

# ANNUAL REPORT

## 2002



**SUZUKI MOTOR CORPORATION**

# PROFILE

Suzuki Motor Corporation designs and manufactures passenger cars, commercial Vehicles, motorcycles, All terrain vehicles (ATVs), outboard motors, generators, general purpose engines 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 22 countries around the world. The established network enables Suzuki to operate as a global organization serving 190 countries.

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" lightweight car.

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

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## Head office & Takatsuka Plant

Headquarters, Engineering center and Motorcycle engines assembling plant

## ON THE COVER

**The LIANA Sedan**  
The LIANA Sedan was introduced at the 2002 Geneva Motor Show as a sedan version of the LIANA five-door hatchback. This is a completely new and unique "height-packaging" sedan which was born of a pursuit for maximum space efficiency without being trapped by conformity. The name LIANA means the vehicle for customers to acquire "Life In A New Age."

**Burgman 650 (AN650)**  
The Burgman 650 was introduced at the Milan Show in autumn 2001. It is a new large scooter developed with the product concept "A Class of One," and which features the world's first motorcycle-use electronically controlled CVT (SECVT), which made possible a 5-speed manual-transmission mode in addition to automatic transmission mode. Its 638cc, liquid-cooled 4-stroke DOHC, 2-cylinder powerplant features electronic fuel injection system to deliver a smooth, linear throttle response, and incorporates secondary air-injection system, O<sub>2</sub> feedback system and catalyzer to achieve low fuel consumption and low emissions.

**DF140**  
The DF140, a new model introduced for 2002 year season, is a 140 ps (103 kW) outboard motor with a 2044cc, 4-stroke, 4-cylinder DOHC 16-valve engine. It delivers high performance for various boats with its lightweight, compact design and high-power engine, and features multi point sequential electronic fuel injection which makes starting smooth and which presents superb throttle response, as well as environmentally aware performance -- low emissions -- and low fuel consumption.

## A MESSAGE FROM THE MANAGEMENT

In delivering our Annual Report 2002, we wish to extend our greetings to you. With respect to the overall trend of demand in the automotive industry in this fiscal year, in the Japanese domestic market, shipment volume of motorcycles dropped for the fifth consecutive year; as for automobiles, while a number of new models enjoyed strong sales, overall, sales dropped to below last year's level for mini vehicles, small cars, subcompacts and larger vehicles.

On the other hand, as for exports, motorcycle and automobile exports to North America and Middle East increased, but overall volume dropped to below last year's level, due to factors such as drop in exports to Europe.

Under such circumstances, Suzuki, in the domestic motorcycle market, made efforts to increase sales by enhancing our product lineup by introducing models such as the Let's II Standard, a domestically produced scooter which we were able to offer at a low price, and GSX250FX and 250SB, both supplied from Kawasaki Heavy Industries, Ltd. In the domestic automobile market, we introduced new models -- Chevrolet Cruze, which was jointly developed with General Motors Corporation; MR wagon, a mini passenger car designed with novel thinking to create room for 4 adults to sit comfortably and to offer a pleasant driving experience; and Alto Lapin, a new mini passenger car with a boxy shape -- and introduced numerous special-version models. At the same time, we made efforts to strengthen our small and subcompact car sales network Suzuki Arena.

Meanwhile, in the overseas markets, we made efforts to increase exports of completed vehicles by introducing new motorcycle models including the DL1000, new 400 and 500cc All Terrain Vehicles (ATVs), and new automobiles such as the Liana (Aerio Sedan in Japan), a new 4-door sedan, while at the same time strengthening and enhancing our overseas production base.

As a result, our consolidated net sales reached ¥1,668,251 million (US\$12,520 million), 104.2% of the previous year, and our net income reached ¥22,392 million (US\$168 million), 110.6% of the previous year.

We can only expect difficult market circumstances in the months ahead. However, we intend to challenge the difficulties with our basic corporate motto for the fiscal year 2002: "Challenge 30 & Speedup: The first year of Suzuki's rebirth to survive", with which we intend to bolster our corporate strength by making a thoroughgoing, total review and aim for more than 30% improvement in every aspect of our business by reducing production costs, heightening quality, improving productivity, and raising the efficiency of our

indirect work, along with an overall speeding-up of our business.

In our motorcycle business, we will move forth to strengthen our lineup of large motorcycles in the European, North American and Japanese markets, strengthen models produced locally in various parts of Asia, strengthen product development of All Terrain Vehicles (ATVs) and press ahead with their local production in U.S.A. We will also move forth to establish a highly profitable motorcycle business by working together with Kawasaki Heavy Industries, Ltd., with which we formed a business alliance from August last year, to complement each other's business resources.

In our automobile business, in the Japanese domestic market, we will make efforts to strengthen our existing sales network and enhance our sales bases, strive to heighten the quality of Suzuki Arena -- our sales network for small and subcompact vehicles -- and make sure such efforts will translate into increased sales.

In the overseas markets, we will make efforts to conduct business and create products in a manner closely suited to each market, and strongly push forth with local procurement of components for our overseas plants, use of common components across borders, optimized worldwide purchasing, and quality improvement activities. We will also make efforts to boost our basic corporate strength by making maximum use of the synergy effect of our strategic alliances with General Motors Corporation and Fuji Heavy Industries Ltd.

In addition, we will further strengthen our product development efforts to heighten the safety and consumer appeal of our products, and we will make efforts to develop products that our customers demand in an efficient and speedy manner, and market them in a timely fashion. For the protection of the global environment, we will promote development of products designed for low environmental impact by reducing emissions, improving fuel efficiency, and reducing the amount of natural resources required for production, and will develop next-generation vehicles such as vehicles powered by hybrid and fuel-cell powerplants. Suzuki, with our motto "Small Cars for a Big Future," is determined to continue our active efforts to develop small cars that customers demand, and to make efforts to ensure our products have low impact on the global environment.

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

June 2002



Osamu Suzuki  
Chairman & CEO

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.



Masao Toda  
President & COO

A stylized, handwritten signature in black ink, featuring a large, flowing 'M' followed by 'TODA' in a cursive script.

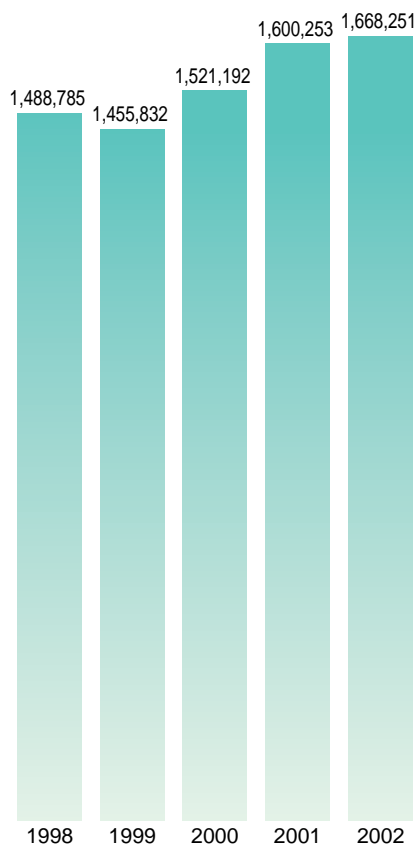
# FINANCIAL HIGHLIGHTS

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)
	2002	2001	2002
Years ended March 31, 2002 and 2001			
Net sales .....	<b>¥1,668,251</b>	¥1,600,253	\$12,519,708
Net income .....	<b>22,392</b>	20,248	168,051
Net income per share:			
Primary .....	<b>41.40</b>	40.41	0.310
Fully diluted .....	<b>41.16</b>	40.24	0.308
Cash dividends per share .....	<b>8.50</b>	8.50	0.063
Shareholders' equity .....	<b>620,004</b>	593,770	4,652,938
Total current assets .....	<b>773,040</b>	723,844	5,801,431
Total assets .....	<b>1,347,718</b>	1,299,859	10,114,213
Depreciation and amortization .....	<b>75,083</b>	75,344	563,481

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at Yen133.25 = US\$1, the prevailing exchange rate on March 29, 2002.

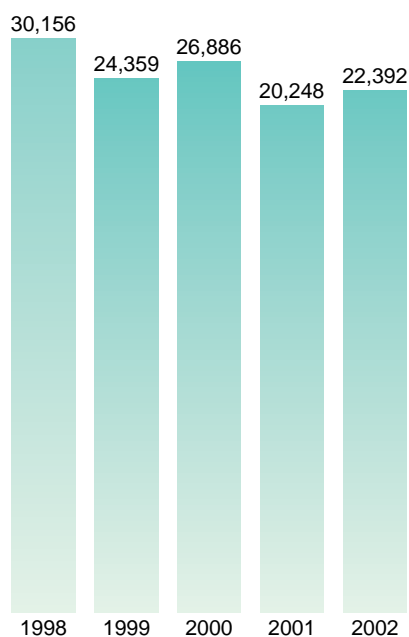
## Net Sales

Years ended March 31  
(Millions of yen)



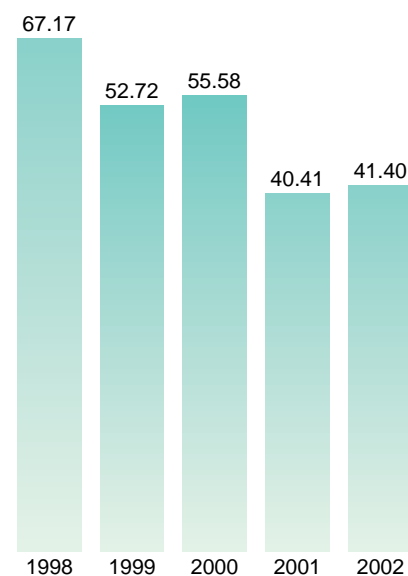
## Net Income

Years ended March 31  
(Millions of yen)



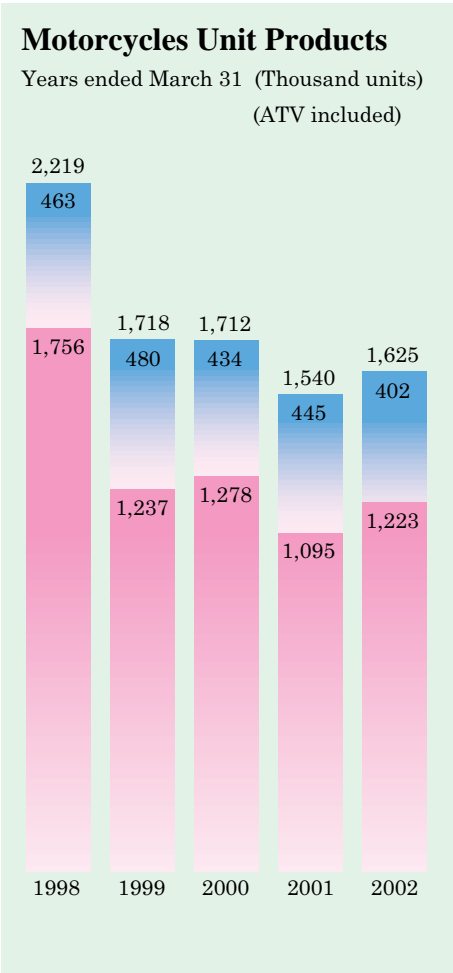
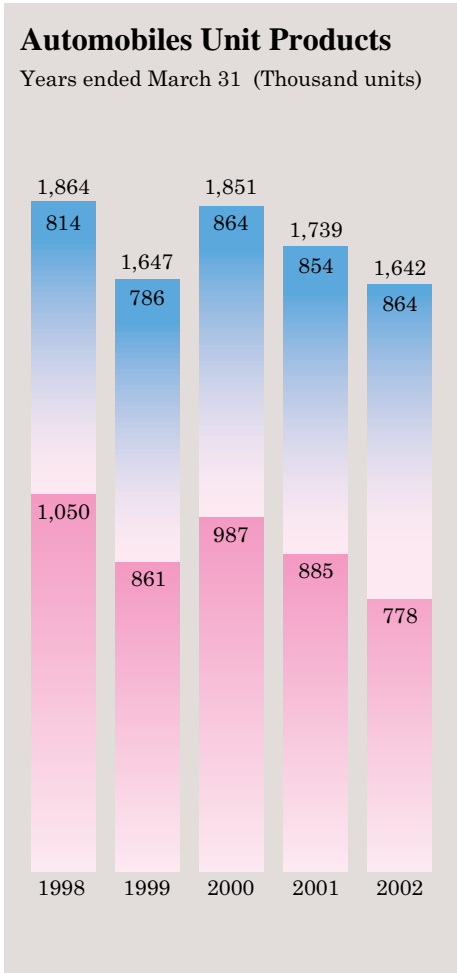
## Net Income Per Share

Years ended March 31  
(Yen)

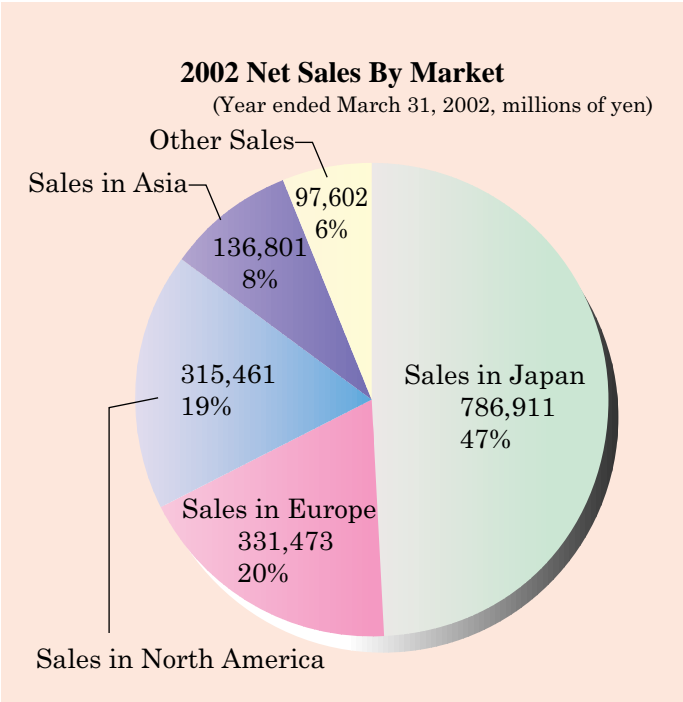
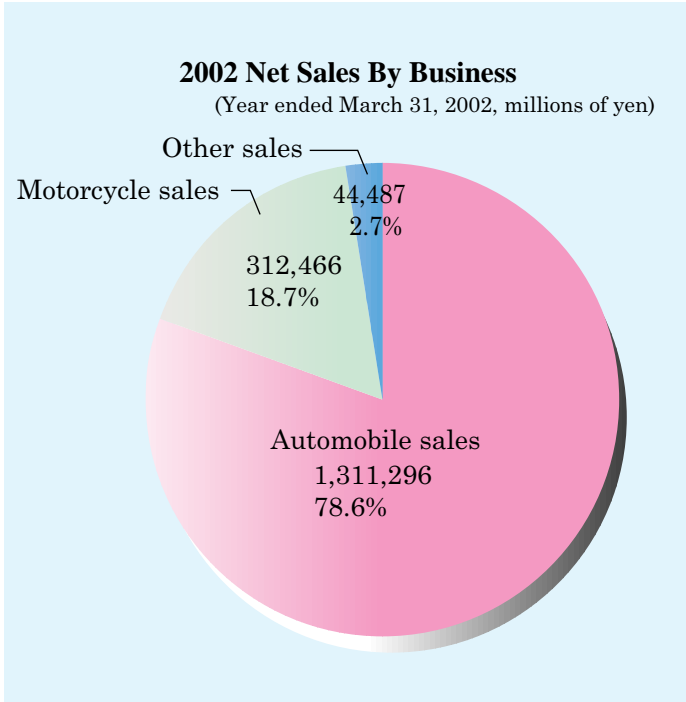




# YEAR IN REVIEW



※ Production in Japan is CBU.  
Overseas production is CKD units + components for overseas production.



## AUTOMOBILES

### The Japanese Market

#### Suzuki's performance in the Japanese domestic market

Total domestic sales of automobiles in the fiscal year 2001 (from April 2001 through March 2002) numbered 5,824,774 units, 97% of the previous year and dropping from the previous year for the first time in three years. Although sales of mini vehicles remained strong at over 1,800 thousand units, the figure dropped from the previous year. The number of registered units (automobiles excluding mini vehicles), which had in the fiscal year 2000 gone up from that of the year preceding, that had dropped from the previous year. Overall, domestic automobile sales trended low.

Suzuki's total domestic automobile sales totaled 619,038 units, 101% of the previous year, thus marking a growth amidst the weak domestic market. As a result, Suzuki's domestic market share in the fiscal year 2001 was 10.6%, 0.3 percentage points up from the previous year. Among the twelve domestic auto manufacturers, Suzuki stood at 4th place in domestic market share, unchanged from the previous year.

#### Suzuki's sales status

(1) The vigorous strength of the mini vehicle market, which has continued ever since their regulatory standards were revised in 1998, has settled, and many makers have seen their sales drop to below their previous year's figures. Under such circumstances, Suzuki sold 570,412 units (100% of the previous year) -- the second largest figure following the record figure for mini vehicle sales that Suzuki set in 1999. As a result, Suzuki once again in the fiscal year 2001 held the largest market share in mini vehicles -- a position Suzuki has maintained for 29 consecutive years.

(2) Suzuki's small and subcompact vehicle sales were 48,626 units, 105% of the previous year, exceeding the preceding year's figure for the second consecutive year.

#### Individual model topics

(1) Sales of Wagon R reached 218,228 units, making it once again the only mini vehicle to surpass the 200,000 mark and the top seller among all mini vehicles for the 7th consecutive year since the fiscal year 1995. (\*In April 2001, Wagon R marked total domestic sales of 1,500,000 units in only seven years and eight months since it was introduced to the market.)

(2) The Carry Truck in the fiscal year 2001 once again became the best-selling model in the all-truck segment, making it the top seller for 31 consecutive years.

(3) In addition, in the fiscal year 2001, the Chevrolet Cruze, which was developed jointly with General Motors, was marketed to strengthen small and subcompact vehicle sales. As for mini vehicles, MR wagon and Alto Lapin were newly introduced, to enhance our product lineup so that we may respond to a wider range of user demands.



**GRAND ESCUDO**  
(Export name: GRAND VITARA XL-7)



**ESCUDO**  
(Export name: GRAND VITARA)



**AERIO (Export name: LIANA)**



**AERIO (Export name: LIANA)**



**WAGON R<sup>+</sup> (manufactured at Magyar Suzuki Corp. in Hungary)**

## The Overseas Markets

Total automobile export volume for this fiscal year amounted to 980,000 units, 91% of the previous year, but sales grew to 102% of the previous year.

Total volume dropped due to a drop in the volume of CKD and KD components to Asia, Central and South Americas, and other areas due to the sluggish economy and unstable regional situations; however, exports of completed vehicles to regions such as North America and Europe have trended strong overall, and volume has grown.

As for individual products, sales of the Grand Vitara XL-7, Suzuki's flagship SUV which was launched in the previous fiscal year, have trended strong in North America and other areas. At the 2002 Geneva Motor Show, we introduced a sedan version of the Liana and a full-model-change version of Alto, one of our best-selling models.

As for our relationship with General Motors, we have maintained favorable cooperation in many ways, such as: Cruze, a strategic small car jointly developed by the two companies, is now marketed in the Japanese domestic market; we have started exports to Holden Ltd, a subsidiary of the General Motors and the largest automobile maker in Australia; and we now have started mutual assistance in the field of fuel cell technology.

As a new challenge, we have fielded the Ignis in the Junior World Rally Championships (WRC) from the 2002 season, through Suzuki Sports Co., Ltd. We will make use of this race participation to expand sales in Europe and various countries in other regions, and to use the feedback from racing to enhance our technological development.

Business operations at our overseas subsidiaries have been performing favorably overall for this fiscal year, and we are making the utmost efforts toward full rationalization and maximum efficiency to further heighten our business strength.



**Kosai Plant**  
Passenger car assembling plant



**Iwata Plant**  
Multi-purpose vehicle and commercial vehicle assembling plant



**SWIFT (Export name: IGNIS)**



**JIMNY**



**ALTO (manufactured at Maruti  
Udyog Ltd. in India)**



MOTORCYCLES

The Japanese Market

The number of motorcycles put out by the four Japanese makers in the domestic market in the fiscal year 2001 (from April 2001 through March 2002) amounted to 736,000 units (95% of the previous year) in total volume -- a continuing decline that didn't stop, due to factors such as weak personal consumption due to the long continuing economic stagnation, maturing of the market, smaller number of children, and changes in consumer tastes. Breaking down the figure by displacement classes, the volume for the 50-to-125cc class dropped to 603,000 units (95% of the previous year), while the volume for 126cc-and-over class grew to 133,000 units (110% of the previous year). The growth of the 126cc-and-over class can be attributed to strong sales of 126-to-250cc models known as "street types" which are popular among young people (36,000 units, 128% of the previous year), and sales growth of 126cc-and-over scooters (33,000 units, 118% of the previous year).

Within these general conditions, total volume for Suzuki dropped to 110,000 units (96% of the previous year). Breaking down the figure by displacement classes, the volume for the 50-to-125cc class dropped to 84,000 units (90% of the previous year), while the volume for 126cc-and-over class grew to 26,000 units (118% of the previous year).

The drop in the 50-to-125cc class can be attributed to the drop in the 51-to-125cc class due to the drop in the number of delivery of the FB90 due to the service life of postal delivery vehicles being extended from 5 years to 6 years. This resulted in a big drop of 65% as compared to the previous year for this class (down to 20,000 units).

The growth in the 126cc-and-over class can be attributed to the continued strong sales of 126-to-250cc class models of



Toyokawa Plant

Motorcycles and outboard motors assembling plant

GrassTracker 250, Big Boy 250 and Sky Wave 250 following the previous year, and the introduction of new products such as the Sky Wave 250 Type S, 250SB, GSX250FX and VanVan 200.

In this class, Suzuki marked a large growth, to 129% of the previous year (to 20,331 units), while the same figure for all makers was 107% of the previous year.



SKYWAVE 250 Type S



GRASS TRACKR BIG BOY



Van Van 200



SMASH





**Burgman 650**



**V-Strom 1000**



**GSX-R Series**



**QuadSport Z400**



**VINSON 500 (right)  
EIGER 400 (left)**



**OZARK250**

## The Overseas Markets

Exports of CBU motorcycles and CKD units in the fiscal year 2001 (from April 2001 through March 2002) totaled 286,000 units, dropping to 86% of the previous year.

However, the sales expansion measures we've taken in line with our policy in the past few years of putting emphasis on sales of large engine displacement motorcycles resulted in Suzuki leading the four Japanese makers in the number of large 451cc-and-over CBU motorcycles exported during the fiscal year 2001, and Suzuki's sales in this class also grew, to 104% of the previous year.

The main reason for this sales growth is the strong sales of the GSX-R series, particularly the GSX-R1000, the flagship of this series which we introduced with the slogan "Own the Racetrack." The GSX1400, a new motorcycle model featuring the air-cooled with SACS (Suzuki Advanced Cooling System) 1400cc engine -- the biggest among "naked" bikes; and the V-Strom, Suzuki's suggestion for an entirely new motorcycle category, "Sport Enduro Tourer;" and Burgman 650 scooter, which features the world's first motorcycle-use electronically controlled CVT (SECVT) and the largest engine displacement among scooters, have all won very high marks in Europe and around the world.

As for exports of components for overseas production, sales grew to 116% of the previous year, amidst the Asian economy's full-fledged recovery trend. We introduced Smash, a 4-stroke strategic model for Asia developed to closely match market demands and marketed as a common model for the entire ASEAN region.

Exports of All Terrain Vehicles (ATVs) also saw large growth in sales, to 114% of the previous year. We introduced to the market a total of seven models as products that would lead the way in restructuring Suzuki's ATV business: sport-utility models Vinson 500 and Ozark 250, Eiger 400 series, and the sport model QuadSport Z400 have all won very high marks in U.S.A. and other markets, and their sales have trended strong.

As for the Vinson 500 and the Eiger 400 series, it was decided to produce both models at Suzuki Manufacturing of America Corporation (SMAC). The production of the Eiger 400 series started in full from May 20 this year. We plan to move forth with further local procurement and thus heighten our cost competitiveness.

## MARINE AND POWER PRODUCTS

### Marine Products

The number of units of outboard motors exported in the fiscal year 2001 (from April 2001 through March 2002) -- combining CBU and KD units for Thai Suzuki Motor -- reached 103% of the previous year. In terms of sales, we were able to achieve 131% of the previous year, due to favorable sales of the 2002 new model DF140, the production of which started from October 2001, and other big 4-stroke outboard motors such as the DF90 and DF115. With the increase in shipment of big 4-stroke outboard motors and with the start of OEM supply of 4-stroke models to Bombardier Motor Corporation from December 2001, we have been able to steer more of our outboard motor export business to bigger 4-stroke models.

The aforementioned DF140, which is the most powerful (103.0 kW, 140 ps) model in Suzuki's 4-stroke outboard motor lineup, has won very high acclaim and was a winner of the "Editors' Choice Awards 2002" from the American magazine "Motor Boating," following the winning of the same award last year by DF90 and DF115.

Thai Suzuki Motor, which assembles small 2-stroke outboard motors since September 1999, started the assembly of small 4-stroke outboard motors, 2002 new models DF4 and DF5, in October 2001. Suzuki's 4-stroke outboard motor lineup is now greatly enhanced, with models ranging from the DF4 (2.9 kW, 4ps) to the DF140 (103.0 kW, 140ps).

### Power Products

The number of Suzuki power products shipped overseas in the fiscal year 2001 (from April 2001 through March 2002) dropped to 60% of the previous year for generators and to 78% of the previous year for general purpose engines and other products. On the other hand, our supply of snowmobile engines to Arctic Cat Inc. grew to 107% of the previous year in terms of the number of units and to 123% of the previous year in terms of sales, the latter due to the larger size of the engines supplied.



**Suzuki outboard motors provide power for a wide range of boats**



**DF140**



**DF4**



**Generator SV7500E powered with V420 4-stroke OHV engine**



## BUSINESS REVIEW

### Domestic Topics

#### Automobiles

\* Suzuki once again during this fiscal year introduced many new models in the Japanese domestic mini vehicle market, and made various efforts to boost sales, with various active sales promotion measures. As a result, in this fiscal year, we were able to once again become the top seller of mini vehicles, for the 29th consecutive year.



**MR wagon**



**Alto Lapin**

\* We introduced many new models along with many full model change and minor change models in Japan, in response to changes in user demands reflected in the market trends.

\* We enhanced our automobile lineup, by introducing new models such as the Chevrolet Cruze, Aerio Sedan, MR wagon and Alto Lapin, and by implementing minor changes and offering special versions and other new versions, for other models.

\* The Chevrolet Cruze, jointly developed by Suzuki and General Motors, was introduced in October 2001 and sales began through sales channels of both Suzuki and General Motors. Suzuki also reached basic agreement with Nissan Motor Co., Ltd. in April 2001 for OEM supply of mini vehicles. Sales of this OEM supplied vehicle, based on the MR wagon and named Nissan Moco, started from April 2002. OEM supply of mini vehicles to Mazda Motor Corporation continues.

\* We have been enhancing our Suzuki Arena dealerships to further heighten the strength of our domestic sales network. Having achieved our initial target of 1,000 Arena dealerships by the end of March 2002, we will henceforth aim to heighten the quality of each Arena dealerships.

\* Our automobile production has been moving forth steadily. For instance, aggregate production at Iwata Plant reached 8 million units in February 2002.

\* In March 2002, construction work of the assembly line at Kosai No. 1 Plant was completed and operations began. We introduced new methods at the Kosai No. 1 Plant's new assembly line, such as the use of a highly productive line which features a streamlined process and which enables production at low cost, and new measures to achieve product quality.

\* As for the development of automobiles, on October 2001, we announced the start of mutual cooperation with General Motors in the technological field of fuel cells, and put on exhibit a concept car called Covie at the Tokyo Motor Show held the same month. Also on display at the Tokyo Motor Show were various concept cars that reflected Suzuki's strength as a maker of small cars, including the GSX-R/4, a new-sensation sports model incorporating many of Suzuki's unique ideas and technology.

#### Motorcycles

\* New motorcycle models such as Birdie 90, 250SB, GSX250FX, Let's II Standard and VanVan 200 were introduced, as well as minor-change versions of the Love, an electric power-assist bicycle, Verde, GS1200SS and Address V100. With the Let's II Standard, we were able to offer a domestically produced scooter at a low price.

\* We promoted the advanced designs of Suzuki motorcycles by exhibiting concept models such as the B-King, a new motorcycle that smoothly incorporates IT technology, and V-Strom 1000, a sports enduro tourer powered by a 1000cc V-Twin engine.

\* Suzuki reached a basic agreement to form a business alliance with Kawasaki Heavy Industries on August 2001 for the purpose of establishing a highly profitable motorcycle business. Based on this basic agreement, we started mutual OEM supply from January 2002.

#### Marine, Power Products, and others

\* New products introduced to our lineup of welfare, elderly care and marine products included an electric wheelchair MC2000S/MC3000S, a Senior Car electric wheelchair ET-4G, 4-stroke outboard motor DF140, Package Boat Splash R, fishing boats F250 Hard Top and F250 Hard Top Slide Door.

### Overseas Topics

Suzuki, with its policy of contributing to the local economy and society, has been undertaking numerous local production enterprises. At present, we have established a global manufacturing network of 40 companies in 22 countries with production bases for automobiles, motorcycles



and other products.

### **Automobiles**

\* Suzuki automobiles on display at New York Motor Show, Frankfurt Motor Show, Geneva Motor Show and other exhibitions included various reference vehicles, along with newly introduced models including the Liana Sedan (Aerio Sedan in Japan) and Alto (produced at Maruti Udyog in India).

### **Motorcycles**

\* Suzuki Motor R&D Asia Co., Ltd., a new company for creating plans and designs for motorcycles, purchasing their parts, and conducting cost management operations, was established in Thailand on September 2001 for the purpose of strengthening the product appeal of our motorcycles for ASEAN nations and promoting cost reduction.

\* Suzuki Manufacturing of America Corporation (SMAC), the All Terrain Vehicle (ATV) production plant we have been building in the state of Georgia, U.S.A., has started operation on May 2002.

### **Marine Products**

\* Suzuki reached basic agreement on November 2001 for OEM supply of 4-stroke outboard motors (6 models: 9.9 ps, 15 ps, 40 ps, 50 ps, 60 ps and 70 ps) to Bombardier Motor Corporation of America. This is aimed at further heightening the strength of Suzuki's outboard motor business for the long run, and expanding production in a manner by which we could reduce costs and speed up development of new models.

## **Motorsports Topics**

Suzuki participates in numerous motorcycle and automobile races that fascinate motorsports fans worldwide, and has won a great number of titles. We also make sure that the technological know-how gained from racing activities are fed back to our development work to help us create better products.

### **Automobiles**

Suzuki's racing automobiles have competed in various motorsport events around the world. Grand Vitar (Escudo) and Liana (Aerio) racing machines were entered in hill climb events in New Zealand and U.S.A. and have finished in high positions. Suzuki has also participated in the Asia-Pacific Rally Championship (events in Australia, Malaysia and China) with the Ignis Super 1600, which demonstrated its high competitiveness by taking a class win at the China Rally.

As announced in our 2002 motorsports participation plan we released on December 2001, we are supporting racing teams in Japan, Germany and Finland participating in the FIA Junior World Rally Championship (WRC) with the Ignis Super 1600.

We have continued to hold one-make races in Japan, such as "Suzuki Kei Sport Cup," "Formula Suzuki Kei Sport Series" and "Formula Suzuki Hayabusa Series".

### **Motorcycles**

Suzuki motorcycles once again in 2001 had numerous racing successes. In the 2001 Moto GP Championship, Team Telefonica Movistar Suzuki's Sete Gibernau finished the season in 9th place, and Kenny Roberts Jr. in 11th place. In the World Motocross Championship 250cc class, Mickael Pichon on his RM250 won the consecutive world champion, while in Japan, Akira Ryo became the series champion in the All-Japan Championship Road Racing.

## **Environment Topics**

Suzuki is making efforts to reduce environmental impact in each stage of the product life cycle from their development, production, distribution to their disposal. Alongside the design and development of our products, Suzuki has been developing multi-faceted, highly advanced and environmentally attentive technologies, to respond to increased demands for environmental protection in areas such as "reduction of emission gases," "improvement of fuel efficiency," "noise reduction," "reduction in the amount of resources consumed" and "recycling-friendly designs." In the areas of production and purchasing, as well as in the field of distribution of our products, our efforts include "reduced energy consumption (reduction of CO<sub>2</sub>)," "reduction of waste (recycling)" and "management of chemical substances." In working with the market in general, we are making efforts, including disseminating information, for proper disposal of used products and components. By pursuing such policies actively, we make sure we do our part for the protection of the environment.



**Iwata Plant passes eight million mark**



**Ignis Super 1600 tackles Junior WRC**

Topics for fiscal year 2001: Environment Planning Department, an organization dedicated to promoting environmental issues on a company-wide scale, was established on April 2001. At the same time, we set up an Environmental Committee and newly enacted the Suzuki Global Environment Charter. In our product design and development, we reached an agreement with General Motors Corporation on October 2001 for mutual cooperation in the field of fuel cell technology. In our production and purchasing activities, on August 2001, we achieved reduction to zero level of buried waste products at all of our plants inside Japan.

### **Strategic Alliance with General Motors Corporation**



**Suzuki and GM further strengthen strategic alliance.**



**CHEVROLET CRUZE**



**COVIE, combining Suzuki's EV system and GM's house-hold fuel cell generating system**

On September 14, 2000, Suzuki and General Motors Corporation (GM) announced the further strengthening of our strategic alliance. This enhancement of our alliance was symbolized by increasing GM's equity participation in Suzuki from 10% to 20.1% in January 2001. Furthermore, in the general shareholders' meeting held in June 2001, GM's Chairman, John F. Smith, Jr., was elected as a member of the board of directors of Suzuki.

Suzuki and GM believe that through an alliance strategy each company will gain the benefits of the other's strengths while limiting its capital cost and maintaining its own identity and culture. The alliance strategy allows our companies to develop products faster as well as broadening our market access. And, by generating economies of scale and purchasing synergies, we further increase our products affordability.

Suzuki and GM are playing a greater role than ever in each other's success. During the past fiscal year our two companies further strengthened our alliance in a number of key areas:

The jointly developed compact car, code named YGM-1 and first announced at the 1999 Tokyo Motor Show, made its Japanese debut in October 2001 with the name of "Chevrolet Cruze". Production of the Cruze began at Suzuki's Kosai Plant in October 2001, and has been successfully sold through both companies' distribution networks, Suzuki Arena / GM Auto-world, since November 2001. In April 2002, export of the Cruze began to Australia, where it is sold as the "Holden Cruze" by a GM's subsidiary, Holden Ltd.

In Europe, the first jointly developed car by Suzuki and GM, launched early in 2000 as the Suzuki Wagon R+ / Opel Agila, is now contributing to the increased sales of both organizations. In Latin America we have continued to build on our existing collaborations at GM plants in Columbia (GM Colmotores S.A.), Ecuador (GM del Ecuador S.A.), Venezuela (GM Venezolana, C.A.) and Argentina (GM de Argentina S.A.). Recent product additions were the Wagon R+ in Venezuela and the 3-door Grand Vitara in Argentina.

In addition to leveraging our products and distribution capabilities, a major benefit comes from the lessons we are sharing with each other in areas such as manufacturing and quality. Furthermore, to facilitate greater development and realization of synergies, we have exchanged personnel in the areas of purchasing, research and development and advanced technologies, which cover areas such as powertrains, simulation software, and hybrid and fuel-cell-battery power systems.

The alliance between our two companies is growing stronger, and more successful, every day. Our two companies will continue to pursue opportunities for further joint efforts in various fields, and seek to realize cost reductions, increased sales and the creation of value for our shareholders.

# The status of the corporate group

## 1. The outline of the corporate group

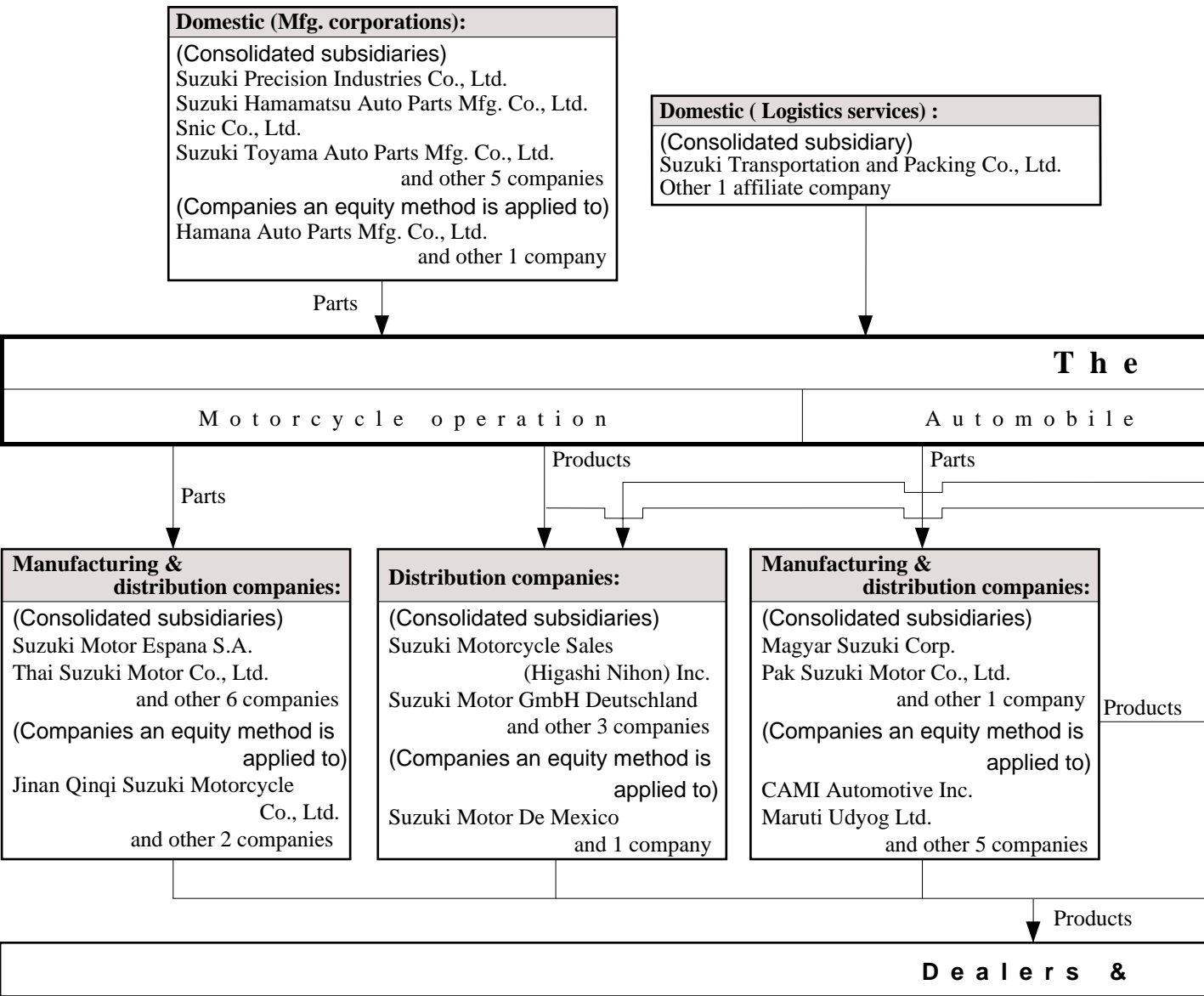
The corporate group of the Company consists of subsidiaries of 129 companies and affiliates of 18 companies. The main businesses are the manufacturing and distribution of motorcycles, automobiles, marine & power products and houses, further developing the businesses of logistics and other services related to the respective operations. The position of the group companies in relation to the business segmentation is as follows;

Furthermore, the Company has built up a strategic alliance partnership with General Motors Corporation.

## Motorcycle operation

Motorcycles are manufactured by the Company. In overseas, it is additionally manufactured by a subsidiary, Suzuki Motor Espana S.A. and an affiliate, Jinan Qinqi Suzuki Motorcycle Co., Ltd. and others. Some of parts are manufactured by subsidiaries, Suzuki Toyama Auto Parts Mfg. Co., Ltd. and others, and those parts are purchased by the Company. The distribution of the motorcycles is conducted in the domestic market through a subsidiary, Suzuki Motorcycle Sales (Higashi Nihon) Inc. and other distribution companies, and in overseas markets through a subsidiary, Suzuki Motor GmbH Deutschland and other distribution companies.

## 2. Operation flow chart





## Automobile operation

Automobiles are manufactured by the Company as well as, in overseas markets, by a subsidiary, Magyar Suzuki Corp. and by an affiliate, Maruti Udyog Ltd. 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 distribution of automobiles is carried out in the domestic market by Suzuki Motor Sales Kinki Inc. and other distribution companies throughout the market, and in overseas markets, by a subsidiary, American Suzuki Motor Corp. and other distribution companies. The business of logistic services is conducted by a subsidiary, Suzuki Transportation and Packing Co., Ltd.

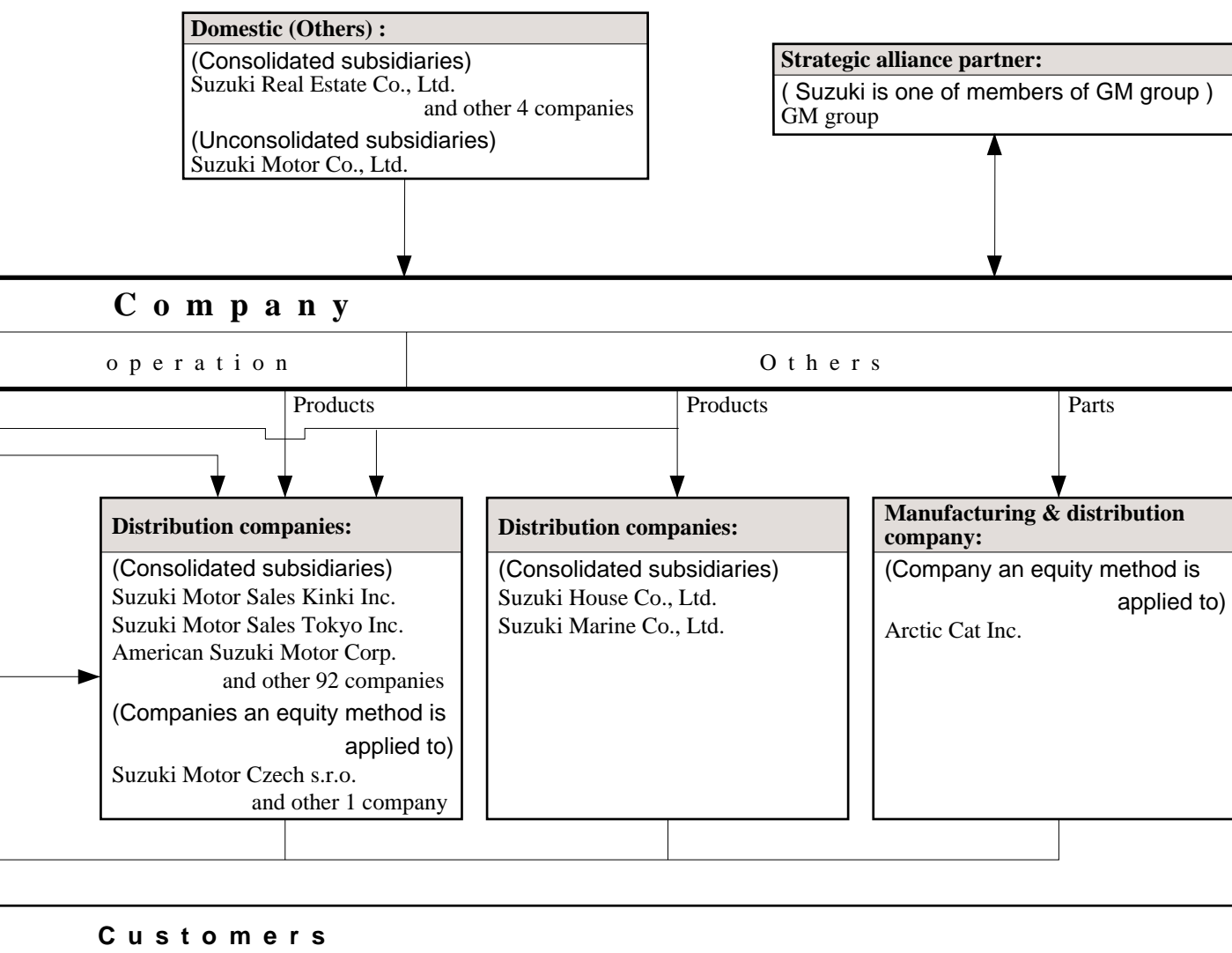
## Other operations

Outboard motors are manufactured mainly by the Company and distributed by Suzuki Marine Co., Ltd.

The marketing of houses is carried out by a subsidiary, Suzuki House Co., Ltd.

Real estate business and the related services are conducted by a subsidiary, Suzuki Real Estate Co., Ltd.

As of March 31, 2002



## FINANCIAL SECTION

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# FIVE-YEAR SUMMARY

SUZUKI MOTOR CORPORATION

## CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2002	2001	2000	1999	1998	2002
Net sales .....	<b>¥1,668,251</b>	¥1,600,253	¥1,521,192	¥1,455,832	¥1,488,785	<b>\$12,519,708</b>
Net income .....	<b>22,392</b>	20,248	26,886	24,359	30,156	<b>168,051</b>
Net income per share:						
Primary .....	<b>41.40</b>	40.41	55.58	52.72	67.17	<b>0.310</b>
Fully diluted .....	<b>41.16</b>	40.24	55.32	52.40	66.71	<b>0.308</b>
Cash dividends per share .....	<b>8.50</b>	8.50	8.50	7.50	7.50	<b>0.063</b>
Shareholders' equity .....	<b>620,004</b>	593,770	497,756	438,047	374,566	<b>4,652,938</b>
Total current assets .....	<b>773,040</b>	723,844	628,782	627,232	581,328	<b>5,801,431</b>
Total assets .....	<b>1,347,718</b>	1,299,859	1,167,216	1,131,849	1,037,280	<b>10,114,213</b>
Depreciation and amortization ...	<b>75,083</b>	75,344	81,784	82,546	67,263	<b>563,481</b>

## NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2002	2001	2000	1999	1998	2002
Net sales .....	<b>¥1,320,218</b>	¥1,294,651	¥1,273,907	¥1,189,622	¥1,179,136	<b>\$9,907,833</b>
Net income .....	<b>13,912</b>	12,881	12,745	8,855	9,533	<b>104,406</b>
Net income per share:						
Primary .....	<b>25.72</b>	25.71	26.35	19.17	21.23	<b>0.193</b>
Fully diluted .....	<b>25.59</b>	25.61	26.24	19.07	21.12	<b>0.192</b>
Cash dividends per share .....	<b>8.50</b>	8.50	8.50	7.50	7.50	<b>0.063</b>
Shareholders' equity .....	<b>477,053</b>	475,614	392,619	295,422	247,350	<b>3,580,139</b>
Total current assets .....	<b>564,830</b>	503,543	441,690	442,938	392,663	<b>4,238,880</b>
Total assets .....	<b>1,028,709</b>	978,172	870,242	806,140	723,487	<b>7,720,149</b>
Depreciation and amortization ...	<b>54,194</b>	52,814	59,701	61,787	47,344	<b>406,715</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥133.25 = US\$1, the prevailing exchange rate on March 29, 2002.  
The treasury stock indicated on the column of non-consolidated current assets up to the previous fiscal year is listed on the column of shareholders' equity from the year of 2002 in accordance with the revision of regulations of financial statements.



# CONSOLIDATED FINANCIAL STATEMENTS OF 2002

## CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and time deposits(Note 8) .....	¥ 220,705	¥ 271,392	\$ 1,656,326
Marketable securities (Note 4 and 8) .....	49,647	1,156	372,588
Receivables :			
Trade notes and accounts .....	158,058	154,414	1,186,177
Less allowance for doubtful receivables .....	(2,016)	(2,353)	(15,132)
Inventories (Note 3 and 5) .....	230,713	222,791	1,731,435
Other current assets .....	115,932	76,443	870,036
Total current assets .....	773,040	723,844	5,801,431
<b>Property, plant and equipment (Note 5):</b>			
Land .....	137,730	131,732	1,033,624
Buildings and structures .....	230,973	220,858	1,733,387
Machinery, equipment and vehicles .....	683,755	660,680	5,131,370
Construction in progress .....	6,123	7,156	45,958
	1,058,583	1,020,428	7,944,340
Less accumulated depreciation .....	(697,394)	(666,423)	(5,233,726)
	361,189	354,004	2,710,614
<b>Investments and other assets:</b>			
Investments in securities (Note 4 and 5) .....	72,060	102,778	540,789
Investments in affiliates .....	57,056	53,021	428,191
Other assets .....	84,372	66,209	633,187
	213,488	222,009	1,602,167
	¥1,347,718	¥1,299,859	\$10,114,213

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Trade notes and accounts payable .....	¥ 282,434	¥ 293,706	\$ 2,119,586
Short-term bank loans (Note 5) .....	110,312	144,228	827,858
Current portion of long-term debt (Note 5) .....	2,853	2,923	21,416
Accrued income taxes .....	18,976	12,535	142,412
Accrued expenses .....	89,515	86,711	671,788
Other current liabilities .....	74,262	72,865	557,315
Total current liabilities .....	578,355	612,971	4,340,379
<b>Long-term liabilities:</b>			
Long-term debt (Note 5) .....	51,364	18,621	385,474
Accrued retirement & severance benefits (Note 6) .....	61,024	38,478	457,968
Other liabilities .....	26,634	27,241	199,887
	139,023	84,340	1,043,329
<b>Minority interests</b> .....	10,335	8,776	77,565
<b>Shareholders' equity (Note 10):</b>			
Common stock:			
Authorized-1,500,000,000 shares			
Issued, par value ¥50 per share			
as of March 31, 2002—541,082,074 .....	119,736	—	898,582
as of March 31, 2001—540,731,723 .....	—	119,629	—
Additional paid-in capital .....	126,105	125,999	946,380
Consolidated retained earnings .....	394,022	376,949	2,957,013
Net unrealized gains on securities .....	8,581	16,597	64,399
Foreign currency translation adjustments .....	(28,386)	(45,403)	(213,029)
Less treasury stock, at cost .....	(54)	(2)	(407)
	620,004	593,770	4,652,938
<b>Contingent liabilities (Note 11)</b>			
	¥1,347,718	¥1,299,859	\$10,114,213

# CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Net sales</b> .....	<b>¥1,668,251</b>	¥1,600,253	<b>\$12,519,708</b>
<b>Cost of sales</b> .....	<b>1,220,336</b>	1,203,675	<b>9,158,251</b>
Gross profit .....	<b>447,914</b>	396,577	<b>3,361,456</b>
<b>Selling, general and administrative expenses</b> .....	<b>389,454</b>	345,849	<b>2,922,732</b>
Operating income .....	<b>58,460</b>	50,727	<b>438,724</b>
<b>Other income(expenses):</b>			
Interest and dividend income .....	<b>3,977</b>	4,598	<b>29,847</b>
Interest expense .....	<b>(4,819)</b>	(5,483)	<b>(36,167)</b>
Equity in earnings of affiliates .....	<b>2,361</b>	644	<b>17,720</b>
Other, net .....	<b>(20,650)</b>	(10,425)	<b>(154,975)</b>
Income before income taxes .....	<b>39,328</b>	40,060	<b>295,149</b>
<b>Income taxes:</b>			
Current .....	<b>32,307</b>	25,133	<b>242,459</b>
Deferred .....	<b>(15,229)</b>	(5,129)	<b>(114,296)</b>
	<b>17,077</b>	20,004	<b>128,163</b>
Minority interests in earnings of consolidated subsidiaries .....	<b>(142)</b>	(192)	<b>(1,065)</b>
Net income .....	<b>¥ 22,392</b>	¥ 20,248	<b>\$ 168,051</b>

	Yen		U.S. dollars
<b>Net income per share:</b>			
Primary .....	<b>¥ 41.40</b>	¥ 40.41	<b>\$ 0.310</b>
Fully diluted .....	<b>41.16</b>	40.24	<b>0.308</b>
<b>Cash dividends per share</b> .....	<b>8.50</b>	8.50	<b>0.063</b>

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

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen			
		Common stock	Additional paid-in capital	Consolidated retained earnings	Treasury stock at cost
<b>Balance as of March 31, 2000</b>	<u>489,160</u>	<u>¥ 90,546</u>	<u>¥ 96,967</u>	<u>¥362,486</u>	<u>¥ (9)</u>
Net income .....	—	—	—	20,248	—
Cash dividends .....	—	—	—	(4,129)	—
Directors' and corporate auditors' bonuses .....	—	—	—	(150)	—
Issue of common stock .....	51,561	29,080	29,028	—	—
Conversion of convertible bonds ....	9	3	2	—	—
Treasury stock acquired .....	—	—	—	—	8
Decrease resulting from consolidation of additional subsidiaries and affiliates .....	—	—	—	(1,506)	—
<b>Balance as of March 31, 2001</b>	<u>540,731</u>	<u>¥119,629</u>	<u>¥125,999</u>	<u>¥376,949</u>	<u>¥ (2)</u>
Net income .....	—	—	—	22,392	—
Cash dividends .....	—	—	—	(4,712)	—
Directors' and corporate auditors' bonuses .....	—	—	—	(200)	—
Issue of common stock .....	—	—	—	—	—
Conversion of convertible bonds ....	350	106	105	—	—
Treasury stock acquired .....	—	—	—	—	(51)
Decrease resulting from consolidation of additional subsidiaries and affiliates .....	—	—	—	(407)	—
<b>Balance as of March 31, 2002</b>	<u>541,082</u>	<u>¥119,736</u>	<u>¥126,105</u>	<u>¥394,022</u>	<u>¥(54)</u>



# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Thousands of shares of common stock	Thousands of U.S. dollars			
		Common stock	Additional paid-in capital	Consolidated retained earnings	Treasury stock at cost
<b>Balance as of March 31, 2001</b>	<u>540,731</u>	<u>\$897,785</u>	<u>\$945,586</u>	<u>\$2,828,885</u>	<u>\$ (17)</u>
Net income .....	—	—	—	168,051	—
Cash dividends .....	—	—	—	(35,367)	—
Directors' and corporate auditors' bonuses .....	—	—	—	(1,500)	—
Issue of common stock .....	—	—	—	—	—
Conversion of convertible bonds ....	350	796	794	—	—
Treasury stock acquired .....	—	—	—	—	(390)
Decrease resulting from consolidation of additional subsidiaries and affiliates .....	—	—	—	(3,055)	—
<b>Balance as of March 31, 2002 .....</b>	<u><b>541,082</b></u>	<u><b>\$898,582</b></u>	<u><b>\$946,380</b></u>	<u><b>\$2,957,013</b></u>	<u><b>\$(407)</b></u>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Cash flows from operating activities</b>			
Income before income taxes etc. ....	¥ 39,328	¥ 40,060	\$ 295,149
Depreciation and amortization expenses .....	75,083	75,344	563,481
Equity in earnings of affiliates .....	(2,361)	(644)	(17,720)
Increase in accrued retirement & severance benefits .....	22,458	11,533	168,545
Interest and dividend income .....	(3,977)	(4,598)	(29,847)
Interest expense .....	4,819	5,469	36,167
Increase (decrease) in accounts receivable .....	2,827	(4,715)	21,222
Increase (decrease) in inventories .....	4,705	(19,531)	35,310
Increase (decrease) in accounts payable .....	(16,628)	18,858	(124,788)
Others .....	7,412	1,680	55,624
Sub Total	133,669	123,457	1,003,145
Interest and dividend received .....	3,733	5,333	28,015
Interest paid .....	(4,719)	(5,479)	(35,416)
Income taxes paid .....	(25,897)	(22,346)	(194,354)
Net cash provided by operating activities	106,785	100,965	801,390
<b>Cash flows from investing activities</b>			
Purchases of marketable securities .....	(40,873)	—	(306,746)
Proceeds from sales of marketable securities .....	1,014	3,000	7,611
Purchases of property, plants and equipment .....	(79,518)	(75,399)	(596,760)
Proceeds from sales of property, plant and equipment .....	2,688	2,013	20,172
Purchases of investment securities .....	(10,777)	(13,223)	(80,885)
Proceeds from sales of investment securities .....	9,173	7,554	68,844
Increase in loans receivable .....	(30,401)	(656)	(228,150)
Others .....	1,114	963	8,366
Net cash used in investing activities	(147,580)	(75,748)	(1,107,547)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short term bank loans .....	(39,513)	8,311	(296,533)
Proceeds from long term debt and issuance of bonds .....	36,193	100	271,620
Repayment from long term debt and redemption of bonds .....	(2,762)	(6,899)	(20,729)
Net decrease in commercial paper .....	—	(20,000)	—
Proceeds from issuance of stocks .....	—	58,109	—
Cash dividends paid .....	(4,744)	(4,141)	(35,608)
Others .....	(52)	5	(395)
Net Cash provided by (used in) financing activities	(10,879)	35,485	(81,646)
<b>Effect of exchange rate change on cash and cash equivalents</b>	2,773	998	20,816
<b>Cash and cash equivalents increased (decreased)</b>	<b>(48,901)</b>	<b>61,701</b>	<b>(366,987)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>271,918</b>	<b>210,217</b>	<b>2,040,666</b>
<b>Cash and cash equivalents at the end of year</b>	<b>¥ 223,017</b>	<b>¥271,918</b>	<b>\$1,673,679</b>

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of presenting consolidated financial statements

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

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

As permitted, amount of less than one million yen have 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 ¥133.25 to U.S.\$1, the rate of exchange prevailing as of March 29, 2002. Consequently, the totals shown in the consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

## 2. Summary of significant accounting policies

### (a) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2002 and 2001, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 128 and 126 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 over a period of five years after appropriate adjustments.

### (b) Marketable securities, investment in 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 closing date's market value method. Unrealized gains or losses are included in a component of shareholders' equity 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. At the beginning of each fiscal year, the holding purpose of existing securities is reviewed and securities within one year due is classified as current assets, and the others as investment in securities.

### (c) 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 are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and investments in securities.



The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate and foreign exchange fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items. The Company evaluates 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.

(d) 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 shareholders' equity at the beginning of the year is translated into Japanese yen at the 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 shareholders' equity.

(e) Inventories

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

(f) 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 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.

(g) 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.

(h) Income taxes

The provision for income taxes is computed based on the pretax income 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (i)Accrued retirement & severance benefits

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

The accrued retirement & severance benefits as of March 31, 2002 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the current standard, the unrecognized transition amount arising from adopting the current standard of 53,896 million yen at April 1, 2000 (the beginning of previous fiscal year) is amortized on a straight-line basis over 5 years. Prior service cost is being amortized by the straight-line method over periods of mainly 15 years, which are the estimated average remaining service years of the employees. Actuarial gain and loss are amortized by the straight-line method over periods of mainly 15 years from the next year of the arising, which are the estimated average remaining service years of the employees.

In order to allow for payment of directors' retirement benefits, the amount payable accrued at the balance sheet date based on the internal rule concerning payment of directors' retirement benefits is appropriated.

### (j)Revenue recognition

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

### (k)Amounts per share

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

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

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

### (l)Cash and cash equivalents

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

### (m)Reclassification

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

## 3.Inventories

Inventories as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Finished products .....	<b>¥203,707</b>	¥191,642	<b>\$1,528,763</b>
Work in process .....	<b>14,411</b>	15,773	<b>108,154</b>
Raw materials and others .....	<b>12,594</b>	15,374	<b>94,518</b>
	<b>¥230,713</b>	¥222,791	<b>\$1,731,435</b>

#### 4. Marketable securities and investments in securities

(a) Marketable securities and investments in securities quoted at an exchange as of March 31, 2002 and 2001

Millions of yen			
	Acquisition Cost	2002 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	¥24,625	¥40,817	¥16,191
(2) Bonds	2,188	2,217	29
(3) Others	—	—	—
Sub Total	¥26,813	¥43,034	¥16,221
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	¥10,667	¥9,176	¥(1,490)
(2) Bonds	15,997	15,840	(156)
(3) Others	5	4	(0)
Sub Total	¥26,669	¥25,021	¥(1,647)
Total	¥53,482	¥68,056	¥14,573
Millions of yen			
	Acquisition Cost	2001 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	¥22,731	¥53,377	¥30,645
(2) Bonds	12,394	12,691	296
(3) Others	11	11	0
Sub Total	¥35,137	¥66,079	¥30,942
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	¥21,958	¥19,334	¥(2,623)
(2) Bonds	12,997	12,858	(138)
(3) Others	1	1	(0)
Sub Total	¥34,956	¥32,194	¥(2,762)
Total	¥70,094	¥98,273	¥28,179
Thousands of U.S. dollars			
	Acquisition Cost	2002 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	\$184,805	\$306,321	\$121,515
(2) Bonds	16,420	16,639	218
(3) Others	—	—	—
Sub Total	\$201,226	\$322,960	\$121,734
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	\$ 80,053	\$ 68,868	\$ (11,184)
(2) Bonds	120,052	118,880	(1,171)
(3) Others	38	31	(7)
Sub Total	\$200,144	\$187,781	\$ (12,362)
Total	\$401,371	\$510,742	\$109,371



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (b) Other securities sold during 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Amounts sold .....	<b>¥9,961</b>	¥9,142	<b>\$74,756</b>
Gains from sales of the other securities .....	<b>325</b>	248	<b>2,439</b>
Losses from sales of the other securities .....	—	14	—

## (c) Major securities not revalued by the market

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Other securities			
Commercial paper .....	<b>¥40,068</b>	—	<b>\$300,699</b>
Unlisted stock .....	<b>11,842</b>	¥4,644	<b>88,870</b>

(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			
	2002			
	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 .....	¥28	—	—	—
Corporate bonds .....	9,157	5,154	2,997	—
(2) Others .....	40,461	—	—	—
Total .....	<u>¥49,647</u>	<u>5,154</u>	<u>¥2,997</u>	<u>—</u>

	Millions of yen			
	2001			
	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 .....	¥19	—	—	—
Corporate bonds .....	701	¥12,600	¥10,000	—
(2) Others .....	435	—	—	—
Total .....	<u>¥1,156</u>	<u>¥12,600</u>	<u>¥10,000</u>	<u>—</u>

	Thousands of U.S. dollars			
	2002			
	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 .....	\$214	—	—	—
Corporate bonds .....	68,723	\$38,680	\$22,493	—
(2) Others .....	303,650	—	—	—
Total .....	<u>\$372,588</u>	<u>\$38,680</u>	<u>\$22,493</u>	<u>—</u>

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

Short-term bank loans as of March 31, 2002 and 2001 consisted of the following. The annual interest rates of short-term bank loans as of March 31, 2002 were 0.35 percent to 11.25 percent.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Short-term bank loans			
Secured .....	¥ 2,658	¥ 5,487	\$ 19,948
Unsecured .....	107,653	138,741	807,909
	<u>¥110,312</u>	<u>¥144,228</u>	<u>\$827,858</u>

Long-term debt as of March 31, 2002 and 2001 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans maturing through 2010			
Secured .....	¥ 67	¥ 281	\$ 508
Unsecured .....	2,800	4,700	21,016
Unsecured 2.1 percent convertible bonds			
in yen due 2003 .....	1,350	1,562	10,131
Unsecured 0.89 percent yen bonds due 2003 .....	5,000	5,000	37,523
Unsecured 1.13 percent yen bonds due 2004 .....	10,000	10,000	75,046
Unsecured 0.33 percent yen bonds due 2004 .....	5,000	—	37,523
Unsecured zero coupon convertible bonds			
in yen due 2010 .....	30,000	—	225,140
	<u>¥54,218</u>	<u>¥21,544</u>	<u>\$406,891</u>
Less portion due within one year .....	(2,853)	(2,923)	(21,416)
	<u>¥51,364</u>	<u>¥18,621</u>	<u>\$385,474</u>

The aggregate annual maturities of long-term debt outstanding as of March 31, 2002 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003 .....	¥ 2,853	\$ 21,416
2004 .....	5,636	42,299
2005 .....	15,671	117,607
2006 .....	10	76
Thereafter .....	30,046	225,490
	<u>¥54,218</u>	<u>\$406,891</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets pledged as collateral as of March 31, 2002:

	Millions of yen	Thousands of U.S. dollars
Investment in securities .....	¥ 214	\$ 1,612
Inventories .....	702	5,269
Property, plant and equipment .....	3,204	24,046
	<u>¥4,121</u>	<u>\$30,927</u>

The 2.1 percent convertible bonds outstanding as of March 31, 2002 may be redeemed at the option of the Company, in whole or in part, at price of 100 percent of the principal amount under certain conditions as provided in the applicable agreement.

The 2.1 percent convertible bonds are convertible into common stock at the options of holders at the conversion price of ¥605.1 per share, after giving effect to the new shares issued to General Motors of Canada Limited on January 18, 2001.

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

If the outstanding convertible bonds were fully converted as of March 31, 2002, approximately 17,231,000 additional shares of common stock would be issued.

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



## 6. Accrued retirement & 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
	2002	2001	2002
a. Retirement benefit obligation	<u>¥(251,620)</u>	¥(227,411)	<u>\$ (1,888,333)</u>
b. Pension assets	<u>126,858</u>	130,294	<u>952,030</u>
c. Unrecognized retirement benefit obligation (a + b)	<u>¥(124,762)</u>	¥ (97,116)	<u>\$ (936,302)</u>
d. Unrecognized transition liability	32,337	43,117	242,686
e. Unrecognized difference by an actuarial calculation	32,822	17,028	246,320
f. Unrecognized prior service cost(decrease of liabilities)	(68)	—	(510)
g. Accrued retirement & severance benefits (c+d+e+f)	<u>¥ (59,670)</u>	¥ (36,970)	<u>\$ (447,806)</u>

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

			Thousands of U.S. dollars
	2002	2001	2002
a. Service cost	¥ 8,392	¥ 7,872	\$ 62,981
b. Interest cost	5,047	4,854	37,880
c. Assumed return on investment	(4,483)	(4,975)	(33,647)
d. Amortized amount of transition liability	10,779	10,779	80,895
e. Amortized amount of actuarial difference	11,743	—	88,132
f. Amortized amount of prior service cost	(4)	—	(36)
g. Retirement benefit cost (a+b+c+d+e+f)	<u>¥31,474</u>	¥18,530	<u>\$236,206</u>

Remarks:1) The amount of employees' contribution to Employees' Pension Fund is deducted.

2) The retirement benefit cost of subsidiaries where simplified methods are adopted is accounted for “a. Service cost”.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (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   | : 2002 2.50%<br>2001 3.00%   |
| c. Assumed return of investment ratio  | : 2002 4.00% - 4.80%<br>2001 4.00% - 5.14%   |
| d. Number of years for amortization of prior service cost                                | : mainly 15 years<br>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<br>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. |
| f. Number of years for amortization of transition liability                              | : 5 years  |

## 7. Income taxes

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>Deferred tax assets</b>			
Various reserves .....	¥ 34,959	¥ 24,166	\$262,359
Excess-depreciation .....	29,900	27,785	224,395
Unrealized gross profits elimination .....	15,312	14,757	114,914
Others .....	41,059	39,071	308,139
Deferred tax assets total .....	<u>¥121,232</u>	<u>¥105,780</u>	<u>\$909,808</u>
<b>Deferred tax liabilities</b>			
Net unrealized gains on security .....	¥ (5,978)	¥(11,581)	\$ (44,865)
Reserve for fixed assets advanced depreciation .....	(2,359)	(2,366)	(17,703)
Others .....	(563)	(900)	(4,228)
Deferred tax liabilities total .....	<u>¥ (8,900)</u>	<u>¥(14,848)</u>	<u>\$ (66,798)</u>
Net amounts of deferred tax assets .....	<u>¥112,331</u>	<u>¥ 90,932</u>	<u>\$843,010</u>

## 8. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2002 and 2001 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and time deposits .....	<b>¥220,705</b>	¥271,392	<b>\$1,656,326</b>
Marketable securities .....	<b>49,647</b>	1,156	<b>372,588</b>
Time deposits with maturities of over three months .....	<b>(254)</b>	(630)	<b>(1,909)</b>
Marketable securities with maturities of over three months	<b>(47,080)</b>	—	<b>(353,325)</b>
	<b>¥223,017</b>	¥271,918	<b>\$1,673,679</b>

## 9. Lease transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, as of March 31, 2002 and 2001 were as follows:

As a lessee

(1) Amounts equivalent to acquisition

costs, accumulated depreciation and  
net balance as of March 31, 2002

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition costs	<b>¥1,314</b>	¥1,534	<b>\$9,863</b>
Accumulated depreciation	<b>(939)</b>	(1,251)	<b>(7,050)</b>
Net balance	<b>374</b>	282	<b>2,812</b>

(2) Future lease payments

Due within one year .....	<b>182</b>	169	<b>1,369</b>
Thereafter .....	<b>340</b>	266	<b>2,559</b>
	<b>523</b>	435	<b>3,928</b>

(3) Lease expenses .....

Depreciation .....	<b>¥ 195</b>	¥ 170	<b>\$1,466</b>
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As a lessor

(1) Amounts of acquisition

costs, accumulated depreciation and  
net balance as of March 31, 2002

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition costs	<b>¥915</b>	¥848	<b>\$6,872</b>
Accumulated depreciation	<b>(680)</b>	(570)	<b>(5,105)</b>
Net balance	<b>235</b>	277	<b>1,767</b>

(2) Future lease revenues

Due within one year .....	<b>164</b>	174	<b>1,233</b>
Thereafter .....	<b>181</b>	255	<b>1,360</b>
	<b>345</b>	430	<b>2,594</b>

(3) Lease revenues .....

Depreciation .....	<b>¥143</b>	¥143	<b>\$1,075</b>
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Operating lease transactions as of March 31, 2002 were as follows:

As a lessee	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Future lease payments			
Due within one year .....	¥185	¥226	\$1,391
Thereafter .....	617	706	4,635
	<u>¥803</u>	<u>¥932</u>	<u>\$6,027</u>
As a lessor			
	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Future lease revenues			
Due within one year .....	¥32	¥ 45	\$244
Thereafter .....	26	54	201
	<u>¥59</u>	<u>¥100</u>	<u>\$446</u>

# 10. Shareholders' equity

On January 18, 2001, the Company issued 51,561,000 new shares to General Motors of Canada Limited in the amount of ¥58,109 million by third-party allotment.

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

# 11. Contingent liabilities

As of March 31, 2002, 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 .....	¥3,986	\$29,915
Trade notes discounted .....	3,155	23,684
	<u>¥7,142</u>	<u>\$53,600</u>



## 12. Segment Information

### (a) Business segment

Millions of yen						
2002						
	Motorcycle	Automobile	Other	Elimination and corporate assets		Consolidated
Net sales:						
Outside customers .....	¥312,466	¥1,311,296	¥44,487	¥ —		¥1,668,251
Inter-area .....	—	—	—	—		—
.....	312,466	1,311,296	44,487	—		1,668,251
Operating expenses .....	286,654	1,283,195	39,940	—		1,609,791
Operating income .....	25,811	28,101	4,546	—		58,460
Assets .....	186,336	798,765	45,784	316,831		1,347,718
Depreciation .....	11,273	62,039	1,770	—		75,083
Capital expenditures .....	¥ 11,665	¥ 66,825	¥ 1,033	¥ —		¥ 79,523
Millions of yen						
2001						
	Motorcycle	Automobile	Other	Elimination and corporate assets		Consolidated
Net sales:						
Outside customers .....	¥272,727	¥1,288,326	¥39,199	¥ —		¥1,600,253
Inter-area .....	—	—	—	—		—
.....	272,727	1,288,326	39,199	—		1,600,253
Operating expenses .....	256,407	1,256,229	36,888	—		1,549,525
Operating income .....	16,320	32,096	2,310	—		50,727
Assets .....	182,170	748,573	51,245	317,870		1,299,859
Depreciation .....	11,018	62,377	1,948	—		75,344
Capital expenditures .....	¥ 11,619	¥ 62,855	¥ 1,884	¥ —		¥ 76,359
Thousands of U.S. dollars						
2002						
	Motorcycle	Automobile	Other	Elimination and corporate assets		Consolidated
Net sales:						
Outside customers .....	\$2,344,964	\$9,840,878	\$333,865	\$ —		\$12,519,708
Inter-area .....	—	—	—	—		—
.....	2,344,964	9,840,878	333,865	—		12,519,708
Operating expenses .....	2,151,254	9,629,986	299,743	—		12,080,983
Operating income .....	193,710	210,891	34,121	—		438,724
Assets .....	1,398,399	5,994,489	343,598	2,377,725		10,114,213
Depreciation .....	84,605	465,589	13,286	—		563,481
Capital expenditures .....	\$ 87,542	\$ 501,501	\$ 7,757	\$ —		\$ 596,801

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (b)Geographical segment

Millions of yen

<b>2002</b>						
	<b>Japan</b>	<b>Europe</b>	<b>North America</b>	<b>Other areas*1</b>	<b>Elimination and corporate assets</b>	<b>Consolidated</b>
Net sales:						
Outside customers .....	¥1,066,639	¥275,116	¥267,182	¥59,313	¥ —	¥ 1,668,251
Inter-area .....	370,363	1,305	149	1,159	(372,977)	—
	1,437,002	276,421	267,332	60,472	(372,977)	1,668,251
Operating expenses .....	1,380,871	273,911	266,462	59,283	(370,737)	1,609,791
Operating income .....	¥ 56,131	¥ 2,510	¥ 869	¥ 1,188	¥ (2,239)	¥ 58,460
Assets .....	¥ 851,483	¥151,342	¥ 54,376	¥36,156	¥ 254,360	¥ 1,347,718

Millions of yen

<b>2001</b>						
	<b>Japan</b>	<b>Europe</b>	<b>North America</b>	<b>Other areas*1</b>	<b>Elimination and corporate assets</b>	<b>Consolidated</b>
Net sales:						
Outside customers .....	¥1,094,580	¥238,337	¥213,336	¥53,999	¥ —	¥1,600,253
Inter-area .....	338,835	799	90	1,040	(340,766)	—
	1,433,416	239,136	213,427	55,039	(340,766)	1,600,253
Operating expenses .....	1,383,886	238,587	211,702	55,227	(339,879)	1,549,525
Operating income (loss) ...	¥ 49,529	¥ 548	¥ 1,724	¥ (187)	¥ (887)	¥ 50,727
Assets .....	¥ 803,723	¥141,642	¥ 45,364	¥35,028	¥ 274,100	¥1,299,859

Thousands of U.S. dollars

<b>2002</b>						
	<b>Japan</b>	<b>Europe</b>	<b>North America</b>	<b>Other areas*1</b>	<b>Elimination and corporate assets</b>	<b>Consolidated</b>
Net sales:						
Outside customers .....	\$8,004,797	\$2,064,661	\$2,005,121	\$445,126	\$ —	\$12,519,708
Inter-area .....	2,779,464	9,794	1,122	8,698	(2,799,078)	—
	10,784,261	2,074,455	2,006,243	453,825	(2,799,078)	12,519,708
Operating expenses .....	10,363,012	2,055,617	1,999,720	444,907	(2,782,273)	12,080,983
Operating income .....	\$ 421,249	\$ 18,838	\$ 6,523	\$ 8,918	\$ (16,805)	\$ 438,724
Assets .....	\$6,390,117	\$1,135,776	\$ 408,075	\$271,344	\$1,908,900	\$10,114,213

\*1 "Other areas" consists principally of Asia.

(c)Overseas sales

Millions of yen					
<b>2002</b>					
	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other areas *2</b>	<b>Consolidated</b>
Overseas sales .....	¥331,473	¥315,461	¥136,801	¥97,602	¥881,339
Consolidated net sales .....					1,668,251
Ratio of overseas sales to consolidated net sales ..	19.9%	18.9%	8.2%	5.9%	52.8%

Millions of yen					
<b>2001</b>					
	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other areas *2</b>	<b>Consolidated</b>
Overseas sales .....	¥291,802	¥271,481	¥143,102	¥89,162	¥795,549
Consolidated net sales .....					1,600,253
Ratio of overseas sales to consolidated net sales ..	18.2%	17.0%	8.9%	5.6%	49.7%

Thousands of U. S. dollars					
<b>2002</b>					
	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other areas *2</b>	<b>Consolidated</b>
Overseas sales .....	\$2,487,609	\$2,367,440	\$1,026,654	\$732,479	\$6,614,183
Consolidated net sales .....					12,519,708
Ratio of overseas sales to consolidated net sales ..	19.9%	18.9%	8.2%	5.9%	52.8%

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

### 13. Supplementary cash flow information

	Millions of yen		Thousands of U.S. dollars
	<b>2002</b>	2001	<b>2002</b>
Conversion of convertible bonds .....	<b>¥212</b>	¥6	<b>\$1,590</b>

### 14. Subsequent events

- (a) The following plan for the appropriation of retained earnings for the year ended March 31, 2002 was approved by the ordinary general meeting of shareholders of the Company held on June 27, 2002:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥4.50 per share .....	¥2,434	\$18,271
Bonuses for directors and corporate auditors .....	200	1,500
	<b>¥2,634</b>	<b>\$19,772</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) In the application of the enactment of the Corporate Defined Benefit Pension Law, the Company and certain domestic subsidiaries were given approval of exemption from payment obligation of benefit for future service associated with the substitute component on April 18, 2002 for the Company and on April 23, 2002 for domestic subsidiaries by Minister of Health, Labor and Welfare. And the Company and certain domestic subsidiaries have a plan to recognize on the date of approval that the liabilities (projected benefit obligation or PBO) associated with that component disappear from the Company's balance sheet, and the effect to the profit and loss in the next fiscal term is expected to be 24,100 million yen.

(c) On May 15, 2002, following the approval of the Cabinet Committee on Disinvestment of India, the Company signed with the Government of India the Revised Joint Venture Agreement covering a rights issue by their joint venture, Maruti Udyog Limited (Maruti) and the public offer of Maruti's shares which the government holds currently.

The Company gained majority of the outstanding shares of Maruti by undertaking the shares allotted to the Indian government out of the rights issue by Maruti. Furthermore, the Company paid Rs. 10,000 million to the government as a control premium in connection with the acquisition of control of Maruti.

Control premium is planned to be amortized in full in the following consolidation fiscal year ending March 2003.

### Company profile of Maruti

Company name	:Maruti Udyog Limited
Operation	:Manufacturing and marketing of automobiles
Head office location	:New Delhi, India
Representative	:Jagdish Khattar
Capital	:1,323 million Rupee
Net sales	:89,200 million Rupee (fiscal year ended March 31, 2001)
Employee	:5,559 persons

### Outline of undertaking rights issue

Number of shares undertaken	:1,216,341 shares
Rights issue price	:3,280 Rupee per share
Total subscription amount	:3,989 million Rupee
Date of rights issue	:May 30, 2002
Ratio of voting right held after the acquisition of shares	:54.2%



# REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of  
Suzuki Motor Corporation

We have examined the accompanying consolidated balance sheets of Suzuki Motor Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, the related consolidated statements of income, retained earnings and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based upon our examinations and the reports of other auditors, the aforementioned consolidated financial statements, expressed in yen, present fairly the financial position of Suzuki Motor Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles in Japan applied on a consistent basis during the periods.

The accompanying consolidated financial statements as of and for the year ended March 31, 2002 have been translated into United States dollars solely for the convenience of readers. We have reviewed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been properly translated into United States dollars on the basis set forth in Note 1. to the consolidated financial statements.

Tokyo, Japan  
June 27, 2002

*Seimei Audit Corporation*

Seimei Audit Corporation

# NON-CONSOLIDATED FINANCIAL STATEMENTS OF 2002

## NON-CONSOLIDATED BALANCE SHEETS

As of March 31st, 2002 and 2001

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and time deposits .....	<b>¥168,792</b>	¥217,306	<b>\$1,266,738</b>
Marketable securities .....	<b>47,080</b>	0	<b>353,325</b>
Treasury stock .....	—	2	—
Receivables:			
Trade notes and accounts .....	<b>40,471</b>	37,489	<b>303,728</b>
Subsidiaries and affiliates .....	<b>113,191</b>	95,751	<b>849,468</b>
Less allowance for doubtful receivables .....	<b>(343)</b>	(475)	<b>(2,574)</b>
Inventories .....	<b>71,896</b>	81,539	<b>539,559</b>
Other current assets .....	<b>123,740</b>	71,929	<b>928,635</b>
Total current assets	<b><u>564,830</u></b>	<u>503,543</u>	<b><u>4,238,880</u></b>
<b>Property, plant and equipment:</b>			
Land .....	<b>95,031</b>	89,805	<b>713,180</b>
Buildings and structures .....	<b>160,309</b>	152,828	<b>1,203,076</b>
Machinery and equipment .....	<b>497,519</b>	489,209	<b>3,733,726</b>
Construction in progress .....	<b>1,458</b>	5,985	<b>10,949</b>
	<b><u>754,319</u></b>	<u>737,829</u>	<b><u>5,660,932</u></b>
Less accumulated depreciation .....	<b>(544,675)</b>	(527,302)	<b>(4,087,622)</b>
	<b><u>209,643</u></b>	<u>210,526</u>	<b><u>1,573,309</u></b>
<b>Investments and other assets:</b>			
Investments in securities .....	<b>70,958</b>	100,563	<b>532,520</b>
Investments in subsidiaries and affiliates .....	<b>105,946</b>	104,971	<b>795,092</b>
Other assets .....	<b>77,331</b>	58,568	<b>580,346</b>
	<b><u>254,235</u></b>	<u>264,102</u>	<b><u>1,907,959</u></b>
	<b><u>¥1,028,709</u></b>	<u>¥978,172</u>	<b><u>\$7,720,149</u></b>

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term bank loans .....	¥ 32,580	¥ 32,680	\$ 244,502
Current portion of long-term debt .....	1,590	240	11,939
Payables:			
Trade notes and accounts .....	246,754	258,562	1,851,817
Subsidiaries and affiliates .....	25,287	26,643	189,777
Accrued expenses .....	80,733	75,808	605,877
Accrued income taxes .....	14,702	7,956	110,334
Other current liabilities .....	41,260	40,236	309,648
Total current liabilities	442,909	442,128	3,323,898
<b>Long-term liabilities:</b>			
Long-term debt .....	50,067	16,870	375,743
Accrued retirement & severance benefits .....	40,496	24,817	303,912
Other liabilities .....	18,182	18,741	136,456
	108,746	60,429	816,112
<b>Shareholders' equity</b>			
Common stock:			
Authorized - 1,500,000,000 shares			
Issued, par value ¥50 per share			
as of March 31st, 2002 - 541,082,074 .....	119,736	—	898,582
as of March 31st, 2001 - 540,731,723 .....	—	119,629	—
Additional paid-in capital .....	126,105	125,999	946,380
Earned surplus .....	8,269	7,994	62,063
Retained earnings .....	214,436	205,711	1,609,277
Net unrealized gains on security .....	8,560	16,279	64,243
Treasury stock .....	(54)	—	(407)
	477,053	475,614	3,580,139
	¥1,028,709	¥978,172	\$7,720,149

Years ended March 31st, 2002 and 2001

SUZUKI MOTOR CORPORATION



## MEMBERS OF THE BOARD AND AUDITORS

### **Chairman & CEO**

Osamu Suzuki

### **President & COO**

Masao Toda

### **Executive Vice Presidents**

Akira Tsutsui

Sokichi Nakano

### **Senior Managing Directors**

Chuichi Mizuguchi

Katsuhiro Yokota

Hiroshi Tsuda

Shunichi Wakuda

### **Director**

John F. Smith, Jr.

(Chairman, General Motors Corporation)

### **Managing Directors**

Toshitaka Suzuki

Tsuneo Kobayashi

Takahira Kiriyama

Osamu Matsuoka

Kiyoshi Aoshima

Akio Kosugi

### **Directors**

Junzo Sugimori

Yasuhiro Yamada

Takashi Nakayama

Kazuyoshi Suzuki

Shigeaki Hamada

Sadayuki Inobe

Masanori Atsumi

Kenji Yamamoto

Shinzo Nakanishi

Yoshihiko Kakei

Akihiro Sakamoto

Katsumi Takata

Hiroataka Ono

### **Senior Corporate Auditors**

Takeshi Nakamura

Kazuhiko Murata

### **Corporate Auditors**

Tetsuro Maekawa

Takashi Suzuki

Shin Ishizuka

As of July 1, 2002

## CORPORATE DATA

### **SUZUKI MOTOR CORPORATION**

#### **Head Office:**

300, Takatsuka, Hamamatsu

Shizuoka 432-8611, Japan

#### **Mailing Address:**

Hamamatsu-Nishi, P.O.Box 1

Hamamatsu, Shizuoka 432-8611, Japan

#### **Established:** 1920

**Employees:** 14,260 (As of April 1, 2002)

## MAJOR OVERSEAS SUBSIDIARIES

### **Suzuki Motor GmbH Deutschland**

Bensheim, Germany

### **Suzuki Auto GmbH Deutschland**

Oberschleissheim, Germany

### **Suzuki Motor España, S.A.**

Gijón, Spain

### **Suzuki Auto Madrid S.A.**

Madrid, Spain

### **Suzuki Italia S.p.A.**

Torino, Italy

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

Salzburg, Austria

### **Suzuki France S.A.**

Trappes, France

### **Magyar Suzuki Corp.**

Esztergom, Hungary

### **Suzuki GB PLC**

West Sussex, United Kingdom

### **Suzuki Motor Poland Ltd.**

Warszawa, Poland

### **American Suzuki Motor Corp.**

California, U.S.A.

### **Suzuki Manufacturing of American Corporation**

Georgia, U.S.A.

### **Suzuki Canada Inc.**

Ontario, Canada

### **Maruti Udyog Ltd.**

New Delhi, India

### **Suzuki Motorcycles Pakistan Ltd.**

Karachi, Pakistan

### **Pak Suzuki Motor Co., Ltd.**

Karachi, Pakistan

### **Suzuki Philippines Inc.**

Manila, Philippines

### **Thai Suzuki Motor Co., Ltd.**

Thanyaburi, Thailand

### **Myanmar Suzuki Motor Co., Ltd.**

Yangon, Myanmar

### **Cambodia Suzuki Motor Co., Ltd.**

Phnom Penh, Cambodia

### **Suzuki Australia Pty. Ltd.**

Melbourne, Australia

### **Suzuki New Zealand Ltd.**

Wanganui, New Zealand

### **Suzuki do Brasil Automotores Limitada**

Barueri, Brazil

### **Suzuki Motor de Colombia S.A.**

Pereira, Colombia



**SUZUKI MOTOR CORPORATION**  
300 TAKATSUKA, HAMAMATSU, JAPAN