

ANNUAL REPORT 2017



SUZUKI MOTOR CORPORATION

Contents

Mission Statement	1
A Message from the Management	2
New Mid-Term Management Plan SUZUKI NEXT 100	4
Financial Highlights	6
Year in Review	8
Automobiles	8
Motorcycles	10
Marine Products	12
Environmental Initiatives	13
Topics	14
Directors, Auditors and Officers	18
Corporate Governance Issues	19
Risks in Operations	20
The Status of the Corporate Group	22
Financial Section	24
Company Outline	52

社是

- 一. 消費者の立場になって
価値ある製品を作ろう
- 二. 協力一致清新な会社を
建設しよう
- 三. 自己の向上ととも常に
意欲的に前進しよう



Mission Statement

1. Develop products of superior value by focussing on the customer
2. Establish a refreshing and innovative company through teamwork
3. Strive for individual excellence through continuous improvement

A Message from the Management

Thank you very much for your continued support.

We would like to begin by addressing the improper activities in regards to fuel consumption and gas emission testing of the Company's automobiles last year, which caused unfortunate worry among our stakeholders. As a result of testing by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), it was confirmed that there were no problems with the Company's original values for fuel consumption (fuel consumption values listed in catalogues) and original values for gas emission. The Company has taken swift action to implement reliable measures for preventing recurrence of the incident. All executives and employees of the Company will continue to implement thorough compliance in order to maintain trust and meet the expectations of shareholders.

Management results of FY2016

With respect to the management environment of the Group for FY2016, the economy is recovering moderately as a whole. On the other hand, there are concerns about the influence of the policy of US administration, uncertainties about trend of Europe including the issue of the UK leaving the EU, prospects for the economy of developing countries, and others. In India, an important market for the Group, the economy is expanding mainly owing to increase of domestic consumption. Also in Japan, the economy is recovering moderately on the back of various measures introduced by the government.

Under these circumstances, the consolidated net sales of the fiscal year (April 2016 to March 2017) decreased by ¥11.2 billion (0.3%) to ¥3,169.5 billion compared to the previous fiscal year. The Japanese domestic net sales decreased by ¥10.4 billion (1.0%) to ¥1,037.5 billion year-on-year mainly owing to decrease in mini vehicle and OEM sales, despite increase in compact vehicle sales. The overseas net sales were flat on the year at ¥2,132.0 billion mainly owing to decrease in automobile sales in Indonesia and Pakistan, and the impact of the exchange rate, despite increase in automobile sales in areas including India and Europe.

In terms of the consolidated income, although there were impact of the exchange rate, the operating income increased by ¥71.4 billion (36.5%) to ¥266.7 billion year-on-year mainly owing to increase in automobile sales in India and Europe. The net income attributable to owners of the parent increased by ¥43.3 billion (37.1%) to ¥160.0 billion year-on-year partly owing to increase in gain on sales of investment securities, in addition to increase in the ordinary income, despite accounting impairment loss of ¥39.9 billion for businesses including the automobile business in Thailand as extraordinary losses.

Basic policies for profit distribution

Under the New Mid-Term Management Plan (from FY2015 to FY2019) SUZUKI NEXT 100, the Company plans active investments for future growth, which includes accumulated capital investment of 1 trillion yen and research and development expenses of 200 billion yen for FY2019. At the moment, the Company prioritises investment for growth centred in India, and set the dividend payout ratio target to 15% or more.

Also, partly because of large acquisition of treasury shares in the previous fiscal year, shareholder's equity ratio declined to 35.4% at the end of the previous fiscal year, and the improvement of shareholder's equity ratio is becoming an urgent issue. Meanwhile, the Company also recognises that capital efficiency and shareholder return are significant management issue as well.

Taking the above-mentioned condition into consideration, as with the previous fiscal year, the Company would utilise the gain on sales of investment securities for investment for growth and improvement of shareholder's equity ratio, and made the year-end dividends based on the net income attributable to owners of the parent excluding the gain on sales of investment securities, which was ¥27.00 per share, up by ¥10.00 per share from the previous fiscal year.

As a result, the annual dividends including interim dividends was ¥44.00 per share and up by ¥12.00 per share from the previous fiscal year. Dividend payout ratio based on the net income attributable to shareholders of the parent excluding the gain on sales of investment securities is 15.2%.

Outstanding issues

The Group has established the New Mid-Term Management Plan SUZUKI NEXT 100 - Strengthening of its management base toward the 100th anniversary of foundation and the next 100 years -, a five-year plan from 2015.

FY2016 marked the second year of the New Mid-Term Management Plan. The Company is making steady progress for achieving the 2019 fiscal year goals of 3,700 billion yen and maintaining an operating income margin of 7%.

Also, due to changes in the environment surrounding automobiles and to increasingly severe market competition, it has become necessary to focus on R&D for environmental performance and safety, and on growth investment with a focus on India. Amidst such conditions, the Company is addressing the following issues in order to achieve the New Mid-Term Management Plan.

■ Compliance

In response to the discovery of improper activities that were inconsistent with national regulations with regards to fuel consumption and gas emission testing of the Company's automobiles, the Company immediately implemented measures which included strengthening the legal education and compliance training, clarifying the responsibility of certification duties, strengthening internal check systems, etc. The entire Company shall continue to work to strengthen compliance.

■ Quality

The Company will make the customers' safety and security its top priority, develop and produce high-quality products which the customers can use securely, and provide after services. In the future, while accurately ascertaining the quality needs of customers, the Company will maintain a high level of quality awareness in all departments and will continue to make the utmost effort to ensure the safety and security of customers.

■ Products and R&D

Today, all corporations are expected to consider the environment. In the automotive industry, there is the need for environmental technology, low fuel consumption technology, etc. The environment surrounding automobiles continues to change. In addition to safety technology, it is now necessary to implement IT technology, etc. The Group will continue to provide products which are required by customers and which can be used safely and securely.

■ Production

Domestically, the Group shall work to obtain personnel necessary for achieving production plans.

Globally, while strengthening education, installation of safety facilities, etc. necessary for achieving "Safety First" factories, the Group shall work to improve product quality and to construct an optimal global production system.

■ Automobile Business

In the domestic automobile market, the Company succeeded in selling 100,000 standard and small vehicles for the first time ever. In response to strong demand in India, new Gujarat Plant began operation.

Furthermore, we are planning the constructing of Gujarat Plant No. 2 and the Engine & Transmission Plant with the aim of beginning operation in 2019. In addition to further strengthening the domestic automobile business and Indian automobile business which are the two pillars of the Group, we will strengthen our automobile business in regions such as ASEAN, Europe, and Pakistan. This will enable us to diversify our income sources and to carry forward the ALL GRIP structure reformation.

■ Motorcycle Business

While focussing on the 150cc and up, backbone, and sport categories, the Group will strengthen the consistency of the Suzuki brand by ranging the series from large engine displacement motorcycles to small engine displacement motorcycles. In the fiscal year, the Group focussed on reducing fixed expenses and reducing costs. New models including the GSX-R1000 and GSX-R150 were released at the end of the year. Moving forward, in addition to promoting sales of these new models, the Group will achieve a profitable structure through management reforms.

■ Outboard Motor Business

In addition to focussing on strengthening sales in the American market, the Group will proceed the development of the Asian market and make "THE ULTIMATE 4-STROKE OUTBOARD" its new brand slogan and aim at creating the world top 4-STROKE outboard motors brand.

■ Environment & Social Activities

In the fiscal year, the Company continued to engage in various social service activities for environmental conservation in close cooperation with the local community, as well as to promote our solar energy project in order to suppress global warming and to support disaster affected areas.

In addition, the Company is engaged in the research promotion and the scholarship assistance through Suzuki Foundation and Suzuki Education and Culture Foundation. In the future, the Company shall actively address human rights issues which are becoming increasingly prevalent internationally, and shall work to address the domestic issue of reforming work styles.

By balancing between investments for growth and strengthening of its management base, the Group will consistently promote efforts for enhancing corporate value.

For the details of Mid-Term Management Plan SUZUKI NEXT 100, please refer to the next page.

The Group has entered the third year of the New Mid-Term Management Plan (FY2015 to 2019) SUZUKI NEXT 100. Aiming for new growth, Team Suzuki will respond to rapid changes in the automotive manufacturing environment and will strive to constantly create products and provide services with outstanding value.

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

*Representative Director and President
Toshihiro Suzuki*

New Mid-Term Management Plan SUZUKI NEXT 100

~ Strengthening of management base toward the 100th anniversary of foundation and the next 100 years ~

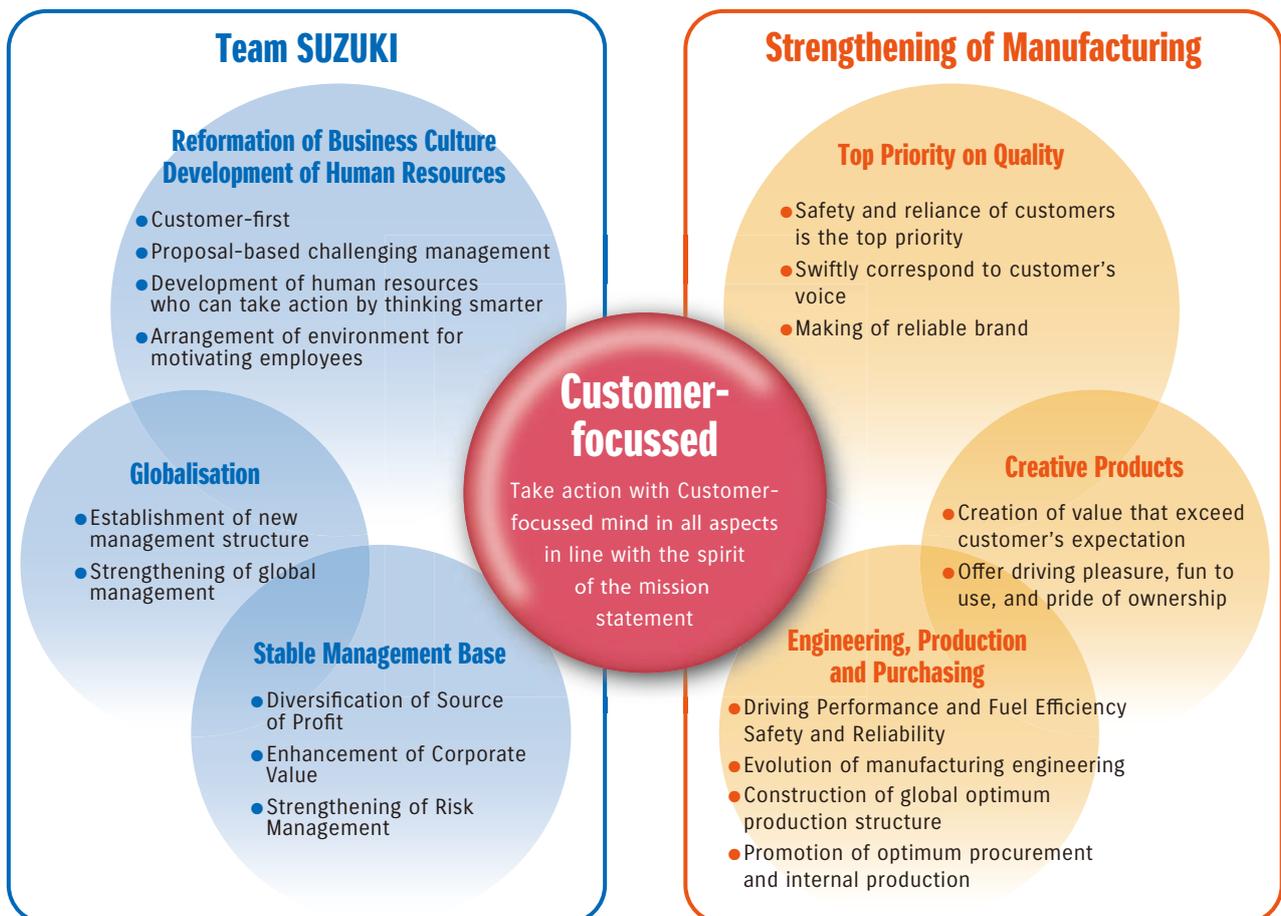
Suzuki Motor Corporation has established the New Mid-Term Management Plan SUZUKI NEXT 100, a five-year plan from 2015. The Suzuki Group will be celebrating its 100th anniversary of foundation in 2020. In order for the Group to continuously grow for the next 100 years, Suzuki will put efforts into strengthening of management base by positioning the next five years as the period to stabilise the foundation of management. The Group will tackle as Team Suzuki to globally develop manufacturing base and overhaul working procedure.

Under the New Mid-Term Management Plan, the Group will unite as one to enhance corporate value and aim for sustainable growth.

Overview of the New Mid-Term Management Plan SUZUKI NEXT 100 is as per below.

Basic Policy

By returning to the origin of “Develop products of superior value by focussing on the customer” as mentioned in the first paragraph of the mission statement, Suzuki will strengthen its business base.



Suzuki's Business Strategy

1. Automobile Business

■ Product Strategy

Efficient Development	
Consolidation of Passenger Platform	<ul style="list-style-type: none"> New development will be consolidated into three new lightweight platform of Mini, A, and B Inter-segment use of common functional parts through modularisation
Concentration of Development of Petrol Engine	<ul style="list-style-type: none"> Efficiently develop basic and new technologies by concentrating on 660 to 1,400cc
Development with Global Sight	<ul style="list-style-type: none"> Other than petrol engine technologies, put efforts into technologies which also consider the needs of emerging countries such as AGS, ISG, and infotainment Development of human resources and making of long-term base by co-developing with Indian engineers
Global Optimum Production	<ul style="list-style-type: none"> Make Japan, India, Indonesia, Thailand, and Hungary as global production base

Model Introduction Plan	
Introduce 20 new models globally in five years	
Minicar	Constantly introduce one model every year (five models in five years)
A Segment	Expand sales by introducing six models in five years
B Segment C Segment SUV	Introduce three models in each segment, a total of nine models in five years

■ Regional Strategy

Centred in Japan and India, Asia is the main region	
Japan	<ul style="list-style-type: none"> Maintain market and employment by placing as the base of development and production Constantly introduce mini and compact models every year Minicar share of more than 30%, compact car sales of more than 100,000 units Strengthen direct sales and expansion of distributor base
India	<ul style="list-style-type: none"> While still centring on the expanding new buyers, fulfil products, sales network, and productivity to meet increasing substitute demands Passenger share of more than 45%
ASEAN	<ul style="list-style-type: none"> Develop Indonesia and Thailand as pillars that follow Japan and India, to place them as the production base for inside and outside ASEAN
Europe	<ul style="list-style-type: none"> Brush up advanced technologies and product competitiveness through corresponding to fuel efficiency restriction, safety technologies, and design

2. Motorcycle Business

■ Enhancing Earning Strength and Brand Value

- Departure from chronic deficits through selection and concentration.
- Development of products which clearly define characteristics of Suzuki (150cc and up, backbone, sport)

Main Category and Product Development
<ul style="list-style-type: none"> Main Category 150cc and up · Backbone · Sport (Shift from low-priced to mid- to high-priced products) Return to the origin of basic performances of "Running, Cornering, and Braking" Pursue fun-to-ride and easy-to-ride Feedback of MotoGP technologies

Marketing Strategy	
High quality service → Improve customer satisfaction	
Developed Countries	Strengthen announcement activities of events, etc. Strengthen sales of parts and accessories → Improve profitability
Emerging Countries	Consolidate production base in ASEAN → Strengthen business base Develop sales network of large displacement model → Improve profitability

3. Outboard Motor Business

Product Strategy
<ul style="list-style-type: none"> Expand lineup of large four-stroke outboard motors Introduce more than six models in five years
Regional Strategy
<ul style="list-style-type: none"> Focus on strengthening sales in the US Development of Asian market



New Brand Slogan
**THE ULTIMATE
 4-STROKE OUTBOARD**
 Aim for the world's best four-stroke outboard motor brand

Mid-Term Management Target

As for the consolidated net sales, Suzuki will aim to promptly exceed its highest-ever marked in FY2007 (¥3,502.4 billion) by steadily increasing.

By balancing between investments for growth and strengthening of management base, Suzuki will consistently promote efforts for enhancing corporate value.

Mid-Term Management Target Value

	FY2016 Result	FY2017 Disclosed Value	FY2019 Target
Consolidated Net Sales	¥3,169.5 billion	¥3,400.0 billion	¥3,700.0 billion
Operating Income Margin	8.4%	7.1%	7.0%
Shareholder Return	ROE	15.4%	—
	Dividend payout ratio	12.1%	(¥44.00 per share)
R&D expenses	¥131.5 billion	¥150.0 billion	¥200.0 billion
(Total capital expenditures for five years)			(¥1,000 billion)

* Foreign exchange rates...¥105/US\$, ¥120/Euro, ¥1.60/Indian Rupee, ¥0.80/100 Indonesian Rupiah, ¥3.00/Thai Baht.

Global Sales Units

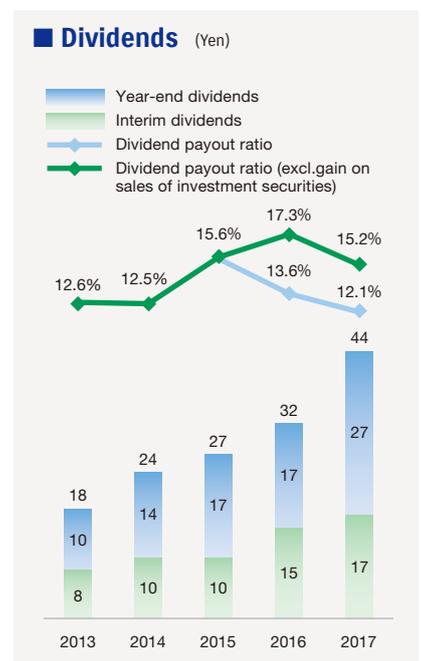
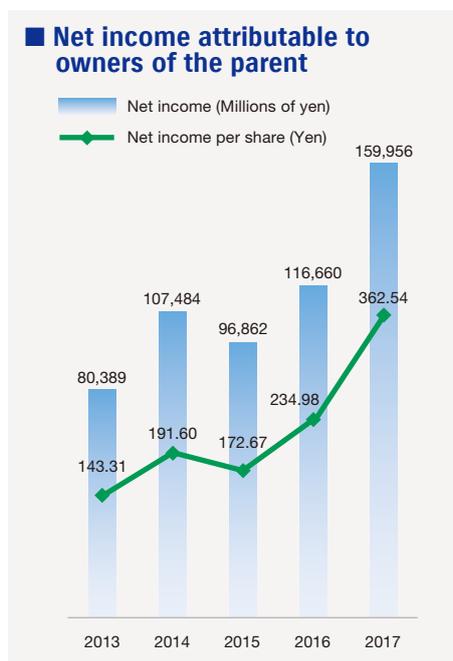
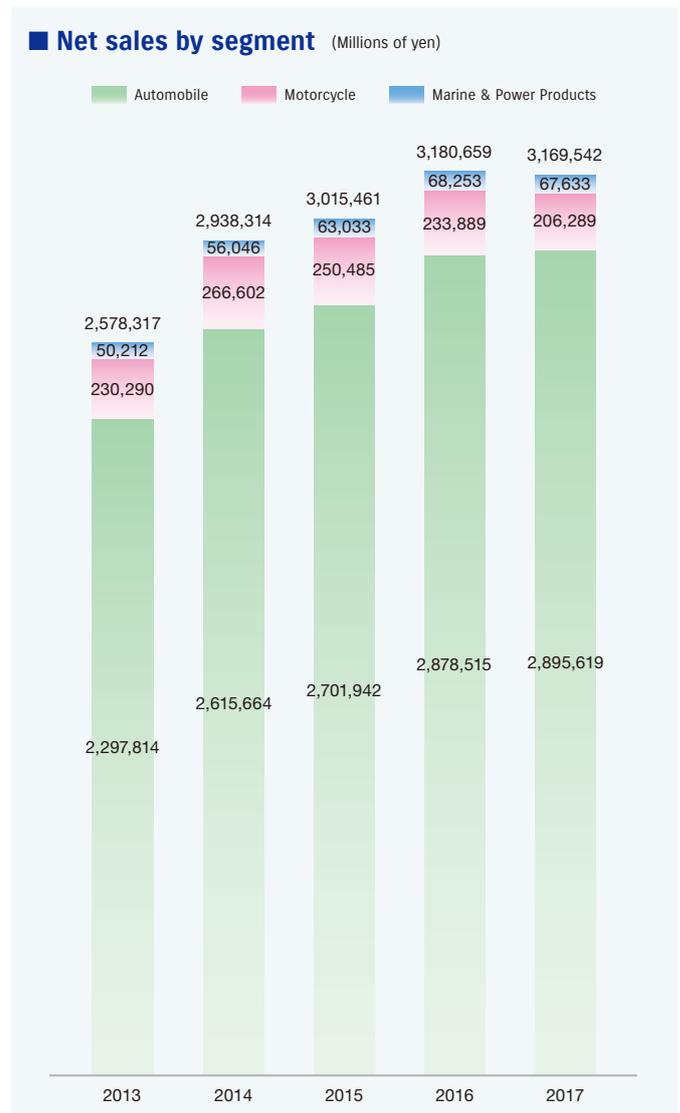
	FY2016 Result	FY2017 Disclosed Value	FY2019 Target
Automobile	Japan	639,000	645,000
	Europe	245,000	267,000
	Asia	1,870,000	1,983,000
	Others	164,000	176,000
	Total	2,918,000	3,071,000
Motorcycle	Japan	62,000	67,000
	Europe	45,000	53,000
	North America	32,000	40,000
	Asia	1,039,000	1,073,000
	Others	190,000	186,000
Total	1,367,000	1,419,000	

* The targets and forward-looking statements mentioned in this document are based on currently available information and assumptions, contain risks and uncertainty and do not constitute guarantees of future achievement.

* Please note that the future results may greatly vary by the changes of various factors. Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rates (mainly U.S. dollar/Yen rate, Euro/Yen rate, Indian Rupee/Yen rate).

Financial Highlights

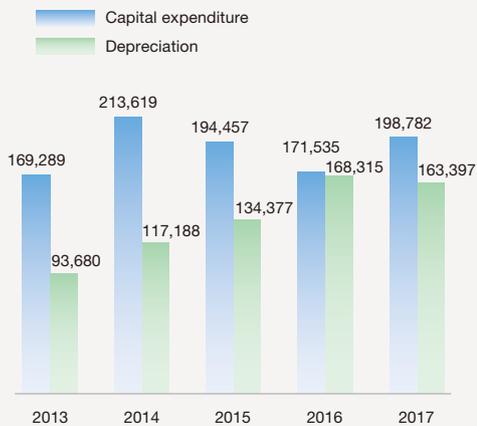
Years ended 31 March



Years ended 31 March

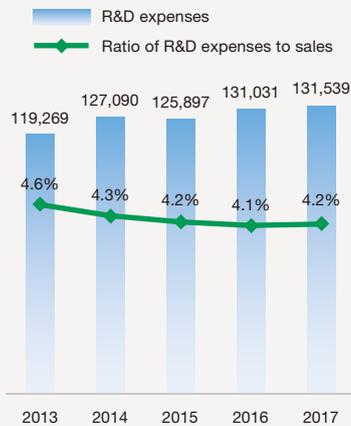
Capital expenditure/Depreciation

(Millions of yen)



R&D expenses

(Millions of yen)



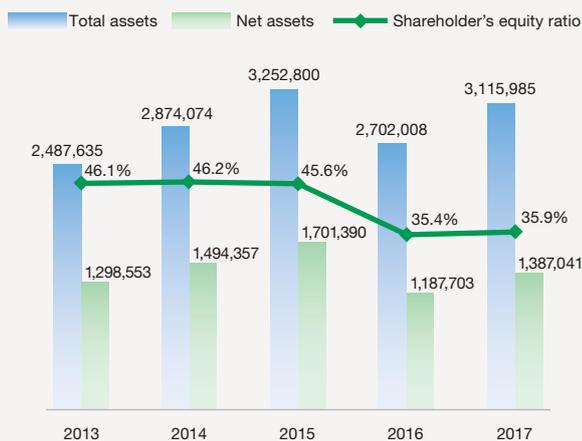
ROE

ROE



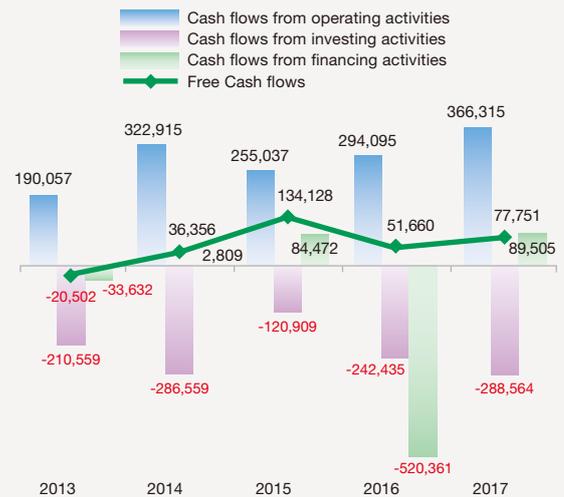
Total assets/Net assets/Shareholders' equity ratio

(Millions of yen)



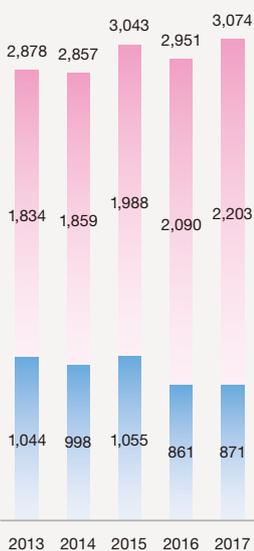
Cash flows

(Millions of yen)



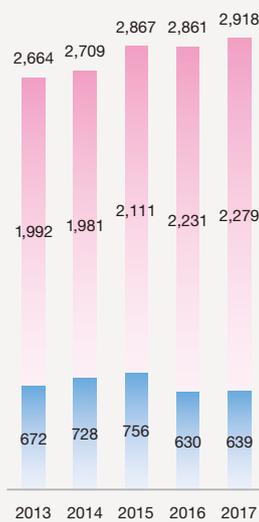
Automobile production

(Thousand units)



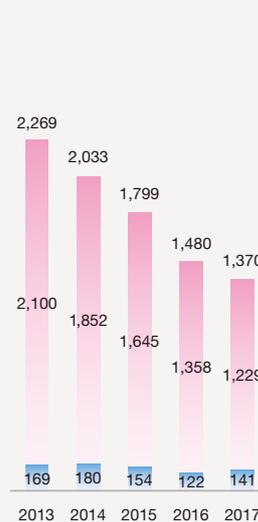
Automobile sales

(Thousand units)



Motorcycle production

(ATV included) (Thousand units)



Motorcycle sales

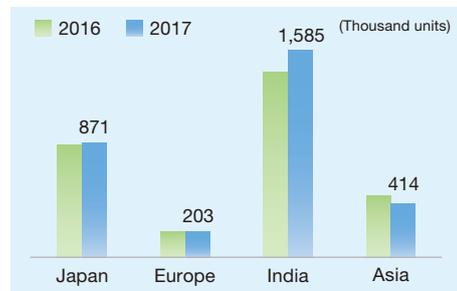
(ATV included) (Thousand units)



Year in Review

Automobiles

Production units



Sales units



Operating results of automobile business



Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for FY2016 increased by 5.4% year-on-year to 2,203,000 units. Worldwide production, including Japan, also increased by 4.2% year-on-year to 3,074,000 units.

Sales of automobiles in overseas market increased by 2.2% year-on-year to 2,279,000 units, while total global sales, including Japan, also increased by 2.0% year-on-year to 2,918,000 units.

Operating Results by Segment

In the automobile business, the operating income increased by ¥62.5 billion (32.4%) to ¥255.1 billion year-on-year mainly owing to improvement in sales and model mix in Japan, India, and Europe.

Japanese Market

1. Overview of the Japanese Automobile Market

Total domestic automobile sales volume in FY2016 rose by 3% year-on-year to 5,078,000 units. It recovered above five million units for the first time in two fiscal years. Sales of standard and small vehicles rose by 8% year-on-year to 3,358,000 units, while sales of minivehicles fell for the second consecutive fiscal year by 5% year-on-year to 1,720,000 units, owing partly to the impact of improper fuel consumption in April 2016.

2. Suzuki Sales

Suzuki's domestic automobile sales in FY2016 grew by 1% year-on-year to 639,000 units. Though Suzuki's sales of minivehicles fell for the second consecutive fiscal year by 3% year-on-year to 532,000 units, its market share grew from 30.3% in the previous fiscal year to 30.9%. Suzuki's sales of standard and small vehicles rose for the second consecutive fiscal year by 32% year-on-year to 107,000 units. The key drivers of that growth were Solio launched in November 2016 equipped with newly-developed hybrid system, and the all-new Swift launched in December 2016. Owing to sales contribution of these two models, the company achieved standard and small vehicle sales target of 100,000 units for the first time.

3. Suzuki Topics in FY2016

- Compact crossover Ignis was awarded the 2016 Good Design Award in September 2016.
- Alto minicar achieved accumulated domestic sales of five million units in December 2016.



Solio Hybrid
(launched in November 2016)



Spacia CustomZ
(launched in December 2016)



Swift
(launched in January 2017)



WagonR
(launched in February 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Automobile Markets

New car sales (total market of passenger and commercial vehicles) in India grew in FY2016 by 8% year-on-year to 3,761,000 units, while sales of passenger cars grew in Europe by 5% year-on-year to 17,898,000 units, and in China by 15% year-on-year to 24,578,000 units.

As for other countries and areas, new car sales in Indonesia grew by 3% year-on-year to 1,064,000 units, Thailand grew by 2% year-on-year to 797,000 units, Pakistan fell by 5% year-on-year to 210,000 units, Oceania in total grew by 2% year-on-year to 1,347,000 units, Latin America in total grew by 1% year-on-year to 5,665,000 units, the Middle East in total fell by 15% year-on-year to 2,426,000 units, and Africa in total fell by 16% year-on-year to 1,233,000 units.

2. Suzuki Sales

Suzuki's overseas automobile sales volume in FY2016 grew by 2% year-on-year to 2,279,000 units. Suzuki's sales in India rose by 11% year-on-year to a record-high 1,445,000 units owing mainly to strong demand for models including the Baleno and the Vitara Brezza. Suzuki's sales in Europe grew by 18% year-on-year to 245,000 units owing to launching of new models, the Baleno and the Ignis, in addition to strong demand for the Vitara. Suzuki's sales in China fell by 20% year-on-year to 148,000 units.

As for other countries and areas, Suzuki's sales in Indonesia fell by 23% year-on-year to 92,000 units, Thailand grew by 8% year-on-year to 23,000 units, Pakistan fell by 15% year-on-year to 113,000 units, other Asian countries in total fell by 34% year-on-year to 50,000 units, Oceania in total grew by 6% year-on-year to 26,000 units, Latin America in total grew by 2% year-on-year to 103,000 units, the Middle East in total fell by 10% year-on-year to 13,000 units, and Africa in total fell by 47% year-on-year to 23,000 units.

3. Suzuki Topics in FY2016

- Swift achieved accumulated global sales of five million units in April 2016.
- Suzuki entered in light commercial vehicle segment in India by launching the Super Carry light truck in July 2016.
- Ignis made its European premiere at the Paris Motor Show in September 2016, and its sales started for the overseas market, subsequently. The Ignis was selected as a finalist for the 2017 World Urban Car category at the World Car Awards in March 2017.
- Vitara Brezza won the Indian Car of the Year (ICOTY) 2017 in December 2016.



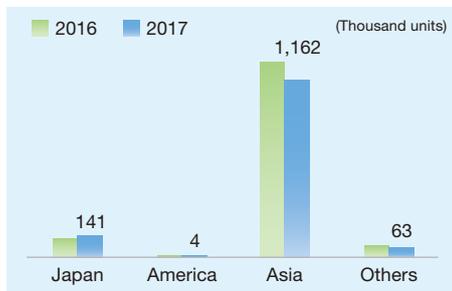
Super Carry (launched in India in July 2017)



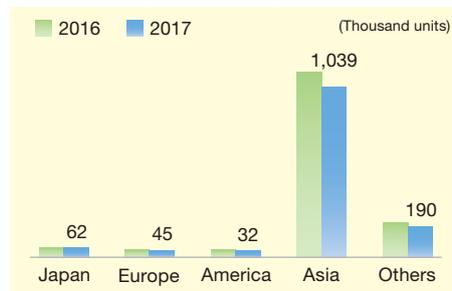
Ignis (unveiled in Europe in September 2016)

Motorcycles

Production units (ATV included)



Sales units (ATV included)



Operating results of motorcycle business



Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in FY2016 decreased by 9.4% year-on-year to 1,229,000 units. Worldwide production, including production in Japan, also decreased by 7.4% year-on-year to 1,370,000 units.

Sales of motorcycles (including ATVs) in overseas market decreased by 9.3% year-on-year to 1,305,000 units, while total global sales, including Japan, also decreased by 8.9% year-on-year to 1,367,000 units.

Operating Results by Segment

In the motorcycle business, the operating loss of ¥10.2 billion in the previous fiscal year improved to an operating loss of ¥0.9 billion owing to reduction of expenses such as sundry expenses, despite the impact of the exchange rate.

Japanese Market

1. Overview of Japanese Motorcycle Market

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in FY2016 fell by 6% year-on-year to 341,000 units. Sales of models with engine displacements of 126cm³ and higher were down 10% year-on-year at 75,000 units. Sales of models with engine displacements up to 125cm³ were down 5% year-on-year at 266,000 units. In addition to aging of users and decrease in younger population, which is a structural concern of poor demand in the domestic market, the cause of decline is assumed to be a decrease in production of models with engine displacements up to 125cm³, which was impacted by the 2016 Kumamoto Earthquake, and less than average number of launches of new models with engine displacements of 126cm³ and higher.

2. Suzuki Sales

Suzuki's domestic sales (factory shipments) in FY2016 grew by 3% year-on-year to 60,000 units. Sales of models with engine displacements of 126cm³ and higher fell by 2% year-on-year to 8,000 units. Sales of models with engine displacements up to 125cm³ rose by 4% year-on-year to 52,000 units. Although models with engine displacements between 126cm³ and 250cm³ grew by 8% to 4,262 units owing to launch of new model GIXXER, models with engine displacements of 251cm³ and higher fell by 11% to 3,545 units. Models with engine displacements up to 125cm³ increased year-on-year owing to strong sales of the Let's series.

3. Suzuki Topics in FY2016

- The all-new SV650 ABS, a sportbike with 650cm³ V-twin engine was launched in August 2016.
- GIXXER, a 150cm³ sportbike favoured in the overseas market was launched in January 2017.
- New 750cm³ model GSX-S750 ABS was launched in March 2017.



SV650 ABS (launched in August 2016)



GIXXER (launched in January 2017)



GSX-S750 ABS (launched in March 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Motorcycle Markets

Sales of motorcycles in Europe in FY2016 grew by 10% year-on-year to 1,041,000 units. Sales of motorcycles (including ATVs) in North America declined by 4% year-on-year to 791,000 units.

Sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) were flat on the year at 12,519,000 units. Sales in China fell by 9% year-on-year to 7,976,000 units. Sales in India grew by 7% year-on-year to 17,587,000 units.

2. Suzuki Sales

Suzuki's overseas motorcycle sales in FY2016 declined by 9% year-on-year to 1,305,000 units.

Sales declined in Europe by 6% year-on-year to 45,000 units, North America by 30% year-on-year to 32,000 units.

Sales in the six key ASEAN countries fell by 13% year-on-year to 265,000 units owing mainly to a drop in sales in Indonesia. Sales in China also fell by 21% year-on-year to 359,000 units. Sales in India grew by 12% year-on-year to 351,000 units.

3. Suzuki Topics in FY2016

- Five new models (GSX-R1000R, GSX-S750, V-Strom 650/XT, V-Strom 1000/XT, and GSX-R125) for 2017 were unveiled at the Intermot held in Cologne, Germany in October 2016, and four more models (GSX-S125, GSX250R, V-Strom 250, and BURGMAN 400) were unveiled at the Milan Show held in Milan, Italy in November 2016.
- Two new models (GSX-R150 and GSX-S150) for the ASEAN region were unveiled at the Indonesia Motorcycle Show held in Jakarta, Indonesia in November 2016.
- In its second season after returning to the world's premier motorcycle racing MotoGP, Suzuki made four podium appearances including a win at the British MotoGP Round 12, finishing fourth overall for the 2016 season. Also, Suzuki Endurance Racing Team, an endurance team of a subsidiary Suzuki France that participates with the supersport bike GSX-R1000, achieved its second consecutive, 15th title of the World Endurance Championship.



GSX-R1000R (unveiled for overseas market in October 2016)



V-Strom 1000XT ABS (unveiled for overseas market in October 2016)



GSX250R ABS (unveiled for overseas market in November 2016)

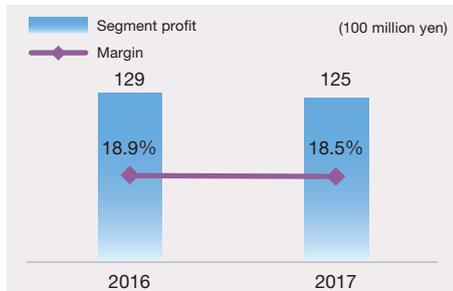


GSX-R150 ABS (launched in Indonesia in November 2016)

Marine Products

Operating results of marine and power products, etc. business

Years ended 31 March



Operating Results by Segment

In the marine and power products, etc. business, the net sales decreased by ¥0.7 billion (0.9%) to ¥67.6 billion year-on-year mainly owing to the impact of the exchange rate, despite increase in the sales of the outboard motors in North America. The operating income decreased by ¥0.4 billion (2.6%) to ¥12.5 billion year-on-year.

Overview of Marine Products

Suzuki's domestic outboard motor sales in FY2016 rose by 4% year-on-year in volume and in net terms.

Suzuki's export sales surged by 5% year-on-year in volume terms and by 1% year-on-year in net terms. Shift in demand toward larger models and strong sales in countries including the United States covered the negative impact of the foreign exchange rate.

Suzuki's four-stroke outboard motors range from the DF2 (the lowest-power model, which delivers 1.49kW/2PS) to the DF350 (the highest-power model, which delivers 257.4kW/350PS). The Company produces small models in Thailand and larger models at the Toyokawa Plant in Japan.

Suzuki Topics in FY2016

- New black colour was introduced for the first time in 20 years for Suzuki outboard models. Graphic was also renewed, making it a more stylish design while keeping the image of Suzuki outboard which has a history of more than 50 years.
- New large outboard models DF175AP and DF150AP were unveiled in September 2016. They received Top Products award by the Boating Industry, a leading marine magazine in the United States. They became the third Suzuki outboard models to win the award.



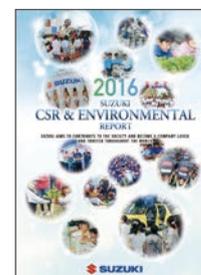
DF175AP
(unveiled in September 2016)

Environmental Initiatives

As a manufacturer of automobiles, motorcycles, outboard motors, and other items, Suzuki acts in consideration of the environment at all product stages from development to disposal.

In product development, our environmental initiatives include improving fuel economy, reducing exhaust emissions, developing clean-energy vehicles, and reducing noise. In manufacturing, our efforts include reducing environmental risk, reducing energy requirements, and promoting the use of alternative energy sources. In distribution, we focus on improving the operational efficiency and energy efficiency of transportation and on promoting the three Rs (reducing, reusing, and recycling). In marketing, we promote environmental management among our dealers and strive to ensure proper disposal of end-of-life products.

We also pursue environmental initiatives that are not directly related to our products. For instance, we promote energy savings and green purchasing in our offices, give our workers environmental education, and support social action programs in local communities.



SUZUKI CSR & ENVIRONMENTAL REPORT 2016

Suzuki Topics in FY2016

- Suzuki published “Suzuki CSR & Environmental Report 2016”. The Company has published a report about its environmental initiatives every year since FY1999.
- Burgman Fuel Cell, a fuel cell scooter with a vehicle type approval, was registered and it received a license plate in March 2017. Riding on public roads to verify market potential of fuel cell motorcycle has started.
- New models of Solio/Solio Bandit compact cars equipped with newly-developed hybrid system were introduced in Japan. Also, full model change of Suzuki’s main automobile models, Swift compact car and WagonR/WagonR Stingray minicars equipped with mild hybrid system were launched in Japan.



Burgman Fuel Cell



Solio Hybrid (launched in November 2016)



Swift (launched in January 2017)



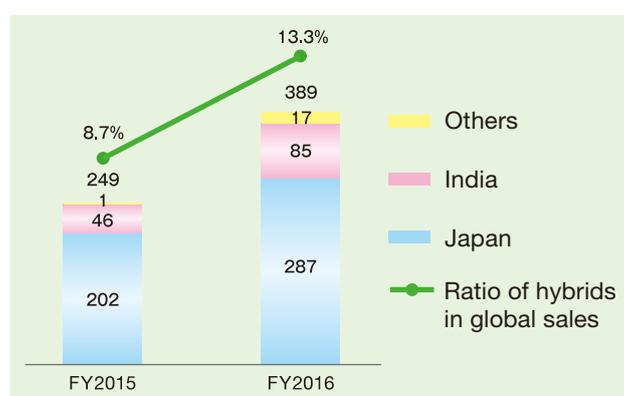
WagonR (launched in February 2017)

Sales units of models equipped with hybrid system (Thousand units)

	FY2015 Global automobile sales units		FY2016 Global automobile sales units	
		Of which hybrids		Of which hybrids
Japan	630	202	639	287
India	1,305	46	1,445	85
Others	926	1	835	17
Total	2,861	249	2,918	389

* Hybrids include mild hybrid, S-ENE CHARGE, and SHVS.

* Hybrid sales units of Others are units exported from Japan and India.



Models equipped with hybrid system

WagonR/WagonR Stingray, Hustler, Spacia/Spacia Custom, Solio/Solio Bandit, Swift, Baleno, Ignis, Ciaz, and Ertiga

* Depending on the market, there are models that are not equipped with hybrid system.

Topics

April 2016

Suzuki Makinohara Solar Power Plant completed

Suzuki Makinohara Solar Power Plant, a 20MW (megawatt) solar power facility that has been under construction and conducting test operations since 2015, has been completed. Combined with the 0.9MW power facility installed in the Hamamatsu Plant at Miyakoda-cho, Kita-ku, Hamamatsu and the 4MW power plant at Maisaka-cho, Nishi-ku, Hamamatsu, this brings the total installed capacity of the Suzuki Group's solar power facilities to approximately 25MW. We estimate the CO₂ emission reduction effect of operating these solar power facilities to be about 10% of Suzuki's domestic plant CO₂ emissions for FY2015. By contributing regionally through power generation projects and promoting local production for local consumption, the Suzuki Group will reinforce its efforts to curb climate change and conserve the environment.



Suzuki Makinohara Solar Power Plant

July 2016

Suzuki Education and Culture Foundation selects scholarship students for FY2016

The Suzuki Education and Culture Foundation offers non-repayable scholarships to high school students in Shizuoka prefecture, or university students who graduated from high school in Shizuoka prefecture, who are keen to learn but unable to focus on their studies for financial reasons.

In FY2016, the foundation decided to provide scholarships to 20 new high school students and 3 new university students, in addition to the 32 high school students and 10 university students it has been supporting since the previous year. This brings the total number of students supported over the last 16 years to 295 and the total amount of support to ¥232.5 million.

The activities of the Suzuki Education and Culture Foundation are aimed at contributing to young people's healthy development and international exchanges by providing financial assistance for schoolchildren and university students and supporting sports and learning activities for youngsters and schools for foreigners, etc.



September 2016

Suzuki unveils new DF175AP/DF150AP outboard motors

Suzuki unveiled its new DF175AP and DF150AP outboard motors at the Genoa International Boat Show in Italy.

These outboard motors adopt Suzuki Selective Rotation technology enabling switching between regular and reverse propeller direction, a world-first in this engine class*.

Under the brand slogan "The Ultimate 4-Stroke Outboard - Aiming to be the world's No. 1 brand in 4-stroke outboards", Suzuki Motor Corporation is addressing customer needs in the global market with a model lineup that demonstrates high output and excellent fuel efficiency, from the portable DF2 to the powerful DF350A.

* Between 150-175 HP class. Based on Suzuki's research.



DF175AP

October 2016

Suzuki and Toyota begin exploring business partnership, sign memorandum

Suzuki and Toyota Motor Corporation announced on 12 October, 2016 that the two companies would start discussions leading toward a collaborative partnership.

They later signed a memorandum of agreement on 6 February, 2017 stating both companies' intention to contribute to the resolution of social issues and the healthy and sustainable development of the automobile society.

They are considering how to achieve future partnerships in areas such as environmental technology, safety technology, information technology, and product and unit complementation.



Akio Toyoda, President, Toyota Motor Corporation and Osamu Suzuki, Chairman, Suzuki Motor Corporation (at the press conference held on 12 October, 2016)

November 2016

Suzuki cooperates on Manufacturing Skill Transfer Promotion Programme, establishes training institute in India

Suzuki Motor Corporation is collaborating on the Manufacturing Skill Transfer Promotion Programme agreed between the governments of India and Japan on 11 November, 2016, having decided to establish an industrial training institute in the Mehsana district of Gujarat state to support human resource development in India's manufacturing sector.

The industrial training institute has been established as the Japan-India Institute for Manufacturing (JIM), and opened on 1 August, 2017.

In promoting the Indian government's "Make in India" and "Skill India" initiatives, Suzuki will be helping through Japanese manufacturing to cultivate India's human resources and develop its manufacturing industry.



Signing ceremony held at the Japanese Prime Minister's office (provided by the Cabinet Office of Japan)

October, November 2016

Suzuki unveils 9 new motorcycle models at European motorcycle show

At INTERMOT held in October in Cologne, Germany, Suzuki Motor Corporation unveiled five new motorcycle models for the overseas market mainly targeting Europe and North America.

Comprehensively enhanced for the first time in eight years, the sixth generation of Suzuki's flagship supersport bike GSX-R1000 and its advanced version GSX-R1000R have been further evolved by incorporating technologies developed in MotoGP.

In addition, four more new models for the overseas market were unveiled at Milan Show in November, including the new GSX250R.

Suzuki's motorcycle business is playing a vital role in strengthening the Suzuki brand. We strive to enhance our product series and will actively release original products that surpass our customers' expectations.



GSX-R1000R

November 2016

Suzuki launches new Solio and Solio Bandit with newly-developed hybrid system

Suzuki has launched new versions of the Solio and Solio Bandit equipped with a newly-developed hybrid system. While maintaining the Solio's original appeal of a compact body and roomy cabin, the new models adopt Suzuki's unique hybrid system combining Motor Generator Unit with Auto Gear Shift (AGS) to realize low fuel consumption of 32.0km/L* together with a powerful sense of acceleration.

* Measured in JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Image of hybrid system

December 2016

Suzuki achieves ASV++ rating in JNCAP preventive safety performance assessment

Suzuki cars equipped with Dual Camera Brake Support (DCBS), a stereo camera type collision-mitigating system, or Dual Sensor Brake Support (DSBS), a monocular camera and infrared laser radar device, have attained the top rating of ASV++¹ in the FY2016 JNCAP² program of preventive safety performance assessment.

In FY2016 about 60% of passenger cars (mini vehicles and standard and small vehicles) sold by Suzuki were fitted with a collision-mitigating system including one of the above brake supports. Suzuki will continue to enhance our safety technologies going forward as we work on improving the safety of our vehicles.



【Suzuki models certified with ASV++】

	Equipped with DCBS	Equipped with DSBS
Minivehicle	Hustler, Spacia	WagonR
Standard and small vehicle	Solio, Ignis	Swift

*For models equipped with optional safety package.

* 1 ASV: Advanced Safety Vehicle

* 2 JNCAP: Japan New Car Assessment Program

December 2016

Suzuki launches all-new Swift

The new Swift has adopted a daringly advanced design while retaining the essential Swift DNA. Onto the new-generation platform HEARTECT is installed a mild hybrid 1.2L engine or 1.0L direct-injection turbo engine to deliver both driving performance and fuel economy. Launched in 2004, the Swift is Suzuki's flagship compact car, which is now manufactured at overseas plants too, and sold around the world.



January 2017

MotoGP project for the 2017 Championship announced

Suzuki Motor Corporation has presented its new project for Team SUZUKI ECSTAR, a team competing in the MotoGP class of the world's premier motorcycle racing series, the 2017 FIM* Road Racing Grand Prix (MotoGP).

Two new riders, Andrea Iannone (Italy), who was ranked ninth in the MotoGP class last season, and Alex Rins (Spain), who has stepped up from the Moto2 class, are competing. As well as enhancing machine development, Suzuki will strive to improve its brand image by feeding this back into its products and developing more attractive bikes.

* FIM: Fédération Internationale de Motocyclisme (International Motorcycling Federation)



Andrea Iannone (left) and Alex Rins (right)

December 2016

Vitara Brezza wins Indian Car of the Year

The new SUV Vitara Brezza, manufactured and sold by Suzuki's Indian subsidiary Maruti Suzuki India Limited, has won Indian Car of the Year (ICOTY) 2017.

The Vitara Brezza is a stylish urban compact SUV developed by focussing on Indian customers' tastes and values, such as by keeping vehicle length under 4m to gain tax incentives. Sales of the Vitara Brezza reached 100,000 units in March 2017, about one year after launch, making it a core model that is leading Maruti Suzuki India Limited's sales and India's growing SUV market.



Launching event held in India (February 2016)

February 2017

Gujarat Plant in India starts operation

Suzuki Motor Gujarat Pvt. Ltd. (SMG), established in Ahmedabad, Gujarat in India, has started to manufacture Baleno from 1 February. The Gujarat Plant is located close to Mundra Port, and will be utilised as the export hub for markets including Europe, Africa and Japan.

SMG is also planning construction of its Gujarat Plant No.2 and Engine & Transmission Plant. Suzuki's total production capacity in India upon completion of Plant No.2 is forecast to reach 2 million units, which will meet growing demand in India's automobile market.



Gujarat Plant

February 2017

Suzuki launches all-new WagonR and WagonR Stingray

The all-new WagonR and WagonR Stingray offer even roomier cabin space and further enhance the user-friendliness of a miniwagon, while adopting three distinctive styling designs. Onto the new-generation platform HEARTECT is installed a mild hybrid system that lets the vehicle drive solely on motor when it starts moving, which realises a low fuel consumption of 33.4km/L*. There are advanced safety technologies such as the Dual Sensor Brake Support collision-mitigating system and head-up display, and user-friendliness has been enhanced such as with umbrella holders on the inside of both rear doors.

* Measured in JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. For HYBRID FX (2WD) WagonR, HYBRID FZ (2WD) WagonR, and WagonR Stingray HYBRID X (2WD) models.



March 2017

Ignis Finishes in Top 3 in 2017 World Urban Car Category

The Suzuki Ignis compact car finished in the Top 3 of the Urban Car category at the World Car Awards held by the WCA (World Car Awards). The Urban Car category was instigated for the first time this year in order to select the world's top cars for urban environments. The Ignis is a stylish and highly-maneuvrable compact crossover model that is sold throughout the world, including Japan, India, and Europe.



February 2017

Suzuki Foundation funding for FY2016

Founded in March 1980 to commemorate the 60th anniversary of the foundation of Suzuki Motor Corporation, the Suzuki Foundation provided financial assistance in FY2016 to 38 research initiatives totalling ¥78 million in the form of scientific technology research assistance and proposed subject research assistance.

This was the Foundation's 37th round of financial assistance, which has included research funding for universities and research institutes nationwide and grants for accepting overseas researchers in order to support technical development in the machine industry and encourage and assist young people keen to get involved in these fields. Since its launch, the Foundation has supported 1,516 projects in all with financial assistance totalling ¥1,716.6 million.



Directors, Auditors and Officers

[Representative Directors]

Representative Director and Chairman (Chairman of the Board of Directors)	Osamu Suzuki	
Representative Director and Vice Chairman	Yasuhito Harayama	Supporting Chairman
Representative Director and President (CEO & COO)	Toshihiro Suzuki	

[Directors]

Director and Senior Technical Executive	Osamu Honda	
Director and Managing Officer	Masahiko Nagao	Executive General Manager, Corporate Planning Office
	Hiroaki Matsuura	Executive General Manager, Manufacturing Engineering
Director	Masakazu Iguchi	
	Sakutaro Tanino	

* Masakazu Iguchi and Sakutaro Tanino are the outside directors as stipulated in Article 2, Item 15 of Companies Act of Japan.

[Audit & Supervisory Board Members]

Audit & Supervisory Board Member	Kunio Nakamura	
	Eiji Mochizuki	
Audit & Supervisory Board Member (Outside)	Norio Tanaka	
	Yasuhiro Yamazaki	
	Nobuyuki Araki	

* Norio Tanaka, Yasuhiro Yamazaki and Nobuyuki Araki are the outside audit & supervisory board members as stipulated in Article 2, Item 16 of Companies Act of Japan. Yasuhiro Yamazaki is an audit & supervisory board member.

[Executive Vice President]

Executive Vice President	Kenichi Ayukawa	Managing Director and CEO, Maruti Suzuki India Ltd.
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[Senior Managing Officers]

Senior Managing Officer	Ichizo Aoyama	Executive General Manager, Global IT
	Toshiaki Hasuike	Executive General Manager, Automobile Engineering

[Managing Officers]

Managing Officer	Kazuo Hakamata	Production & Purchasing, PT. Suzuki Indomobil Motor (Indonesia)
	Masato Kasai	Executive General Manager, Customer Quality and Service
	Izumi Oishi	Executive General Manager, Manufacturing
	Taisuke Toyoda	Executive General Manager, Finance
	Hirofumi Nagao	Based in Pak Suzuki Motor Co., Ltd. (Pakistan)
	Keiichi Asai	President, Chongqing Changan Suzuki Automobile Co., Ltd. (China)
	Shuji Oishi	President, PT. Suzuki Indomobil Motor (Indonesia)
	Kazuki Yamaguchi	President, Suzuki Motor Sales Kinki Inc.
	Shigeyuki Yamamura	Executive General Manager, Administration
	Toshiaki Suzuki	Executive General Manager, Domestic Marketing I, Domestic Marketing
	Hidenori Yamashita	Deputy Executive General Manager, Manufacturing (Production Quality Assurance & Overseas Manufacturing)
	Kinji Saito	Executive General Manager, Global Automobile Marketing
	Ichiro Onishi	Deputy Executive General Manager, Automobile Engineering (Development Quality)
	Keiji Miyamoto	Executive General Manager, Domestic Marketing II, Domestic Marketing
	Kazuhiko Ayabe	Executive General Manager, Purchasing
	Shinichi Imaizumi	Division General Manager, Domestic Marketing Administration & Promotion Division, Domestic Marketing
	Naoki Suzuki	Deputy Executive General Manager, Automobile Engineering (Powertrain)
	Kazunobu Hori	Deputy Executive General Manager, Manufacturing Engineering
Katsuhiro Kato	Executive General Manager, Automobile Product & Cost Planning	
Shigeo Yamagishi	Executive General Manager, Vehicle Regulations and Engineering Administration	

Corporate Governance Issues

1. Basic policy on corporate governance

Through fair and efficient corporate activities, the Company always intends to be trusted by all our stakeholders including shareholders, customers, partner companies, local communities and employees, and to be a continuously growing company, while making a further contribution to the international community. In order to realise that intention, the Company considers that the enhancement of the corporate governance is one of the most important issues for proper corporate management and is aggressively taking various kinds of measures.

Also, in order to be trusted further by society and stakeholders, we disclose information quickly in fair and accurate manner prescribed in laws and regulations and actively disclose information that we concluded is beneficial to understand the Company. We will further enhance the transparency of the Company.

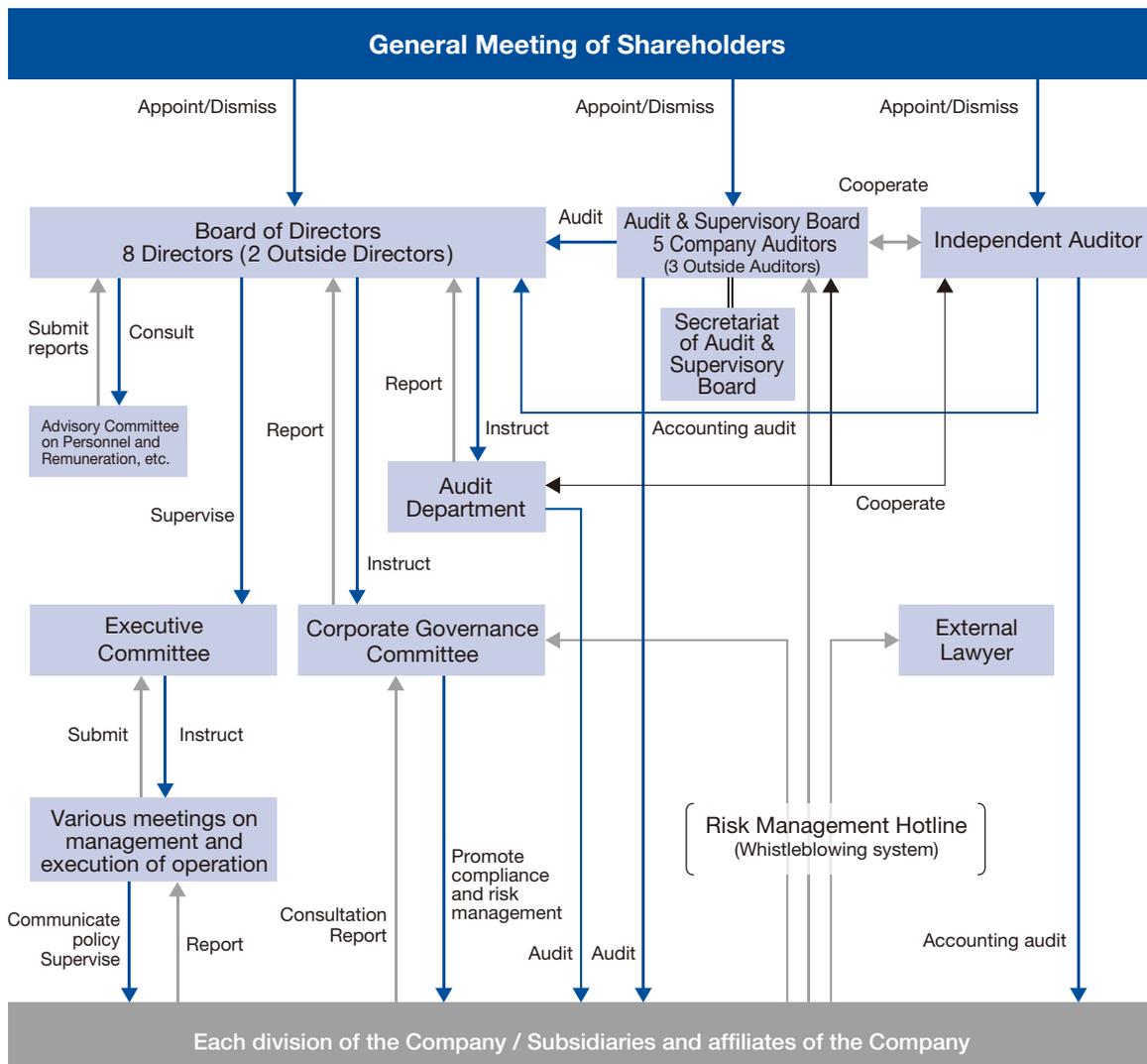
2. Corporate Governance System

The Company has elected to be a company with Audit & Supervisory Board.

In addition to the supervisory function of execution of business by the Board of Directors and the auditing function by the Audit & Supervisory Board, establishment of Advisory Committee on Personnel and Remuneration, etc. of which highly independent Outside Directors and Outside Auditors as the advisory body of the Board of Directors enables enhancement of governance.

For details of the Company's corporate governance system, please refer to the Corporate Governance Report.

<http://www.globalsuzuki.com/ir/library/governance/pdf/report.pdf>



Risks in Operations

Risks that may affect the management results, stock price and financial situation of the Group include the followings. Forward-looking statements in this section are based on our conclusions as of the end of FY2016.

1. Risk relating to markets

■ Change in economic situations, demand fluctuation in the markets

The long term economic slowdown, world economic deterioration and financial crisis, and the reduced buying motivation of the consumers may lead to a substantially reduced demand for the products of the Group including automobiles, motorcycles and outboard motors. They may also adversely affect the performance and financial conditions of the Group.

In addition, we conduct businesses around the world, and our dependency on the overseas manufacturing plants especially in the emerging countries of the Asian regions has been increasing over the years. The unexpected situation in these markets such as the rapid change in the economic situations may adversely affect the performance and financial conditions of the Group. Further, unexpected change or new application of tax systems, financial policies and others in each country may also adversely affect the performance and financial conditions of the Group.

■ Severer competitions with other companies

We are facing competitions with rival companies in every global market where we conduct our businesses. As the automobiles and motorcycles industries in the world are globalised further, competitions may get harder. Competitions with other companies include various aspects such as product quality, safety, price, environmental performance, as well as efficiency of product development and manufacturing system, establishment of sales and service systems and sales finance.

We will make further efforts for maintaining and improving our competitive edges, but there may be risks that impede our competitive advantages.

2. Risk relating to business

■ New product development and launching abilities

It is very important for an automobile and motorcycle manufacturer to grasp correctly the customer needs and environment surrounding cars and to develop and launch to the market new attractive products that satisfy the customers in a timely manner. It has become more important than ever to grasp the customer needs that rapidly change and environment surrounding cars, such as the reduced demands caused by domestic and overseas economic slowdown, the increased interest in the environmental performance and the rapid spread of cars loaded with advanced technology.

Besides, launching of new products will require abilities of specific product development, development capability of advanced technology toward the future, and further abilities of continually manufacture products, in addition to appropriately understanding customer needs and environment surrounding cars.

However, even if we are able to grasp correctly the customer needs and environment surrounding cars, we may not be able to develop new products matching the customer needs in a timely manner on account of technical abilities, procurement of parts, production capabilities, securities of superior human resources and other factors. If we are unable to launch products matching the customer needs to the market in a timely manner, the sales share and sales may be reduced, which may adversely affect the performance and financial conditions of the Group.

■ Change in product prices and purchase prices, dependence on specific suppliers

Various factors including insufficient supply or price rise of specific parts and raw materials, unstable economic conditions, revisions of import regulations and harder price competition may rapidly change the product prices and purchase prices of the Group. There is no guarantee that such rapid price change does not last long or such change does not occur in the markets where there have not been such changes so far. Rapid changes in product prices and purchase prices may adversely affect the performance and financial positions of the Group in any market where we conduct our businesses.

In addition, the procurement of some of the parts has been limited to specific suppliers on account of technical abilities, quality, and price competitiveness. If we are unable to obtain the parts continuously and stably on account of unforeseeable accidents of the suppliers, it may adversely affect the performance and financial conditions of the Group.

■ Business development in various countries in the world

We have been conducting our businesses in various countries in the world, and in some of the countries, we conduct joint ventures with local companies in accordance with local laws or other requirements. These businesses are restricted by various legal and other regulations in each country (including those related to tax, tariff, overseas investment and fund transfer to the home country). Any changes to such regulations, or management policies or management environment of the joint venture partners may adversely affect the performance and financial conditions of the Group.

■ Fluctuations of exchange rates and interest rates

We export automobiles, motorcycles, outboard motors and related parts to various countries in the world from Japan. In addition, we export those products and parts from the overseas manufacturing plants to multiple other countries. The ratio of the overseas sales has reached about 70 percent of consolidated sales for the current consolidated fiscal year. As the Group depends heavily on the overseas manufacturing plants located mainly in emerging countries, it is susceptible to fluctuations in the foreign currencies. Also, since the Group procures a major part of fund in Japan where interest rates continue to be low, it is susceptible to changes in the interest rates.

We take hedging measures such as forward exchange contracts and decentralisation of production sites to optimise the production system globally to reduce the risks of exchange rates and interest rates fluctuations, but it is impossible to hedge every risk. The currencies appreciation in main production countries against other currencies may adversely affect the performance and financial conditions of the Group. On the other hand, by transferring production sites to other countries, it may result in opportunity losses that the Group can no longer benefit from foreign exchange gain in export even when the currency of its local country weakens.

Further, rapid increase of interest rates in Japan may adversely affect the performance and financial conditions of the Group.

■ Government regulations

Various legal regulations are applied to the automobiles, motorcycles and outboard motor industries in relation to the emission level of emission gas, mileage, noises, safety and contaminated material emission level from the manufacturing plants. These regulations may be revised, in many cases strengthened. Expenses to comply with these regulations may largely affect the performance of the Group. In addition, many governments determine the imposition of tariffs, price control regulations and exchange control regulations. The Group is paying expenses to comply with these regulations and will expect to continue bearing them. We may pay more expenses depending on the establishment of new laws or changes of existing laws. Further, unexpected changes or new application of tax systems and economic measures of each country may adversely affect the performance and financial conditions of the Group.

■ Quality assurance

We place the top priority on the product safety and make efforts to establish the quality assurance system from development to sales. We buy insurance for the product liability, but there are risks not covered by insurance. The occurrence of large expenses for a large-scale recall to ensure safety of the customers may adversely affect the performance and financial conditions of the Group.

■ Alliance with other companies

We conduct various alliance activities with automobile manufacturer around the world and other companies such as for research and development, manufacturing, sales and finance, but factors that cannot be controlled by the Group such as situations inherent to the alliance partners may adversely affect the performance and financial conditions of the Group.

■ Dependency on information technology

We create, process and stock information in the form of electronic data in all areas of the business activities such as design and development, production, marketing and accounting. The Group's products are also equipped with a variety of electronic control systems, which control vehicles and mounted equipment. While safety measures have been taken on the said items, infrastructure failure such as power shutoff and attacks by computer hacker and viruses may occur. If the group's operation is interrupted, and data is destroyed or lost, and leakage of confidential information takes place, it may adversely affect the performance and financial conditions of the Group.

■ Leakage of information

We have adopted a structure to prevent leakage of personal information of inside and outside of company and confidential information related to the Group's management, operation and technology, etc. But if such information is leaked or used without due authorisation attributable to unexpected circumstances, the Group may be subject to legal demand, lawsuit, indemnity liability and obligation to pay a fine, and this may adversely affect the performance and financial conditions of the Group.

■ Compliance

We have established a compliance system to prevent violation of laws and regulations and respond quickly to various issues related to compliance. Nevertheless, if we detect a fact of violation of laws or inappropriate response to compliance issues due to unexpected circumstances, the Group's social credibility may be affected seriously, which may adversely affect the performance and financial conditions of the Group.

■ Protection of intellectual property

We have stocked intellectual property such as technology and knowhow to distinguish its products with those of competitors, and have taken measures to protect such property and to prevent infringement of intellectual property rights by a third party. Nonetheless, if the Group's intellectual property is infringed unlawfully, or if the Group is pointed out by a third party to have infringed intellectual property rights and faces lawsuit or asked to terminate manufacturing and marketing of its products and to pay indemnity, it may adversely affect the performance and financial conditions of the Group.

■ Legal proceedings

We may become a party to lawsuits and other legal proceedings in the course of our business activities. In the case where any judgments disadvantageous to us are made in such legal proceedings, it may adversely affect the performance and financial conditions of the Group.

■ Influences of natural disasters, epidemics, wars, terrorism and strikes, etc.

In Japan, we are exposed to a variety of risks such as natural disasters including earthquake, typhoon and flood and unexpected accident. Especially, the Group's major facilities including head office, R&D sites and major manufacturing plants are concentrated in the Tokai region where occurrence of periodic massive earthquakes is highly probable.

We have taken various preventive measurements such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of BCP (Business Continuity Plan), purchases of earthquake insurances and others to minimise the influences of damage by natural disasters such as Tokai and Tonankai Earthquake. But, occurrences of any Tokai and Tonankai Earthquake may adversely affect the performance and financial condition of the Group largely.

We also conduct businesses around the world and are exposed to number of risks relating to our overseas operations. These risks around the world are natural disasters, epidemics, wars, terrorism, strikes, and various matters attributable to unstable political and social situation and difficulties, etc. These unexpected events may delay or suspend the purchase of raw materials and parts, manufacturing, sales of products, and provision of logistics and services. If such delay or suspension caused by any of these factors occur or prolong, it may adversely affect the performance and financial conditions of the Group.

Further, there are various risks other than those mentioned above, and what have been stated in this section does not represent all the risks of the Group.

The Status of the Corporate Group

The outline of the corporate group

The corporate group of the Company consists of consolidated subsidiaries of 136 companies and affiliates of 32. The main businesses are manufacturing and marketing of automobiles, motorcycles, marine & power products, motorised 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 segmentation is as follows.

Automobile

Automobiles are manufactured by the Company as well as in overseas, by subsidiaries, Magyar Suzuki Corporation Ltd., Maruti Suzuki India Limited and by an affiliate, Chongqing Changan Suzuki Automobile Co., Ltd. and others. Some of parts are manufactured by Suzuki 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, Suzuki Deutschland GmbH and other marketing companies and manufacturing & marketing companies. The business of logistics services is conducted by a subsidiary, Suzuki Transportation & Packing Co., Ltd.

Motorcycle

Motorcycles are manufactured by the Company as well as in overseas, by a subsidiary Thai Suzuki Motor Co., Ltd. and others. Some of parts are manufactured by a subsidiary, Suzuki 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 by a subsidiary, Suzuki Motorcycle Sales Inc. and other marketing companies, and in overseas markets through a subsidiary, Suzuki Deutschland GmbH and other marketing companies and manufacturing & marketing companies.

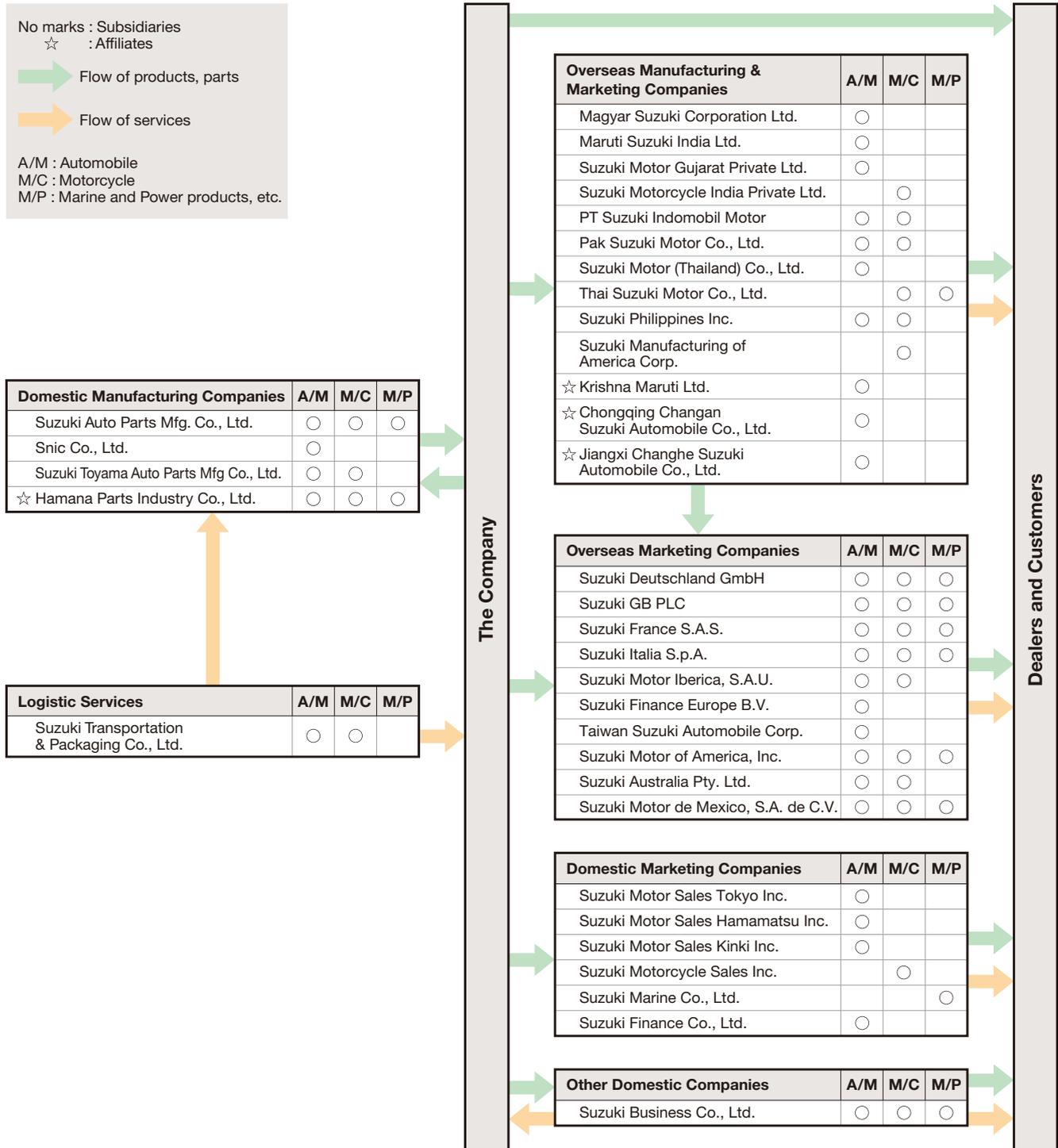
Marine and Power products, etc.

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 motorised wheelchairs and electro senior vehicles are conducted by a subsidiary, Suzuki Motor Sales Kinki Inc. and others, and the marketing of houses is conducted by a subsidiary, Suzuki Business Co., Ltd.

Operation Flow Chart

Operation flow chart is as follows (Major companies and businesses only)





Way of Life!

SUZUKI MOTOR CORPORATION

300 Takatsuka-Cho,
Minami-Ku, Hamamatsu-shi,
Shizuoka, Japan 432-8611
<http://www.globalsuzuki.com>