “value-packed products” to give our customers satisfaction. The opening paragraph of our company’s mission statement promises that we will “develop products of superior quality by focusing on the customer”. Of course, the value of a product varies with the times as well as the differences between countries and in lifestyles. By keeping on top of the dynamic changes occurring in the marketplace, we strive to create products of real value, products that are always designed to win our customers’ approval.

We commits itself to make efforts to promote the “production of mini, small and subcompact vehicles” and the “development of environmentally benign products” needed by customers, and to be small, less, light, short and beautiful on every side of organization, facilities, parts, environment and so on as well as production, with the slogan, “Small Cars for a Big Future”, and has been working for the efficient, well-knit and healthy management.

2. Profit sharing basic policy

The Company’s basic profit sharing policy is focused on maintaining a continuous and stable payout of dividends. At the same time however, from a middle- and long-term perspective, we are always looking at how to improve our performance, how to increase the dividend payout ratio and how internal reserves can be improved as a basis for enhancing our corporate structure to allow us to expand our business operations in the future.

The Suzuki Group has a structure in which profits are highly dependent on overseas manufacturing plants. These are mainly located in developing countries, and are therefore subject to exchange rate fluctuations. We have plans to actively develop and increase our investment in these overseas manufacturing plants. To achieve stable growth, we need to further enhance our corporate structure and prepare for unforeseen circumstances.

Under those circumstances, we appreciate your investment, and with the achievement of consolidated sales 3,000 billion yen, we have paid 14.00 yen per share as common dividends (including interim dividends of 6.00 yen) for the current fiscal year.

As for next fiscal year, the annual dividend is scheduled to be 14.00 yen per share (including interim dividend of 7.00 yen).

Note: “the Company” = Suzuki Motor Corporation

3. Current status of medium-term management strategy

“Suzuki medium term 5-year plan (Apr.2005 - Mar.2010)” was established in May, 2005 which set consolidated sales target of 3,000 billion yen and consolidated ordinary income target of 150 billion yen, with investment of 1,000 billion yen by the Company and its group in plant and equipment in order for the Suzuki Group to survive and achieve more development in tough business environments.

The Suzuki Group has been trying to achieve the above numerical target, as early as possible by the end of March 2010. As a result, we have already achieved the consolidated sales of 3,000 billion yen in this fiscal year, ahead of the original plan, owing to good sales of automobiles in overseas markets, etc. Thus, we have revised up our targets for the remaining 3 years, after updating main measures.

We will go forward laying groundwork for revenue base as the basic policy of coming 3 years by putting priority on investment on R&D and facilities and development of human resources to achieve growing up. With this policy, every member of the Suzuki Group intend to strive continuously to achieve targets of consolidated sales over 3,500 billion yen and consolidated ordinary income over 175 billion yen by the end of March 2010.

		Revised mid-term management strategy (Apr.27, ’07)	Original mid-term management strategy (May 11, ’05)
Consolidated net sales		Over 3,500 billion yen	Over 3,000 billion yen
Consolidated ordinary income		Over 175 billion yen	Over 150 billion yen
(Ordinary income to sales)		Over 5 %	Over 5 %
Exchange Rate (FY2008 and FY2009)		1 US dollar = 105 yen	1 US dollar = 100 yen
		1 Euro = 130 yen	1 Euro = 130 yen
Production units	Motorcycle	Over 4,400 thousands	Over 4,400 thousands
	Automobile	Over 3,000 thousands	Over 2,700 thousands
5 year total investment on equipments (FY2005 – FY2009)		1,000 billion yen	1,000 billion yen

4. Outstanding issues

The business environment surrounding the Company is extremely unclear due to the fluctuation of exchange rates and the increase in competition among companies. Considering these circumstances, the business environments surrounding the Company has become increasingly tougher.

In order to cope in such difficult circumstances, we are striving to pursue the following motto which represents our basic policy: "In order to survive, let us stop acting in a self-styled manner and get back to basics". We intend to make positive efforts to strengthen our management structure by reviewing our practices in every area of our business.

In motorcycle operations, for domestic market, the Company will promote the sales expansion of motor driven cycles and large type of models. In overseas market, the Company will inject the new model which can develop the brand image of being "sporty, young, unique" which have been cultivated by race activity in Europe and North American markets. Through the above-mentioned activities, we will develop the lucrative motorcycle operations. Also in Asian market, although demand for motorcycle was increasing drastically with development of economy until last year, sales in this year decreased vastly with dull market in Indonesia etc. Hereafter, in order to recover Asian market and develop Indian market which the Company has entered newly, the Company will go forward strengthening overseas market with injection of new model which accord with market needs, encouraging the sales force and level up of quality and productivity etc.

In automobile operations, for both domestic and overseas market, the marketing activities and products supply in a close contact with the market will be executed. In domestic market, the Company will make efforts to reinforce the sales force by increasing and training sales persons, also to build and enhance "Suzuki Arena Shops", for further expansion of market share. In overseas markets, further level up of overseas bases will be pursued through the automation for quality improvement, progress in productivity, cost reduction activities and promotion of local procurement of parts at overseas plants. Furthermore, the reinforcement of the corporate foundation will be strongly promoted. Moreover, efforts will be made for the development in effective and speedy manner of the products which will match world four-pole markets, and for their introduction in a good timing.

Additionally, for the protection of the global environment, the product development will be pushed ahead, with due considerations to environment, in the areas of reduction of gas emissions, improvement of fuel consumption, resource saving, and recycling, etc. The Company will utilize the effect of technical tie-up with other companies to the utmost extent, such as for diesel engine with Fiat Auto S.p.A. and for development of hybrid vehicle/fuel-cell vehicle with General Motors Corporation (GM) and so on.

Although GM group's equity stake in the Company was lowered to 3.0% by the sale of the shares of the Company it had owned in March, 2006, constructive affiliation has been continued since August, 1981 between the Company and GM. The Company will positively urge the collaboration with GM in various projects such as joint development of advanced technology, joint venture CAMI operation in Canada and new medium size cross-over SUV production there, cooperation of power train development, mutual supply of OEM products, joint global procurement of component, etc.

5. Corporate governance issues

(1) Basic concepts regarding corporate governance

The Company has made it a principle to carry out its corporate activities in a fair and efficient manner, and has desired to be a company which achieves a sustainable growth by retaining the faith of all our stakeholders including shareholders, customers, business partners, regional communities and employees, and by making contribution toward international society. For its fulfillment, the Company recognizes that enhancement of corporate governance is one of its most important management issues, and makes positive efforts toward the implementation of various measures.

(2) Organization of the Company

(a) Directors/board of directors

On the occasion of enforcement of the Companies Act (Kaisha-hou) in May 2006, in terms of enhancement of the corporate governance, the Company has undertaken substantial organizational reform and laid the current management system aiming at agility of management, speedup of operation and clarification of responsibilities. Specifically, while the number of directors has been reduced by half against before, a new managing officer system (senior managing executive officers and managing executive officers) has been introduced so that all directors, excluding the chairman and the president, play a central executive role by concurrently holding the office of senior managing executive officers.

Also the Company adopts eight-divisions system so that all senior managing executive officers (Board Member) participate in decision-making at board meeting through providing on-site information by assuming as executive general manager or deputy executive general manager. Furthermore the Company has the system which each senior managing executive officers (Board Member) assist the other related divisions in order to eliminate the negative effects by bureaucratic sectionalism and control the operation in a cross-section manner from management perspective.

Besides the above, the Company had stipulated the term of office of directors to be for one year in order to clarify their management responsibilities and to address the change in the business environment flexibly.

In addition to the regular meetings of the board of directors held every month, directors hold a special board meeting whenever necessary, and discussions including viewpoints of regulatory compliance and corporate ethics are thoroughly conducted in those meetings for decision-making. Combined with participation of corporate auditors at all times, the function of management supervision in meetings of the board of directors is working effectively. And management councils are held whenever necessary to discuss the strategic decision on execution of important management issues. Furthermore, directors mutually exchange information through weekly meetings, etc.

Formerly resolution at meetings of the board of directors needed participation of more than one-half in number of directors and a majority of votes of those directors. The Company has introduced the resolution system in the form of a written consent for the purpose of participation by all directors in substance as well as effective and timely decision-making.

(b) Auditors/board of corporate auditors and internal auditing

The Company has adopted a corporate auditor system, and their board consists of five members including three persons of external corporate auditors in order to enhance the audit function. And the Company has audit department which audit on our domestic and overseas subsidiaries and affiliates, in addition to the internal audit group. Thus, along with auditing by independent auditor, audits are executed in three different ways, from the standpoint of compliance, internal control and management efficiency respectively.

As to corporate auditors, they execute audits on proper management of the Company, in accordance with the rules of the board of corporate auditors and audit policies of the corresponding fiscal year, by holding meetings of the board of corporate auditors, participating in meetings of the board of directors, perusing approval documents and various minutes, and receiving reports and explanation from directors on execution of business, etc.

As to internal auditing, the audit department checks the integrity and efficiency of the Company's internal control system periodically, and results of the checks are reported to management together with suggestions regarding improvement and correction of problems. As to audit on our subsidiaries and affiliates, the audit department helps to make rules for enhancement of their management structures, conducts guidance, supporting and auditing for regulatory compliance. It also promotes efficiency and standardization of their business.

Corporate auditors adjust audit plans and auditing themes of the audit department, attend its audit and receive reports and explanation on all its audits whenever necessary. Corporate auditors also execute internal auditing and auditing on subsidiaries as corporate auditors' auditing in cooperation with the audit department.

(c) Independent auditor

Seimei Audit Corporation is assigned as an independent auditor for the Company. Corporate auditors receive explanation from independent auditor on audit plans for the corresponding fiscal year, reports on audit on interim and year-end, and also reports on audit on subsidiaries. Corporate auditors, audit department and independent auditor create a closer connection by exchanging information whenever necessary.

Name of Engagement Partners	Auditing company CPA belongs to
Takashi Imamura	Seimei Audit Corporation
Akira Iwama	Seimei Audit Corporation

Note: The number of other assistant members for audit: Eight certified public accountants and two others.

(d) Relationships with external corporate auditors

Three external corporate auditors have no special interest in the Company.

(3) Development of internal control system and risk management system

In order to enhance corporate governance, the Company is making efforts to keep everyone informed about compliance and to strengthen internal control system. Based on the Companies Act (Kaisha-hou), resolution of the board of directors regarding the basic policy for construction of internal control system was passed on May 15, 2006. Basic approach and its development are as follows:

(a) Compliance system for directors

Directors respect the “Mission Statement” and the “Suzuki Action Charter” and execute their duties in compliance with the “Rules of the Board of Directors”, the “Approval Procedures” and other rules of the Company, and mutually supervise their execution of duties through meetings of the board of directors, etc. And directors enhance closer connection by being in charge of multiple divisions and eliminate the negative effects of bureaucratic sectionalism. Besides the above, the Company established the “Suzuki Corporate Ethics Rules” (April, 2002) which lays out a set of basic points for directors and employees to act in a fair and faithful manner in compliance with the law, the norms of the society and company rules. It is revised whenever necessary. And corporate auditors audit the execution of duties of directors in accordance with the audit policies and work responsibilities set by the board of corporate auditors.

(b) Compliance system for employees

In order to ensure that employees execute their duties in compliance with the law and the Articles of Incorporation of the Company, the Company is making effort to keep everyone informed about the “Suzuki Employees’ Action Charter” which lays out the norms of action of employees, the “Approval Procedures” and the “Job Description” which set up the proceedings of execution of their duties in details, and other rules of the Company. It is revised whenever necessary. Furthermore, in accordance with the “Suzuki Corporate Ethics Rules”, the Company has developed compliance system for employees including internal report system, and has educated them through various training and in-house seminars regarding compliance. And, in accordance with the “Rule of Internal Auditing”, the audit department audits on the integrity and efficiency of various control systems, organizations and rules, and properness of function of internal control, etc.

(c) Risk management system

The Company has set up the “Risk Management Procedure” as part of the “Suzuki Corporate Ethics Rules” to cope with risks such as malpractices or illegal acts which could occur inside and outside the Company or such as natural disasters and terrorism which the Company can not prevent. Whenever the “Corporate Ethics Committee” recognizes risks that could cause urgent and serious damages to the Company’s management and business operations, the committee immediately sets up “Risk Management Headquarters”, in accordance with the “Risk Management Procedure”, as an organization that will decide on the measures to be taken against the occurred risk. “Risk Management Headquarters” immediately discuss and decide policies and measures to be taken and can give instructions to the appropriate divisions and departments. These divisions and departments are then able to communicate with each other to resolve any issues at hand.

(d) System to ensure proper business operation of the corporate group

To ensure a proper business operation of the corporate group which consists of the Company and its subsidiaries, the Company has established the “Rules of Business Control Supervision”. They are revised whenever necessary. The subsidiaries and affiliates report to the Company on their business operation and consult with the Company on important matters in accordance with those rules, and departments in charge give guidance and advice to them to enhance their management structure. And our audit department helps to make rules for the subsidiaries and affiliates, conducts guidance, supporting and auditing for their regulatory compliance. It also promotes efficiency and standardization of their business.

(4) Remuneration for directors

Remuneration paid to directors and corporate auditors is as follows:

(Number of payees: persons, Amount: million yen)

	Directors		Corporate Auditors		Total	
	Number of payees	Amount	Number of payees	Amount	Number of payees	Amount
Remuneration based on resolution of shareholders’ meeting	14	456	5	76	19	532
(Bonus included in above remuneration)		(234)		(26)		(260)

(5) Remuneration for independent auditing

(a) The remuneration amount to be paid by the Company to independent auditors is 42 million yen.

(b) Of the amount shown in (a), the remuneration amount to be paid for audit certification is 39 million yen.

Note: Since the audit agreement between the Company and independent auditors does not distinguish the remuneration for auditing based on the “Companies Act (Kaisha-hou)” from that for auditing based on the “Securities and Exchange Law”, the Company can not specify respective amounts substantially and has described the total amount for those audits.

(c) The Company paid the following remuneration to independent auditors other than (a).

- Making out of comfort letter regarding bond issuance.

FINANCIAL REVIEW

1. Operating results

Consolidated net sales for the Suzuki Group during the current fiscal year amounted to 3,163,669 million yen (115.2% as against PFY). This year became the first fiscal year resulting in sales over 3,000 billion yen. Operating income amounted to 132,900 million yen (116.7% as against PFY). Net income amounted to 75,008 million yen (113.7% as against PFY). These results were due to increases in depreciation, R&D expenses and other expenses, etc. being absorbed by increase of sales, cost reduction and exchange gain, etc.

Factors which significantly influenced the consolidated statement of income are described as follows:

Note: PFY = Previous Fiscal Year

(1) The operating results by business segmentation

(a) Motorcycle operations

In the situation where the domestic demand is decreasing, Suzuki total domestic sales decreased due to reducing of OEM supply. However sales of Suzuki models itself increased thanks to good performance of the new “Address V50”, the “Skywave250”, the “GSR400”, etc.

Despite sales shrink in Asia, typically drop in Indonesia, our total sales in overseas increased owing to expansion of new large models such as the “GSX-R600/750”, the “GSR600” and the “Boulevard M109R”. As a result, the net sales of motorcycle operation reached 588,177 million yen (104.8 % as against PFY), however, operating income decreased to 45,377 million yen (98.8% as against PFY) because reduction in profits of "P.T. Indomobile Suzuki International” could not be absorbed.

(b) Automobile operations

In domestic market, in addition to favorable sales of the subcompact passenger car “Swift”, the Company strengthened product lineup introducing a new sports crossover vehicle, the “SX4”, mini vehicles, the “MR Wagon Wit”, the “Wagon R Stingray” and the new “Cervo”. As a result, the domestic net sales increased over the previous fiscal year. Overseas sales increased greatly over the previous fiscal year as well by introducing a new middle size crossover SUV, the “XL7” in North America, and steady sales of world strategic vehicle “Swift”, the “Grand Vitara” (export model of the “Escudo”) and the “SX4”. As a result, the net sales of automobile operation reached 2,503,817 million yen (118.1 % as against PFY), and operating income increased to 76,576 million yen (132.2% as against PFY) through absorption of increase of depreciation and other expenses by increase of sales, cost reduction and exchange gain.

(c) Other businesses

The net sales of other businesses amounted to 71,674 million yen (109.9% as against PFY) and operating income amounted to 10,946 million yen (109.4% as against PFY) because of net sales increase, etc.

(2) The operating results of geographical segmentation

(a) Japan

Net sales amounted to 2,085,514 million yen (114.7% as against PFY) and operating income increased to 69,683 million yen (114.7% as against PFY) through absorption of increase of depreciation, R&D expenses and other expenses by increase of sales, cost reduction and exchange gain.

(b) Europe

Net sales increased to 661,007 million yen (134.3% as against PFY) by the introduction of the “SX4” in addition to favorable sales of the “Swift”, the “Grand Vitara” and new large motorcycle models such as the “GSX-R600/750” and the “GSR600”. And also operating income increased greatly to 14,803 million yen (190.6% as against PFY) due to sales increase, etc.

(c) North America

Net sales amounted to 459,277 million yen (116.9% as against PFY) by the introduction of the “SX4” and the “XL7”, in addition to favorable sales of the “Grand Vitara” and new big motorcycle models such as the “GSX-R600/750” and the “Boulevard M109R”. However, operating income decreased to 5,914 million yen (81.9% as against PFY) due to expenses increase, etc.

(d) Asia

Net sales amounted to 656,043 million yen (108.1% as against PFY) through absorption of sales decrease of “P.T. Indomobil Suzuki International” in Indonesia by sales increase of “Maruti Udyog Limited” in India and “Pak Suzuki Motor Company Limited” in Pakistan. However, operating income decreased to 43,606 million yen (96.1% as against PFY) because reduction in profits of “P.T. Indomobil Suzuki International” could not be covered up, due to increase of depreciation cost, etc.

(e) Other areas

Net sales amounted to 61,554 million yen (145.8% as against PFY) and operating income to 5,061 million yen (201.0% as against PFY) by increased sales, etc.

(3) Selling, general and administrative expenses

In this fiscal year, the amount of selling, general and administrative expenses increased by 52,172 million yen to 652,027 million yen. The expense of dispatch, advertising, sales promotion and warranty reserve increased according to increase of sales. Also R&D expenses increased due to development of new product, advanced safety technology, next generation vehicle such as fuel cell vehicle, etc.

(4) Other income and expenses

In this fiscal year, the net amount of other income and expenses was a profit of 5,832 million yen thanks for dividend inome, while in the previous fiscal year net profit was 7,978 million yen. Due to decrease of gain on sales of investment in securities and increase of impairment loss of fixed assets which none in the previous year, the net profit of this fiscal year decreased by 2,146 million yen against previous fiscal year.

(5) Outlook for results in the next fiscal year

The target of “consolidated sales of 3,000 billion yen” was achieved at the earlier stage. Next year, as the third year of “Suzuki medium term 5-year plan”, we will continue our positive working for prior investment such as investments on R&D and on plant and equipment.

Though there is unpredictability on exchanging rate, etc., the Suzuki Group will work all together for innovation in every area to exceed the target of consolidated sales of 3,200 billion yen, consolidated operating income of 134 billion yen and consolidated net income of 76 billion yen.

The above is based on the anticipated foreign exchange rate of 1 US dollar = 112 yen and 1 Euro = 147 yen.

	Outlook of results in the next fiscal year	Results in the current fiscal year
Net sales	3,200 billion yen	3,163 billion yen
Operating income	134 billion yen	132 billion yen
Net income	76 billion yen	75 billion yen
Exchange Rate	1 US dollar = 112 yen	1 US dollar = 117 yen
	1 Euro = 147 yen	1 Euro = 151 yen

* The outlook of business results in the next fiscal year, which is estimated based on the current information available and assumption, includes risk and uncertainty. It is requested, therefore, to understand that the actual results may extensively vary by the change of many factors. Those factors, which may influence the actual results, include economic conditions and the trend of demand in major markets and the fluctuation of foreign exchange rate (mainly Yen/US dollar rate, Yen/Euro rate).

2. Liquidity and capital resources

(1) Situation of cash flow

The net cash provided by operating activities decreased to 202,194 million yen. This is 37,849 million yen less than the previous fiscal year due to a decrease of increase in accounts payable and an increase of income before tax and depreciation and amortization expenses.

The net cash used in investing activities increased to 199,473 million yen by 95,258 million yen. This is more than the previous fiscal year due to an increase in expenditure for the purchase of marketable securities and tangible fixed assets.

The net cash provided by financing activities increased to 223,290 million yen by 384,016 million yen. This is more than the previous fiscal year due to the issuance of convertible bonds of 150,000 million yen.

As a result, the balance of cash and cash equivalents at the end of this fiscal year increased by 227,712 million yen to 444,335 million yen compared with the previous fiscal year.

(2) Demand for money

During this fiscal year, the Company and the major subsidiaries and affiliates invested a total 207,386 million yen on a number of initiatives, such as new model production, production volume increase, rationalization, R&D for new models and technical innovation, distribution, sales channel and IT related investments. These costs were covered by retained earnings.

Planned capital expenditure spending for the next fiscal year is 250,000 million yen, mainly from our own funds.

3. Significant accounting policies

For information regarding significant accounting policies, please refer to the Notes to Consolidated Financial Statements.

4. Risks in operations

Risks which may possibly affect on the operating results, stock price and financial situation of the Suzuki group are as follows:

(1) Macro-economic changes

It is possible that prolonged sluggish economy and the reduced purchasing will of consumers could drastically decrease demand for products, such as motorcycles, automobiles and outboard motors and adversely affect the business performances of the Suzuki Group.

The Suzuki Group has business operations all over the world and our dependence on overseas manufacturing plants, especially in developing countries in the Asian region, has been increasing year by year. Sudden changes in the economic situation and unexpected events could possibly have an impact on the business performances of the Suzuki Group. Furthermore, it is possible that unexpected changes in and adoptions of different tax systems in each country also could affect our operating results.

(2) Price and purchasing cost fluctuation

It is possible that drastic fluctuation of the prices and purchasing cost of our products are brought on by the various factors, such as sudden changes in demand, supply shortages and price-up of parts and materials, unstable economic situations, revisions of import restrictions, and intensified price competition. There is no guarantee that these fluctuations will not be prolonged nor that these fluctuations will never occur in markets where they have never occurred before. It is possible that drastic price and cost fluctuations could damage our operating results in any market where the Suzuki Group is operating.

(3) Foreign exchange fluctuation

The Company exports motorcycles, automobiles, outboard motors and their parts from Japan to many countries in the world and our overseas manufacturing bases also export products and parts to a number of countries. Foreign exchange fluctuations affect our business operations and our financial situation as well as our competitiveness.

Furthermore, foreign exchange fluctuations affect the pricing of products sold in foreign currencies and the purchasing price of materials. Overseas sales accounted for approximately 2/3 of our consolidated net sales in the current fiscal year and a large proportion of our transactions are denominated in foreign currencies, such as the US dollar and the Euro. To reduce the risk of foreign exchange fluctuations, we utilize hedging instruments such as forward exchange contracts. However, it is impossible to hedge all risks. The appreciation of the Yen against other currencies could possibly adversely affect our operating results.

(4) Environmental restrictions

The manufacturing of motorcycles, automobiles and outboard motors are subject to various laws and regulations regarding exhaust emissions levels, fuel consumption, noise, safety and the amount of the output of contaminated materials from plants. We can reasonably expect such regulations to be revised, and in many cases, strengthened. Expenses for complying with such regulations could possibly impact the operating results of the Suzuki Group.

(5) Quality assurance

The Suzuki Group recognizes safety of products as a matter of the highest priority. We strive to maintain the globally same level of quality, keeping a strict quality assurance system through product development to sales. Regarding product liability, although the Suzuki Group is purchasing product liability insurance, there is a risk that all liabilities are not covered fully. If a large-scale recall was made for our customers' safety and incurred major expenses, it could adversely affect the operating results of the Suzuki Group.

(6) Disasters, wars, terrorism and labor strikes

Our main manufacturing bases in Japan are located chiefly in the Tokai region in the mid-eastern part of Japan, and other facilities, such as the Company's head office, are also concentrated in the same region. In the event of disasters, such as earthquakes in the Tokai region or off the southeast coast of Japan, our operating results could possibly be affected. Various preventive measures are put in place, including earthquake-proofing and fire-proofing our buildings and facilities, making plan of operation recovery and carrying earthquake insurance.

Overseas, the Suzuki Group operates in many countries and occurrences of unexpected events, such as natural disasters, diseases, wars, terrorism and labor strikes, etc., could possibly cause delays and bring a halt to the purchasing of materials and parts, manufacturing, sales and distribution of products, and provision of services. If these delays or interruptions occur and if they are prolonged, they may adversely affect the operating results of the Suzuki Group.

Other various risks not mentioned above also remain - not all the risks for the Suzuki Group are listed here.

FIVE-YEAR SUMMARY

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts) 2007	2006	2005	2004	2003	Thousands of U.S. dollars (except per share amounts) 2007
Net sales	**¥3,163,669**	¥2,746,453	¥2,365,571	¥2,198,986	¥2,015,309	**$26,799,405**
Net income	**75,008**	65,945	60,506	43,835	31,024	**635,394**
Net income per share:						
Primary	**169.41**	125.64	112.94	81.38	57.29	**1.435**
Fully diluted	**151.41**	122.14	109.86	79.17	55.57	**1.282**
Cash dividends per share	**14.00**	11.00	10.00	9.00	9.00	**0.118**
Net Assets	**855,973**	616,770	745,016	692,345	648,357	**7,250,936**
Total current assets	**1,435,405**	1,067,709	999,887	902,263	844,577	**12,159,301**
Total assets	**2,321,441**	1,849,714	1,693,353	1,577,709	1,537,430	**19,664,898**
Depreciation and amortization	**149,910**	126,520	97,731	87,858	83,896	**1,269,889**

NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts) 2007	2006	2005	2004	2003	Thousands of U.S. dollars (except per share amounts) 2007
Net sales	**¥1,939,806**	¥1,690,169	¥1,481,632	¥1,392,688	¥1,411,418	**$16,432,078**
Net income	**43,054**	37,271	35,747	25,650	19,393	**364,710**
Net income per share:						
Primary	**97.23**	70.78	66.56	47.46	35.67	**0.823**
Fully diluted	**86.91**	68.82	64.75	46.17	34.61	**0.736**
Cash dividends per share	**14.00**	11.00	10.00	9.00	9.00	**0.118**
Net Assets	**429,730**	364,127	540,890	518,198	483,670	**3,640,243**
Total current assets	**758,005**	518,728	589,848	519,025	539,322	**6,421,052**
Total assets	**1,381,889**	1,082,344	1,098,073	1,039,261	1,070,708	**11,705,969**
Depreciation and amortization	**73,881**	59,362	47,213	47,836	53,578	**625,851**

Note: Yen amounts are translated into U.S. dollars for convenience only, at ¥118.05 = US$1, the prevailing exchange rate as of March 31, 2007.
Calculation of net income per share from the year of 2003 to 2006 is made on the adjusted net income basis excluding the bonuses paid to directors and corporate auditors and the payment of dividends to shareholders of preferred stocks from net income shown in the income statements in accordance with the revision of regulations of financial statements.
Figures in "Net assets" of FY2006 and before are referred to "Shareholder's equity" in previous, respectively.

CONSOLIDATED FINANCIAL STATEMENTS OF 2007

CONSOLIDATED BALANCE SHEETS

As of March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars 2007
ASSETS			
Current assets:			
Cash and time deposits	**¥ 355,448**	¥ 182,895	**$ 3,010,998**
Marketable securities *NOTE 5	**116,424**	82,115	**986,228**
Receivables:			
Trade notes and accounts	**326,606**	249,425	**2,766,682**
Less allowance for doubtful receivables	**(3,641)**	(2,998)	**(30,843)**
Inventories *NOTE 4	**401,110**	354,687	**3,397,799**
Other current assets	**239,456**	201,584	**2,028,435**
Total current assets	**1,435,405**	1,067,709	**12,159,301**
Property, plant and equipment: *NOTE 6			
Land	**160,235**	155,756	**1,357,355**
Buildings and structures	**302,353**	278,919	**2,561,230**
Machinery, equipment and vehicles	**1,176,154**	1,010,772	**9,963,192**
Construction in progress	**30,711**	41,555	**260,154**
	1,669,455	1,487,005	**14,141,932**
Less accumulated depreciation	**(1,081,405)**	(945,712)	**(9,160,567)**
Total property, plant and equipment	**588,050**	541,293	**4,981,364**
Investments and other assets:			
Investments in securities *NOTE 5	**145,784**	102,368	**1,234,942**
Investments in affiliates	**31,392**	25,577	**265,922**
Other assets	**120,808**	112,766	**1,023,367**
Total investments and other assets	**297,985**	240,711	**2,524,232**
Total assets	**¥2,321,441**	¥1,849,714	**$19,664,898**

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable	**¥ 571,296**	¥ 505,129	**$ 4,839,445**
Short-term bank loans *NOTE 6	**167,236**	126,115	**1,416,657**
Current portion of long-term debt *NOTE 6	**1,088**	801	**9,216**
Accrued income taxes	**37,798**	30,165	**320,194**
Accrued expenses	**164,651**	145,215	**1,394,764**
Other current liabilities	**191,337**	166,193	**1,620,821**
Total current liabilities	**1,133,409**	973,619	**9,601,099**
Long-term liabilities:			
Long-term debt *NOTE 6	**238,308**	71,594	**2,018,706**
Accrued retirement and severance benefits *NOTE 8	**52,080**	53,457	**441,171**
Other liabilities	**41,669**	40,709	**352,984**
Total long term liabilities	**332,058**	165,762	**2,812,862**
Total liabilities	**1,465,468**	1,139,381	**12,413,962**
Minority interests	**—**	93,562	**—**
Net Assets:			
Shareholders' equity: *NOTE 13			
Common stock:			
Authorized-1,500,000,000 shares			
Issued,			
as of March 31, 2007—542,647,091	**120,210**	—	**1,018,299**
Capital surplus	**138,199**	—	**1,170,686**
Consolidated retained earnings	**642,969**	—	**5,446,584**
Less treasury stock, at cost	**(219,875)**	—	**(1,862,559)**
Total shareholders' equity	**681,504**	—	**5,773,011**
Valuation and translation adjustments:			
Net unrealized gains on securities	**35,251**	—	**298,616**
Deferred gains and losses on hedges	**(149)**	—	**(1,263)**
Foreign currency translation adjustments	**24,917**	—	**211,079**
Total valuation and translation adjustments	**60,020**	—	**508,433**
Minority interests	**114,448**	—	**969,491**
Total net assets	**¥ 855,973**	¥ —	**$ 7,250,936**
Total liabilities and net assets	**¥2,321,441**	¥ —	**$19,664,898**

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Shareholders' equity: *NOTE 13			
Common stock:			
Authorized-1,500,000,000 shares			
Issued,			
as of March 31, 2006—542,647,091	—	120,210	—
Capital surplus	—	129,192	—
Consolidated retained earnings	—	573,516	—
Net unrealized gains on securities	—	38,285	—
Foreign currency translation adjustments	—	(1,499)	—
Less treasury stock, at cost	—	(242,934)	—
Total Shareholders' equity	—	616,770	—
Contingent liabilities *NOTE 14			
Total liabilities and shareholders' equity	¥ —	¥1,849,714	$ —

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars 2007
Net sales	**¥3,163,669**	¥2,746,453	**$26,799,405**
Cost of sales	**2,378,742**	2,032,732	**20,150,293**
Gross profit	**784,927**	713,721	**6,649,111**
Selling, general and administrative expenses	**652,027**	599,855	**5,523,314**
Operating income	**132,900**	113,865	**1,125,797**
Other income and expenses:			
Interest and dividend income	**15,172**	11,771	**128,529**
Interest expense	**(6,810)**	(3,554)	**(57,693)**
Equity in earnings of affiliates	**2,102**	3,933	**17,812**
Other, net	**(4,632)**	(4,171)	**(39,244)**
Income before income taxes	**138,732**	121,844	**1,175,201**
Income taxes: *NOTE 9			
Current	**73,712**	61,119	**624,414**
Deferred	**(29,379)**	(21,293)	**(248,875)**
	44,332	39,826	**375,539**
Minority interests in earnings of consolidated subsidiaries	**19,391**	16,073	**164,268**
Net income	**¥ 75,008**	¥ 65,945	**$ 635,394**

	Yen 2007	Yen 2006	U.S. dollars 2007
Net income per share:			
Primary	**¥ 169.41**	¥ 125.64	**$ 1.435**
Fully diluted	**151.41**	122.14	**1.282**
Cash dividends per share	**14.00**	11.00	**0.118**

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

CONSOLIDATED STATEMENTS OF CHANGING NET ASSETS

Years ended March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen					
		Common stock	Capital surplus	Consolidated retained earnings	Treasury stock at cost	Valuation and translation adjustments	Minority Interests
Balance as of March 31, 2005	542,647	¥120,210	¥126,578	¥513,603	¥(15,028)	¥20,718	¥72,286
Net income	—	—	—	65,945	—	—	—
Cash dividends	—	—	—	(5,832)	—	—	—
Directors' and corporate auditors' bonuses	—	—	—	(200)	—	—	—
Gain on disposal of treasury stock	—	—	2,613	—	—	—	—
Treasury stock acquired	—	—	—	—	(227,906)	—	—
Other Changes	—	—	—	—	—	16,067	21,276
Balance as of March 31, 2006	542,647	¥120,210	¥129,192	¥573,516	¥(242,934)	¥36,785	¥93,562
Net income	—	—	—	75,008	—	—	—
Cash dividends	—	—	—	(5,295)	—	—	—
Directors' and corporate auditors' bonuses	—	—	—	(260)	—	—	—
Gain on disposal of treasury stock	—	—	9,006	—	23,078	—	—
Treasury stock acquired	—	—	—	—	(19)	—	—
Other Changes	—	—	—	—	—	23,234	20,886
Balance as of March 31, 2007	**542,647**	**¥120,210**	**¥138,199**	**¥642,969**	**¥(219,875)**	**¥60,020**	**¥114,448**

	Thousands of shares of common stock	Thousands of U.S. dollars					
		Common stock	Capital surplus	Consolidated retained earnings	Treasury stock at cost	Valuation and translation adjustments	Minority Interests
Balance as of March 31, 2006	542,647	$1,018,299	$1,094,389	$4,858,254	$(2,057,898)	$311,610	$792,564
Net income	—	—	—	635,394	—	—	—
Cash dividends	—	—	—	(44,861)	—	—	—
Directors' and corporate auditors' bonuses	—	—	—	(2,202)	—	—	—
Gain on disposal of treasury stock	—	—	76,297	—	195,500	—	—
Treasury stock acquired	—	—	—	—	(161)	—	—
Other Changes	—	—	—	—	—	196,822	176,927
Balance as of March 31, 2007	**542,647**	**$1,018,299**	**$1,170,686**	**$5,446,584**	**$(1,862,559)**	**$508,433**	**$969,491**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Cash flows from operating activities			
Income before income taxes	**¥138,732**	¥121,844	**$1,175,201**
Depreciation and amortization expenses	**149,910**	126,520	**1,269,889**
Loss of impairment	**796**	—	**6,745**
Equity in earnings of affiliates	**(2,102)**	(3,933)	**(17,812)**
Decrease in accrued retirement and severance benefits	**(1,750)**	(1,210)	**(14,831)**
Interest and dividend income	**(15,172)**	(11,771)	**(128,529)**
Interest expenses	**6,810**	3,554	**57,693**
Increase in accounts receivable	**(64,137)**	(22,942)	**(543,304)**
Increase in inventories	**(28,623)**	(54,935)	**(242,473)**
Increase in accounts payable	**53,805**	115,988	**455,784**
Others	**21,283**	14,519	**180,290**
Sub Total	**259,551**	287,634	**2,198,654**
Interest and dividends received	**14,747**	10,795	**124,926**
Interest paid	**(5,780)**	(3,505)	**(48,964)**
Income taxes paid	**(66,324)**	(54,881)	**(561,830)**
Net cash provided by operating activities	**202,194**	240,043	**1,712,785**
Cash flows from investing activities			
Deposit in time deposit	**(56,335)**	(108,942)	**(477,217)**
Disbursement from time deposit	**62,635**	142,311	**530,584**
Purchases of marketable securities	**(57,383)**	(68,314)	**(486,098)**
Proceeds from sales of marketable securities	**71,940**	83,582	**609,403**
Purchases of property, plants and equipment	**(173,064)**	(160,256)	**(1,466,027)**
Proceeds from sales of property, plants and equipment	**4,561**	4,005	**38,640**
Purchases of investment securities	**(55,330)**	(52)	**(468,701)**
Proceeds from sales of investment securities	**4,760**	14,779	**40,328**
Increase in other investment	**(1,345)**	(7,921)	**(11,396)**
Increase in loans receivable	**—**	(1,747)	**—**
Others	**87**	(1,659)	**744**
Net cash used in investing activities	**(199,473)**	(104,215)	**(1,689,739)**
Cash flows from financing activities			
Net increase in short term bank loans	**32,296**	38,233	**273,580**
Proceeds from long term debt and issuance of bonds	**166,870**	39,472	**1,413,557**
Repayment from long term debt and redemption of bonds	**(1,028)**	(6,480)	**(8,709)**
Cash dividends paid	**(6,943)**	(6,650)	**(58,820)**
Purchases of treasury stock	**(19)**	(235,782)	**(161)**
Proceeds from sales of treasury stock	**32,085**	10,481	**271,798**
Others	**29**	—	**247**
Net cash used in and provided by financing activities	**223,290**	(160,725)	**1,891,492**
Effect of exchange rate change on cash and cash equivalents	**1,700**	9,890	**14,407**
Cash and cash equivalents increased (decreased)	**227,712**	(15,006)	**1,928,946**
Cash and cash equivalents at beginning of year	**216,623**	231,397	**1,835,011**
Increase by inclusion of newly consolidated subsidiaries	**—**	232	**—**
Cash and cash equivalents at end of year *NOTE 11	**¥444,335**	¥216,623	**$3,763,958**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 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 the consolidated financial statements were filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

The preparation of the Consolidated Financial Statements requires the management to select and adopt accounting standards and make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses, and the corresponding methods of disclosure.

As such, the management's estimates are made reasonably based on historical results. But due to the inherent uncertainty involved in making estimates, actual results could differ from these estimates.

For the convenience of readers outside Japan, certain reclassifications and modifications have been made to the original Consolidated Financial Statements.

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the Consolidated Financial Statements, including the opening balance of shareholders' equity, have been presented in U.S. dollars by translating all Japanese yen amounts on the basis of 118.05 to U.S.$1, the rate of exchange prevailing as of March 31, 2007. 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.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

The Consolidated Financial Statements for the years ended March 31, 2007 and 2006, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 138 and 135 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

As for the evaluation of assets and liabilities of consolidated subsidiaries, the complete market value accounting method is adopted. The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in affiliated companies accounted for under the equity method is, as a rule, amortized on a straight-Line basis over a period of five years after appropriate adjustments.

As for 54 companies of consolidated subsidiaries, their fiscal year end is December 31. "American Suzuki Motor Corporation" and the other 11 companies within above-mentioned 54 companies, their accounts were consolidated based on their financial statements by the preliminary settlement as of March 31,2007.

(b) Allowance for doubtful receivables

The allowance for doubtful receivables is appropriated into the account for an estimated uncollectible sum. If the financial condition of our customers deteriorates and their level of solvency decreases, additional allowances or bad debt losses may be incurred.

(c) Reserve for warranty costs

The reserve for warranty costs is appropriated into the account to allow for an estimated costs related to maintenance services of the products sold. This estimate, which is affected by the actual defect ratio of products and repairing costs is, in principle, based on warranty agreements and historical results. Therefore if the estimates differ from the actual defect ratio of products and repairing costs, this reserve may need to be revised.

(d) Allowance for recycling end-of-life products

The reserve is appropriated for an estimated expense related to the recycling end-of-life products of the Company based on actual sales.

(e) Allowance for product liabilities

With regard to the products exported to the North American market, to prepare for any payment of compensation not covered by "Product Liability Insurance", the anticipated amount to be borne by the Company and its subsidiaries is calculated and provided on the basis of historical results. Therefore if lawsuits increase, this reserve may need to be revised.

(f) Marketable securities, investment in securities

The Company and its subsidiaries hold securities of financial institutions and of our suppliers. These are subject to the risk of price fluctuations and under certain market conditions, we may have to conduct a review of their valuations and downgrade our assessments accordingly, based on the reasonable accounting standards. If the stock market falls, we may incur significant valuation losses of marketable securities.

Securities have to be classified into four categories: trading securities; held-to-maturity debt securities; investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates; and other securities.

According to this classification, securities held by the Company and its subsidiaries are other securities. Other securities for which market quotations are available are stated at fair value by the closing date's market value method. Unrealized gains or losses are included in a component of net assets at a net-of-tax amount, and gains or losses from sales of securities are recognized on cost determined by the moving average method.

Other securities for which market quotations are unavailable are stated at cost by a moving average method.

(g) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company and its subsidiaries are principally interest swaps and forward exchange contracts.The related hedged items are trade accounts receivable and investments in securities.

The Company and its subsidiaries have a policy to utilize the above hedging instruments in order to reduce our exposure to the risk of interest rate and foreign exchange fluctuation. Thus, our purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items. The Company and its subsidiaries evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(h) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

Assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

The components of net assets are translated into Japanese yen at their historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average exchange rate during the year, or alternatively, using the exchange rates prevailing at the balance sheet date.Differences in yen amounts arising from the use of different rates are presented as "foreign currency translation adjustments" in the net assets.

(i) Inventories

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

(j) 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 (mainly 3-75 years).

Provision for additional depreciation to certain assets is made to reflect the 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.

(k) 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.

(l) Income taxes

The provision for income taxes is computed based on the income before income taxes included in Consolidated Statements of Income. The assets and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

In making a valuation for the possibility of collection of deferred tax assets, the Company and its subsidiaries estimate our future taxable income reasonably. If the estimated amount of future taxable income decrease, deferred tax assets may decrease and income taxes expenses may be posted.

(m) Accrued retirement and severance benefits

In order to allow for payment of employees' retirement benefits, based on the estimated amount of retirement benefits liabilities and pension assets at the end of this fiscal year, the allowable amount which occurs at the end of this fiscal year is appropriated.

With regard to prior service costs, the amount, prorated on a straight line basis over the period of average length of employees' remaining service years at the time when it occurs, is treated as expenses. As for the actuarial differences, the amounts prorated on a straight line basis over the period of average length of employees' remaining service years in each year in which the differences occur are respectively treated as expenses from the next term of the year in which they arise.

Until the year ended March 31, 2006, the amount payable to be paid as for directors and corporate auditors had been posted pursuant to the Company's regulations on the retirement allowance of directors and corporate auditors. However, the Company's retirement benefit system for them was abolished at the closure of the ordinary general shareholders' meeting held on June 2006. And also shareholders' meeting made a resolution that reappointed directors and corporate auditors will receive their retirement benefit based on their passed service years when they actually retire. At the end of this fiscal year, such estimated amount is appropriated as retirement benefit to be paid.

In some consolidated subsidiaries, as usual, as for directors and corporate auditors, the amount payable to be paid at the end of year is posted pursuant to the Company's regulations on the retirement allowance of directors and corporate auditors.

Retirement benefit cost and retirement benefit obligation are calculated on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided on the basis of yield on low-risk, long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc.

Decreased yield on long-term bond leads to a decrease in discount rate and has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by the Company has a cash balance type plan, and thus the revaluation ratio, which is one of the base ratios, can offset any adverse effects caused by a decrease in the discount rate.

If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. But by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of the Company and its subsidiaries.

(n) Revenue recognition

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

(o) 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 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.

(p) Cash and cash equivalents

All highly liquid investments with original maturities of three months or less when purchased are considered cash and cash equivalents.

(q) Reclassification

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

NOTE 3: Accounting Changes

(Accounting standard for presentation of Net Assets in the Balance Sheet)

Effective from the fiscal year ending March 31, 2007, the Company and its subsidiaries adopted new accounting standards “Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan; ASBJ Statement No.5 issued on December 9, 2005)” and the “Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan; ASBJ Guidance No.8 issued on December 9, 2005).”

The amount corresponding to the conventional shareholders’ equity in the balance sheet is 741,673 million yen. Net assets in the Consolidated balance sheets for the fiscal year is presented according to the revised “Regulation Concerning the Terminology, Forms and Preparation Methods of Interim Consolidated Financial Statements.”

(Accounting standard for Business Combinations, etc.)

Effective from the fiscal year ending March 31, 2007, the Company and its subsidiaries adopted new accounting standards “Accounting Standard for Business Combinations (the Business Accounting Council; issued on October 31, 2003)”, “Accounting Standard for Business Divestitures and the related Implementation Guidance (Accounting Standards Board of Japan; ASBJ Guidance No.7 issued on December 27, 2005)”, and the “Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan; ASBJ Guidance No.10 last updated on December 22, 2006).”

(Accounting Standard for Directors’ Bonus)

Effective from the fiscal year ending March 31, 2007, the Company and its subsidiaries adopted new accounting standards “Accounting Standard for Directors’ Bonus (Accounting Standards Board of Japan; ASBJ Guidance No.4 issued on November 29, 2005).”

As a result of this change, “Selling, general and administrative expenses” increased by 468 million yen and “operating income” and “Income before income taxes” decreased by 468 million yen respectively compared with what would have been under the previous accounting policy.

(Accrued bonuses for directors and corporate auditors)

In order to defray bonuses for directors and corporate auditors, estimated amount which is accrued for this fiscal year is appropriated.

NOTE 4: Inventories

Inventories as of March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Finished products	**¥323,314**	¥290,945	**$2,738,788**
Work in process	**24,816**	19,483	**210,223**
Raw materials and others	**52,979**	44,257	**448,787**
	¥401,110	¥354,687	**$3,397,799**

NOTE 5: Marketable securities and investments in securities

(a) Marketable securities and investments in securities quoted at an exchange as of March 31, 2007 and 2006

	Millions of yen		
	2007		
	Acquisition Cost	Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	**¥ 48,160**	**¥104,559**	**¥56,399**
(2) Bonds	**3,000**	**3,015**	**15**
(3) Others	**89,570**	**91,298**	**1,727**
Sub Total	**¥140,731**	**¥198,873**	**¥58,142**
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	**¥ 999**	**¥ 996**	**¥ (3)**
(2) Bonds	**15,000**	**14,991**	**(8)**
(3) Others	**—**	**—**	**—**
Sub Total	**¥ 15,999**	**¥ 15,987**	**¥ (12)**
Total	**¥156,731**	**¥214,860**	**¥58,129**

	Millions of yen		
	2006		
	Acquisition Cost	Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	¥19,647	¥ 82,522	¥62,874
(2) Bonds	3,000	3,017	17
(3) Others	51,846	52,523	676
Sub Total	¥74,494	¥138,063	¥63,569
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	—	—	—
(2) Bonds	¥15,000	¥ 14,992	¥ (7)
(3) Others	—	—	—
Sub Total	¥15,000	¥ 14,992	¥ (7)
Total	¥89,494	¥153,056	¥63,562

	Thousands of U.S. dollars		
	2007		
	Acquisition Cost	Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	**$ 407,966**	**$ 885,722**	**$477,756**
(2) Bonds	**25,412**	**25,542**	**129**
(3) Others	**758,752**	**773,390**	**14,637**
Sub Total	**$1,192,132**	**$1,684,655**	**$492,523**
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	**$ 8,470**	**$ 8,437**	**$ (33)**
(2) Bonds	**127,064**	**126,989**	**(75)**
(3) Others	**—**	**—**	**—**
Sub Total	**$ 135,535**	**$ 135,427**	**$ (108)**
Total	**$1,327,667**	**$1,820,082**	**$ 492,415**

(b) Other securities sold during 2007 and 2006

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars 2007
Amounts sold	**¥76,700**	¥98,361	**$649,731**
Gains from sales of the other securities	**507**	1,845	**4,295**
Losses from sales of the other securities	**117**	36	**995**

(c) Major securities not revalued by the market

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars 2007
Other securities			
Commercial paper	**¥14,970**	¥ 9,997	**$126,815**
Unlisted stock	**27,268**	16,867	**230,987**
(Stocks traded over the counter are excluded.)			

(d) The amounts to be redeemed after the closing date of securities with maturities among other securities

Millions of yen 2007	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc.	**—**	**—**	**—**	**—**
Corporate bonds	**¥ 4,998**	**—**	**—**	**—**
(2) Others	**111,418**	**—**	**—**	**—**
Total	**¥116,416**	**—**	**—**	**—**

Millions of yen 2006	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc.	—	—	—	—
Corporate bonds	¥14,992	—	—	—
(2) Others	67,123	—	—	—
Total	¥82,115	—	—	—

Thousands of U.S. dollars 2007	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc.	**—**	**—**	**—**	**—**
Corporate bonds	**$ 42,342**	**—**	**—**	**—**
(2) Others	**943,821**	**—**	**—**	**—**
Total	**$986,164**	**—**	**—**	**—**

NOTE 6: Short-term bank loans and long-term debt

Short-term bank loans as of March 31, 2007 and 2006 consisted of the following. The annual interest rates of short-term bank loans as of March 31, 2007 were 0.42 percent to 13.35 percent.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Short-term bank loans			
Secured	**¥ 734**	¥ 200	**$ 6,223**
Unsecured	**166,501**	125,915	**1,410,433**
	¥167,236	¥126,115	**$1,416,657**

Long-term debt as of March 31, 2007 and 2006 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Loans maturing through 2013			
Secured	**—**	—	**—**
Unsecured	**¥ 58,387**	¥40,535	**$ 494,597**
Unsecured zero coupon convertible bonds with 130% call option in yen due 2013	**150,000**	—	**1,270,648**
Unsecured zero coupon convertible bonds in yen due 2010	**29,921**	29,991	**253,460**
Secured 9.00 percent Indian Rs. bonds due 2007 etc.	**1,088**	1,869	**9,216**
	¥239,396	¥72,395	**$2,027,922**
Less portion due within one year	**(1,088)**	(801)	**(9,216)**
	¥238,308	¥71,594	**$2,018,706**

"The zero coupon convertible bonds" are convertible into common stock at the options of holders at the conversion price of ¥2,000 per share.

"The zero coupon convertible bonds with 130% call option" are convertible into common stock at the options of holders at the conversion price of ¥3,054 per share.

If the outstanding convertible bonds were fully converted as of March 31, 2007, 64,076,413 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.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2007 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2008	¥ 1,088	$ 9,216
2009	7,375	62,479
2010	47,358	401,176
2011	10,948	92,741
Thereafter	172,625	1,462,309
	¥239,396	$2,027,922

Assets pledged as collateral as of March 31, 2007:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment	¥2,042	$17,298
Inventory	1,904	16,128
	¥3,946	$33,427

NOTE 7: Loan commitment

The Company has the commitment contract with five banks for effective financing.
The outstanding balance of this contract as of March 31, 2007 and 2006 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Commitment contract total	¥150,000	¥150,000	$1,270,648
Actual loan balance	—	—	—
Variance	¥150,000	¥150,000	$1,270,648

NOTE 8: Accrued retirement and severance benefits

(a) Outline of an adopted retirement benefit system

In the case of the Company, as a defined benefit plan, Employee Pension Fund, Approved Retirement Annuity System and Termination Allowance Plan are established.

(b) Items related to a retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
a. Retirement benefit obligation	¥(115,009)	¥(113,848)	$(974,243)
b. Pension assets	61,439	57,867	520,455
c. Unrecognized retirement benefit obligation (a + b)	¥ (53,569)	¥ (55,980)	$(453,787)
d. Unrecognized difference by an actuarial calculation	11,430	13,403	96,830
e. Unrecognized prior service cost (decrease of liabilities)	(8,302)	(9,020)	(70,327)
f. Accrued retirement and severance benefits (c+d+e)	¥ (50,441)	¥ (51,598)	$(427,285)

Remarks: 1) The premium retirement allowance paid on a temporary basis is not included.
2) Some of subsidiaries adopt simplified methods for the calculation of retirement benefits.

(c) Items related to retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
a. Service cost	**¥6,413**	¥6,444	**$54,328**
b. Interest cost	**1,474**	1,472	**12,489**
c. Assumed return on investment	**(112)**	(108)	**(955)**
d. Amortized amount of actuarial difference	**945**	961	**8,008**
e. Amortized amount of prior service cost	**(718)**	(718)	**(6,088)**
f. Retirement benefit cost (a+b+c+d+e)	**¥8,001**	¥8,051	**$67,782**

Remarks: The retirement benefit cost of subsidiaries where simplified methods are adopted is accounted for "a. Service cost".

(d) Items related to the calculation standard for the retirement benefit obligation

a. Term allocation of the estimated amount of retirement benefits : Period fixed amount basis

b. Discount rate : **2007 2.00%**
2006 2.00%

c. Assumed return of investment ratio : **2007 0.23% - 1.90%**
2006 0.23% - 1.50%

d. Number of years for amortization of prior service cost : Mainly 15 years
To be amortized by straight line method with the employees' average remaining service years at the time when the difference was caused.

e. Number of years for amortization of the difference caused by an actuarial calculation : Mainly 15 years
To be amortized from the next fiscal year by straight line method with the employees' average remaining service years at the time when the difference was caused.

NOTE 9: Income taxes

Breakdown of deferred tax assets and deferred tax liabilities by their main occurrence causes were as follows.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Deferred tax assets			
Excess-depreciation	**¥ 56,526**	¥ 42,663	**$ 478,837**
Various reserves	**44,344**	37,012	**375,638**
Unrealized gross profits elimination	**26,022**	23,565	**220,432**
Others	**98,940**	92,905	**838,121**
Deferred tax assets total	**¥225,833**	¥196,146	**$1,913,029**
Deferred tax liabilities			
Net unrealized gains on security	**¥ (23,050)**	¥ (25,196)	**$ (195,257)**
Variance from the complete market value method of newly consolidated subsidiaries	**(7,984)**	(7,636)	**(67,640)**
Reserve for fixed assets advanced depreciation	**(2,499)**	(2,519)	**(21,171)**
Others	**(960)**	(539)	**(8,138)**
Deferred tax liabilities total	**¥ (34,495)**	¥ (35,891)	**$ (292,208)**
Net amounts of deferred tax assets	**¥191,337**	¥160,255	**$1,620,821**

The differences between the statutory tax rate and the effective tax rate were summarized as follows.

	2007	2006
Statutory tax rate	**39.8%**	39.8%
Tax credit	**(5.3%)**	(4.1%)
Equity in earnings of affiliates	**(0.6%)**	(1.3%)
Others	**(1.9%)**	(1.7%)
Effective tax rate	**32.0%**	32.7%

NOTE 10: Research and development costs

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Research and development costs	**¥92,141**	¥89,917	**$780,531**

NOTE 11: Cash and cash equivalents

Cash and cash equivalents as of March 31, 2007 and 2006 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Cash and time deposits	**¥355,448**	¥182,895	**$3,010,998**
Marketable securities	**116,424**	82,115	**986,228**
Time deposits with maturities of over three months	**(15,344)**	(21,644)	**(129,978)**
Marketable securities with maturities of over three months	**(12,193)**	(26,743)	**(103,290)**
	¥444,335	¥216,623	**$3,763,958**

NOTE 12: Lease transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets was substantially transferred to the lessee, as of March 31, 2007 and 2006 were as follows:

As a lessee

(1) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31, 2007

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Acquisition costs	**¥619**	¥679	**$5,251**
Accumulated depreciation	**(474)**	(514)	**(4,018)**
Net balance	**145**	164	**1,232**
(2) Future lease payments			
Due within one year	**120**	131	**1,021**
Thereafter	**131**	156	**1,112**
	251	287	**2,134**
(3) Lease expenses	**149**	164	**1,267**
Depreciation	**¥129**	¥149	**$1,099**

As a lessor

(1) Amounts of acquisition costs, accumulated depreciation and net balance as of March 31, 2007

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Acquisition costs	**¥1,132**	¥836	**$9,591**
Accumulated depreciation	**(547)**	(400)	**(4,635)**
Net balance	**585**	435	**4,956**
(2) Future lease revenues			
Due within one year	**227**	165	**1,926**
Thereafter	**563**	408	**4,775**
	791	573	**6,701**
(3) Lease revenues	**205**	164	**1,737**
Depreciation	**¥242**	¥183	**$2,051**

Operating lease transactions as of March 31, 2007 and 2006 were as follows:

As a lessee

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Future lease payments			
Due within one year	**¥159**	¥224	**$1,350**
Thereafter	**512**	183	**4,341**
	¥671	¥408	**$5,691**

As a lessor

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Future lease revenues			
Due within one year	**¥20**	¥53	**$174**
Thereafter	**18**	36	**156**
	¥39	¥90	**$330**

NOTE 13: Net assets

The Companies Act (Kaisha-hou) requires that at least 50% of the issue price of new shares be Included in a company's stated capital. The portion to be recorded as stated capital is determined by resolution of the board of directors. Proceeds in excess of the stated capital should be credited to “capital surplus”.

The Companies Act provides that an amount equivalent to 10% of cash dividends should be appropriated as a legal reserve until the reserve reaches a certain limit, defined as 25% of the stated capital less certain capital reserves.

The Companies Act allows both the capital reserve and the other capital surplus to be transferred to the stated capital following the approval at a shareholders' meeting.

The legal reserves of the Company and its subsidiaries are included in “retained earnings” on the consolidated balance sheet and are not shown separately.

According to the revision of the Companies Act, the Articles of the Company allows to repurchase treasury stock and dispose of such treasury stock by resolution of the board of directors.

NOTE 14: Contingent liabilities

As of March 31, 2007, the Company and certain consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantee of indebtedness of affiliates and others	¥7,405	$62,734
Trade notes discounted	1,338	11,334
	¥8,743	$74,069

NOTE 15: Segment Information

(a) Business segment

Millions of yen — 2007

	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
Net sales:					
Outside customers	¥588,177	¥2,503,817	¥71,674	¥ —	¥3,163,669
Inter-area	—	—	—	—	—
	588,177	2,503,817	71,674	—	3,163,669
Operating expenses	542,800	2,427,241	60,727	—	3,030,769
Operating income	45,377	76,576	10,946	—	132,900
Assets	335,668	1,506,881	53,702	425,188	2,321,441
Depreciation	23,713	124,125	2,070	—	149,910
Loss of impairment	—	796	—	—	796
Capital expenditures	¥ 27,957	¥ 137,725	¥ 1,994	¥ —	¥ 167,677

Millions of yen — 2006

	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
Net sales:					
Outside customers	¥561,306	¥2,119,940	¥65,206	¥ —	¥2,746,453
Inter-area	—	—	—	—	—
	561,306	2,119,940	65,206	—	2,746,453
Operating expenses	515,375	2,062,012	55,200	—	2,632,588
Operating income	45,931	57,928	10,005	—	113,865
Assets	284,816	1,311,647	47,688	205,562	1,849,714
Depreciation	16,287	108,545	1,686	—	126,520
Capital expenditures	¥ 29,495	¥ 155,803	¥ 2,080	¥ —	¥ 187,379

Thousands of U.S. dollars — 2007

	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
Net sales:					
Outside customers	$4,982,443	$21,209,808	$607,153	$ —	$26,799,405
Inter-area	—	—	—	—	—
	4,982,443	21,209,808	607,153	—	26,799,405
Operating expenses	4,598,052	20,561,131	514,424	—	25,673,607
Operating income	384,390	648,677	92,729	—	1,125,797
Assets	2,843,445	12,764,770	454,911	3,601,770	19,664,898
Depreciation	200,879	1,051,468	17,541	—	1,269,889
Loss of impairment	—	6,745	—	—	6,745
Capital expenditures	$236,831	$ 1,166,669	$ 16,892	$ —	$ 1,420,393

(b) Geographical segment

Millions of yen — 2007

	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
Net sales:							
Outside customers	¥1,343,369	¥ 653,717	¥ 455,208	¥ 649,819	¥ 61,554	¥ —	¥3,163,669
Inter-area	742,144	7,290	4,068	6,224	0	(759,727)	—
	2,085,514	661,007	459,277	656,043	61,554	(759,727)	3,163,669
Operating expenses	2,015,831	646,204	453,362	612,436	56,492	(753,559)	3,030,769
Operating income	¥ 69,683	¥ 14,803	¥ 5,914	¥ 43,606	¥ 5,061	¥ (6,168)	¥ 132,900
Assets	¥1,034,616	¥ 304,757	¥ 117,135	¥ 470,564	¥ 24,662	¥ 369,705	¥2,321,441

Millions of yen — 2006

	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
Net sales:							
Outside customers	¥1,230,148	¥ 486,350	¥ 391,306	¥ 596,420	¥ 42,227	¥ —	¥2,746,453
Inter-area	588,229	5,698	1,578	10,314	—	(605,822)	—
	1,818,378	492,049	392,885	606,735	42,227	(605,822)	2,746,453
Operating expenses	1,757,602	484,281	385,663	561,348	39,708	(596,015)	2,632,588
Operating income	¥ 60,776	¥ 7,768	¥ 7,222	¥ 45,386	¥ 2,518	¥ (9,806)	¥ 113,865
Assets	¥ 950,037	¥ 237,427	¥ 97,232	¥ 401,592	¥ 18,818	¥144,606	¥1,849,714

Thousands of U.S. dollars — 2007

	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
Net sales:							
Outside customers	$11,379,668	$5,537,632	$3,856,068	$5,504,610	$521,425	$ —	$26,799,405
Inter-area	6,286,698	61,753	34,461	52,727	0	(6,435,641)	—
....	17,666,367	5,599,386	3,890,529	5,557,338	521,425	(6,435,641)	26,799,405
Operating expenses	17,076,078	5,473,989	3,840,431	5,187,945	478,551	(6,383,388)	25,673,607
Operating income	$ 590,288	$ 125,396	$ 50,098	$369,392	$ 42,873	$ (52,252)	$ 1,125,797
Assets	$8,764,224	$2,581,594	$ 992,252	$3,986,141	$208,912	$3,131,772	$19,664,898

*1 “Other areas” consists principally of Oceania and South America.

(c) Overseas sales

	Millions of yen				
	2007				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	¥796,330	¥471,114	¥701,896	¥220,825	¥2,190,168
Consolidated net sales					3,163,669
Ratio of overseas sales to consolidated net sales	25.1%	14.9%	22.2%	7.0%	69.2%

	Millions of yen				
	2006				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	¥587,429	¥411,327	¥647,695	¥165,496	¥1,811,948
Consolidated net sales					2,746,453
Ratio of overseas sales to consolidated net sales	21.4%	15.0%	23.6%	6.0%	66.0%

	Thousands of U. S. dollars				
	2007				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	$6,745,709	$3,990,808	$5,945,755	$1,870,611	$18,552,885
Consolidated net sales					26,799,405
Ratio of overseas sales to consolidated net sales	25.1%	14.9%	22.2%	7.0%	69.2%

*2 “Other areas” consists principally of Oceania and South America.

NOTE 16: Loss of Impairment

The assets are divided into two groups, i.e. the assets for business and the assets for rent respectively in business places. Since land prices have dropped continuously, mainly book value of the assets groups as marketing base was decreased to the recoverable amount. As a result of this change, “income before income taxes” decreased by 796 million yen for land.

The amount is included in “other income and expenses” of Consolidated Statements of Income.

NOTE 17: Subsequent events

The following plan for the appropriation of retained earnings for the year ended March 31, 2007 was approved by the ordinary general meeting of shareholders of the Company held on June 28, 2007:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends	¥3,607	$30,559

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors and Shareholders of
Suzuki Motor Corporation

We have audited the accompanying consolidated balance sheets of Suzuki Motor Corporation and its subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying Consolidated Financial Statements.

Seimei Audit Corporation

Seimei Audit Corporation
Tokyo, Japan
June 28, 2007

NON-CONSOLIDATED FINANCIAL STATEMENTS OF 2007

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
ASSETS			
Current assets:			
Cash and time deposits	**¥ 231,775**	¥ 46,209	**$ 1,963,367**
Marketable securities	**23,588**	27,749	**199,818**
Receivables:			
Trade notes and accounts	**72,632**	61,276	**615,266**
Subsidiaries and affiliates	**120,399**	124,084	**1,019,903**
Less allowance for doubtful receivables	**(72)**	(74)	**(609)**
Inventories	**109,117**	98,655	**924,335**
Other current assets	**200,563**	160,827	**1,698,971**
Total current assets	**758,005**	518,728	**6,421,052**
Property, plant and equipment:			
Land	**77,327**	75,829	**655,039**
Buildings and structures	**183,922**	174,604	**1,558,006**
Machinery and equipment	**601,042**	551,673	**5,091,426**
Construction in progress	**11,837**	14,480	**100,278**
	874,130	816,587	**7,404,751**
Less accumulated depreciation	**(659,022)**	(602,726)	**(5,582,572)**
Total Property, plant and equipment	**215,108**	213,861	**1,822,178**
Investments and other assets:			
Investments in securities	**144,903**	101,350	**1,227,476**
Investments in subsidiaries and affiliates	**180,441**	169,847	**1,528,517**
Other assets	**83,431**	78,555	**706,744**
Total Investments and other assets	**408,776**	349,753	**3,462,738**
Total assets	**¥1,381,889**	¥1,082,344	**$11,705,969**

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term bank loans	**¥ 21,000**	¥ 20,000	**$ 177,890**
Payables:			
Trade notes and accounts	**451,942**	402,923	**3,828,402**
Subsidiaries and affiliates	**29,315**	24,537	**248,328**
Accrued expenses	**88,967**	91,396	**753,644**
Accrued income taxes	**24,256**	14,104	**205,475**
Other current liabilities	**112,104**	89,325	**949,636**
Total current liabilities	**727,586**	642,288	**6,163,377**
Long-term liabilities:			
Long-term debt	**179,921**	29,991	**1,524,108**
Reserve for retirement allowance	**24,594**	26,762	**208,339**
Other liabilities	**20,056**	19,175	**169,901**
Total long-term liabilities	**224,572**	75,928	**1,902,348**
Total liabilities	**952,158**	718,216	**8,065,726**
Net Assets:			
Shareholders' equity:*NOTE 12			
Common stock:			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2007 - 542,647,091	**120,210**	—	**1,018,299**
Capital surplus	**138,199**	—	**1,170,686**
Retained earnings	**357,414**	—	**3,027,654**
Treasury stock	**(219,848)**	—	**(1,862,330)**
Total shareholders' equity	**395,976**	—	**3,354,310**
Valuation and translation adjustments:			
Net unrealized gains on security	**33,858**	—	**286,810**
Deferred gains and losses on hedges	**(103)**	—	**(877)**
Total valuation and translation adjustments	**33,754**	—	**285,933**
Total net assets	**¥ 429,730**	—	**$ 3,640,243**
Total liabilities and net assets	**¥1,381,889**	—	**$11,705,969**
Shareholders' equity			
Common stock:			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2006 - 542,647,091	**—**	120,210	**—**
Capital surplus	**—**	129,192	**—**
Retained earnings	**—**	319,916	**—**
Net unrealized gains on security	**—**	37,715	**—**
Treasury stock	**(—)**	(242,907)	**(—)**
Total shareholders' equity	**—**	364,127	**—**
Total liabilities and shareholders' equity	**—**	¥1,082,344	**$ —**

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2007 and 2006

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Net sales	**¥1,939,806**	¥1,690,169	**$16,432,078**
Cost of sales	**1,542,814**	1,307,129	**13,069,160**
Gross profit	**396,992**	383,039	**3,362,918**
Selling, general and administrative expenses	**341,293**	335,557	**2,891,095**
Operating income	**55,698**	47,482	**471,822**
Other income and expenses:			
Interest and dividend income	**7,871**	6,081	**66,679**
Interest expense	**(432)**	(229)	**(3,663)**
Other, net	**(1,174)**	787	**(9,946)**
	6,264	6,639	**53,069**
Income before income taxes	**61,963**	54,121	**524,892**
Income taxes	**18,909**	16,850	**160,181**
Net income	**¥ 43,054**	¥ 37,271	**$ 364,710**

	Yen		U.S. dollars
Net income per share:			
Primary	**¥97.23**	¥70.78	**$ 0.823**
Fully diluted	**86.91**	68.82	**0.736**
Cash dividends per share	**14.00**	11.00	**0.118**

SUZUKI MOTOR CORPORATION

300 TAKATSUKA, MINAMI, HAMAMATSU, JAPAN

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