

# ANNUAL REPORT

## 2008



**SUZUKI MOTOR CORPORATION**

## Profile

Suzuki Motor Corporation designs and manufactures passenger cars, commercial vehicles, motorcycles, all terrain vehicles (ATVs), outboard motors, and other products. The company continuously and vigorously promotes technical cooperation through numerous joint ventures overseas, and its main production facilities are currently located in 23 countries and areas around the world. The established network enables Suzuki to operate as a global organization serving 193 countries and areas.

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

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

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



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

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# A Message From the Management

In delivering our 2008 Annual Report, we wish to extend our greetings to you.

## • Results for the current fiscal year

Regarding the business environment surrounding the Suzuki Group during the current fiscal year, we experienced a mild recovery in our domestic operations through increases in capital investments, etc., backed by improvements in corporate profits. However, corporate profit has weakened recently, and business recovery is at a standstill due to the sub prime loan problem in the U.S., rapid changes in currency exchange rates, price increases for raw materials, etc. Overseas, expansion of Asian markets has resulted in recovery in the global economy however, a economic slowdown is spreading in the U.S. and Europe.

Under such circumstances, we are pleased that good sales of automobiles in overseas markets has produced consolidated net sales amounting to 3,502,419 million yen (110.7% compared to the previous fiscal year). As for consolidated income, an increase in research and development costs, depreciation and overhead costs, etc., were absorbed by increased sales, initial cost reduction and exchange gains, etc., resulting in operating income totaling 149,405 million yen (112.4% compared to the previous fiscal year), ordinary income totaling 156,904 million yen (112.7% compared to the previous fiscal year), and current net income totaling 80,254 million yen (107.0% compared to the previous fiscal year).

On the other hand, non-consolidated net sales in the current fiscal year amounted to 2,031,639 million yen (104.7% compared to the previous fiscal year), exceeding 2 trillion yen for the first time. As for non-consolidated income, increases in research and development costs, depreciation and overhead costs, etc., absorbed by increased sales, initial cost reductions, and exchange gains, etc., resulted in operating income totaling 67,416 million yen (121.0% compared to the previous fiscal year), ordinary income totaling 62,119 million yen (100.9% compared to the previous fiscal year), and current net income totaling 40,864 million yen (94.9% compared to the previous fiscal year).

Dividends at the end of the current fiscal year were 8 yen per share (16 yen/year including interim dividends).

## • Issues to deal with

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

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

eration within the company, we are promoting cooperation between sections, strengthening communications, ensuring compliance, etc., under the slogan, "Let's talk about any issues together."

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

Overseas, regarding poor sales of compact motorcycles in Asia, we are promoting the introduction of products that meet the needs of those markets, strengthening the sales force, improving quality and productivity, etc. Regarding the poor performance of our motorcycle and ATV business in North America due to the aftermath of skyrocketing gasoline prices, the sub prime loan problem, etc., we will focus on the marketing of distinctive and unique large motorcycles to turn around the situation.

In regard to our automobile operations, efforts will be made to promote market-based production and business activities in both domestic and overseas markets. To increase sales in Japan, we will increase the number of sales staff and educate them to strengthen the sales force, and promote the expansion of Suzuki Arena dealerships. In overseas markets, we will enhance the brand using the slogan "Way of Life!" and strengthen the sales force. We will also pursue the onsite procurement of components, cost reductions, and further heighten quality and productivity in order to strengthen our business base.

To deal with the active demands and chronic deficiency in overseas production capabilities, a production facility dedicated to producing mini vehicles and capable of producing 260,000 units per year is being constructed at the site of our Sagara plant with a planned launch of production from this autumn. Regarding overseas facilities, we are strengthening our production capabilities at Maruti Suzuki India Ltd. etc.

We are also developing and introducing products that meet the world's four markets in an effective, speedy, and timely manner. In conserving the global environment, we will promote the development of products that are designed for low environmental impact through reduced exhaust emissions, improved fuel efficiency, conserve natural resources, recycling, etc., and maximize the effectiveness of our strategic alliances with Fiat in diesel engines, and with the General Motors Corporation in hybrid and fuel cell vehicles, etc.

The General Motors Corporation and Suzuki have had a constructive partnership since August 1981, and we will continue to promote concrete projects such as the co-operative development of advanced technologies, our joint venture in the CAMI project in Canada and development of power train systems, complementary supply of OEM products, global joint procurement, etc.

Regarding the progress of our Medium Term Plan, the target of 3,500,000 million yen in consolidated net sales in the "Suzuki Medium Term 5-Year Plan (April 2005-March 2010)", which was revised on April 27th 2007, was achieved ahead of schedule due to active demand for automobiles in Europe and Asia.

At three years into and two years remaining in our current medium term 5-year plan, a drastically changing business environment and expected investments for new projects has led us to establish a new "Suzuki Medium Term 3-Year Plan (April 2008-March 2011)" that aims to achieve 4,000 billion yen in consolidated net sales.

The basic policy of this medium term 3-year plan is the same as the existing plan, and specific details are provided at right. Every member of Suzuki is striving to achieve this managerial goal.

Under the slogan "Small Cars for a Big Future", we are committed to promoting the "production of small vehicles" and the "development of environmentally friendly products" needed by our customers, and to be "Smaller, Fewer, Lighter, Shorter, and Neater" in all aspects of production, organization, facilities, parts, environment, etc. in order to promote a highly efficient, well-knit, and healthy business operation.

Also, our executive officers and employees will strictly adhere to all statutes, social norms, and in-house rules, etc., act fairly and with sincerity. We look forward to the continued support and encouragement of our stockholders.

### [Basic policy]

Carrying out investments in R & D and facilities, the Suzuki Group will establish the revenue base and develop human resources for further growth.

### [Medium term business plan target]

	FY 2010 plan	FY 2007 actual
<b>Consolidated sales amount .....</b>	<b>4,000 billion yen</b>	3,502.4 billion yen
Motorcycles .....	620 billion yen	592.0 billion yen
Automobiles .....	3,300 billion yen	2,833.9 billion yen
Others .....	80 billion yen	76.5 billion yen
<b>Consolidated ordinary income .....</b>	<b>170 billion yen</b>	156.9 billion yen
Exchange rate .....	US\$ 100 yen EURO 145 yen	US\$ 114 yen EURO 160 yen
<b>World production units</b>		
Motorcycles .....	<b>4.40 million units</b>	3.39 million units
Automobiles .....	<b>3.20 million units</b>	2.64 million units
<b>World sales units</b>		
Motorcycles .....	<b>4.40 million units</b>	3.34 million units
Automobiles .....	<b>2.95 million units</b>	2.41 million units
<b>3-year total investment on equipment</b>		
.....	<b>750 billion yen</b> (including main affiliates)	



Osamu Suzuki  
Chairman & CEO

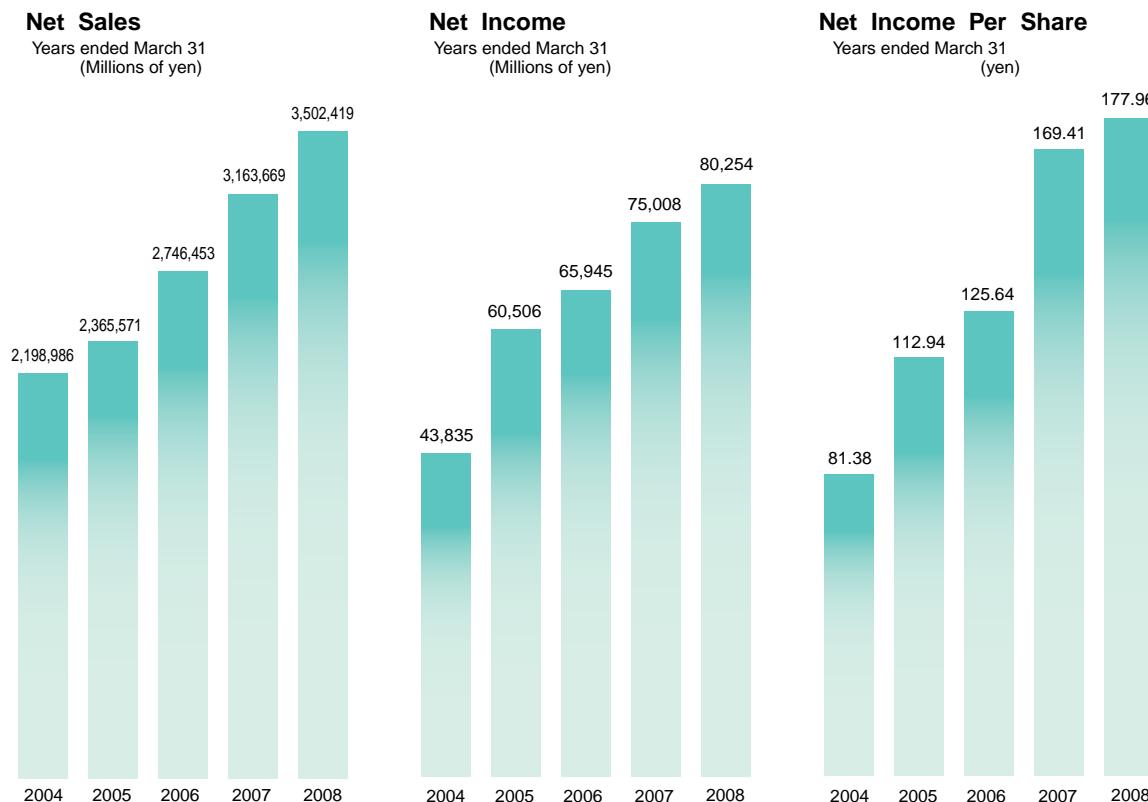


Hiroshi Tsuda  
President & COO

# Financial Highlights

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)
	2008	2007	
Years ended March 31, 2008 and 2007			
Net sales .....	<b>¥3,502,419</b>	¥3,163,669	\$34,957,779
Net income .....	<b>80,254</b>	75,008	801,027
Net income per share:			
Primary .....	<b>177.96</b>	169.41	1.776
Fully diluted .....	<b>155.89</b>	151.41	1.556
Cash dividends per share .....	<b>16.00</b>	14.00	0.160
Shareholders' equity .....	<b>902,894</b>	855,973	9,011,824
Total current assets .....	<b>1,483,038</b>	1,435,405	14,802,264
Total assets .....	<b>2,409,165</b>	2,321,441	24,045,963
Depreciation and amortization .....	<b>161,600</b>	149,910	1,612,945

Note: Yen amounts are translated into U.S. dollars, for convenience only, at ¥100.19 = US\$1, the prevailing exchange rate on March 31, 2008.

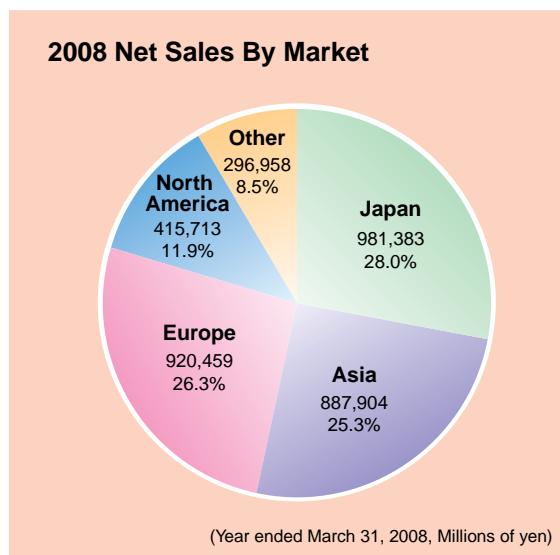
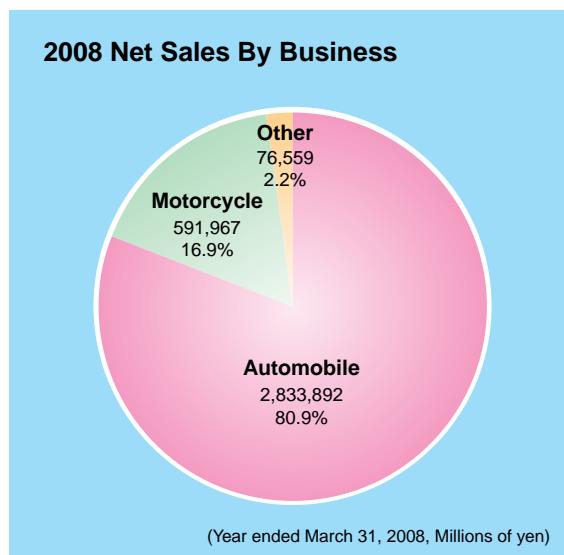


# Year in Review

Automobile Production		
Years ended March 31	(Thousand units)	
2004	863	967 1,830
2005	952	1,058 2,010
2006	1,067	1,133 2,200
2007	1,199	1,212 2,412
<b>2008</b>	<b>1,418</b>	<b>1,219 2,637</b>

Motorcycle Production		
Years ended March 31	(Thousand units) (ATV included)	
2004	1,775	493 2,268
2005	2,473	497 2,970
2006	2,533	605 3,138
2007	2,562	621 3,183
<b>2008</b>	<b>2,843</b>	<b>549 3,393</b>

Production in overseas      Production in Japan      Total



# Automobiles

## Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2007 increased significantly to 1,418 thousand units, 118% compared to the previous year. Worldwide production, including Japan, reached 2,637 thousand units, 109% compared to the previous year.

Sales of automobiles in overseas markets grew to 1,732 thousand units, 113% compared to the previous year, while total global sales, including Japan, reached 2,405 thousand units for growth to 108% compared to the previous year.

## The Japanese Market

### 1. Domestic Automobile Market Overview

Domestic sales of all domestic brands for fiscal 2007 totaled 5,320 thousand units (95% compared to the previous year) falling below the previous fiscal year. This figure represents a drop to the 1981 level, a 26-year low.

Mini vehicle sales decreased to 1,893 thousand units (93% compared to the previous year), reversing last years record high (2,030 thousand units) with less than 1,900 thousand units.

Meanwhile, total sales of registered vehicles amounted to 3,427 thousand units (96% compared to the previous year) falling below sales for the previous fiscal year and the fifth consecutive year-on-year decline. Each of the manufacturers introduced new models in succession but it was not enough to halt this downward trend.

### 2. Suzuki Sales Status

Suzuki's total domestic sales for fiscal 2007 were 673 thousand units (98% compared to the previous year). Domestic market share was 12.7%, which for the first time places Suzuki at third among the 12 domestic automobile manufacturers.

In the mini vehicle category, sales of our nucleus model Wagon R increased and the new Palette was introduced to strengthen product competitiveness, but total sales remained at 587 thousand units (97% compared to the previous year). This figure however, represents 31.0% share of the domestic market and an increase of 1.2 points compared to the previous year.

Meanwhile, strong sales of the Swift and the Chevrolet MW resulted in total sales of registered vehicles amounting to 86 thousand units (101% compared to the previous year), which is an increase compared to the previous year and a new record high.

### 3. Suzuki Automobile Topics

- A new compact Swift configured with a newly developed 1.2L engine and CVT to deliver both high power and excellent fuel economy was introduced in May 2007. This improvement contributed to sales that surpassed those from the previous year and continue to grow at a steady pace.



SWIFT

- The new Palette mini wagon, which offers greater space, capacity, and convenient entry/exit, was introduced in January 2008 to strengthen the mini vehicle lineup. Since its introduction, sales have exceeded our sales plan.



PALETTE

- The special version of the Wagon R "Stingray" was added to the lineup in February 2007. In strengthening product competitiveness, the Wagon R placed top in mini vehicle sales for the fourth consecutive year.
- The Wagon R placed top for five consecutive years in the mini vehicle segment with a total of 224 thousand units, surpassing sales from the previous year.
- The Carry saw sales amounting to 64,667 units, placing it top in sales in the truck segment for the 37th consecutive year.

## Overseas Markets

Global sales outside Japan grew to a record-high 1,732 thousand units (113% compared with the previous year). Production outside Japan also reached a record high, totalling 1,418 thousand units (118% compared with the previous year).

Sales in the Americas totalled 180 thousand units (111% compared with the previous year). Sales in Europe reached a record-high 344 thousand units (112% compared with the previous year), prompting Magyar Suzuki in Hungary to increase production to 247 thousand units (136% compared with the previous year) and establish production capacity of 300 thousand units per year.

Maruti Suzuki India increased production to 777 thousand units (117% compared with the previous year) and saw its annual sales increase to 712 thousand units, outselling Suzuki in Japan. With cumulative exports exceeding 500 thousand units, Maruti Suzuki India has an increasingly important position in Suzuki's world strategy. Meanwhile, Suzuki expanded its vehicle lineup in China by establishing a new company (Suzuki China), which imports and sells Japan-made vehicles to augment the models made in China by joint-venture companies. Also, Suzuki decided to build factories in Russia and Thailand.

Amid high international acclaim for the Swift and other world strategic models that reflect a focus on sportiness, Suzuki began the second phase of its world strategy—a phase focused on family comfort and user-friendliness. The initial second-phase model, the Splash, which offers a kind of comfort that reflects Suzuki's role as the originator of the mini-MPV category, went on sale in Europe. Suzuki showed its design ideas for its next world strategic model in the form of a concept car called the Concept A-Star, which reflects a focus on environmental compatibility and user-friendliness, at the Delhi Auto Expo in January 2008.

Suzuki's world strategic models are also playing an active role in motorsport. Taking advantage of our experience in the Junior (World) Rally Championship, we announced in 2006 that the SX4 (a car with outstanding chassis potential) would participate in the WRC. After test-running the SX4 WRC car in 2007, we made our full-season WRC debut in 2008. We finished in the points in the first and second races and continue to gain experience and refine the SX4 WRC car in pursuit of even better results.

In line with the Suzuki goal of offering products that promote active lifestyles, we are using our "Way of Life!" slogan to communicate our overseas corporate philosophy. After fiscal 2008, we will continue to put our best efforts into providing the markets with products that are based on our brand philosophy.



Kosai Plant  
Passenger car assembling plant



Iwata Plant  
Sport utility vehicle and commercial vehicle assembling plant



GRAND VITARA



SPLASH  
(manufactured at Magyar Suzuki Corporation in Hungary)



SWIFT



SX4



JIMNY



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

# Motorcycles

## Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in fiscal 2007 was 2,843 thousand units, 111% compared to the previous year. Worldwide production, including production in Japan, increased to 3,393 thousand units, 107% compared to the previous year.

Sales of motorcycles (including ATVs) in overseas markets were 3,178 thousand units, 110% compared to the previous year, while total global sales, including Japan, were 3,344 thousand units, 109% compared to the previous year.

## The Japanese Market

### 1. Domestic Motorcycle Market Overview

The number of motorcycles sold for the domestic market by the four Japanese manufacturers in fiscal 2007 stood at a total of 655 thousand units (96% compared to the previous year).

Breaking this figure down into displacement categories shows volume for the 125cm<sup>3</sup> and under class at 534 thousand units (98% compared to the previous year), and the 126cm<sup>3</sup> and greater class at 122 thousand units (89% compared to the previous year), a decline in both categories.

While overall sales experienced a downward trend, sales in the 51cm<sup>3</sup> to 125cm<sup>3</sup> range increased to 109 thousand units (125% compared to the previous year) due to the introduction of new products.

### 2. Suzuki Sales Status

Total volume for Suzuki in fiscal 2007 was 164 thousand units (101% compared to the previous year). Further breakdown shows sales of the 50cm<sup>3</sup> and under class declined to 100 thousand units (99% compared to the previous year), however sales in the 51cm<sup>3</sup> to 125cm<sup>3</sup> class increased to 37 thousand units (113% compared to the previous year) offsetting the decline in the 50cm<sup>3</sup> and under class, so total sales increased to 137 thousand units (102% compared to the previous year).

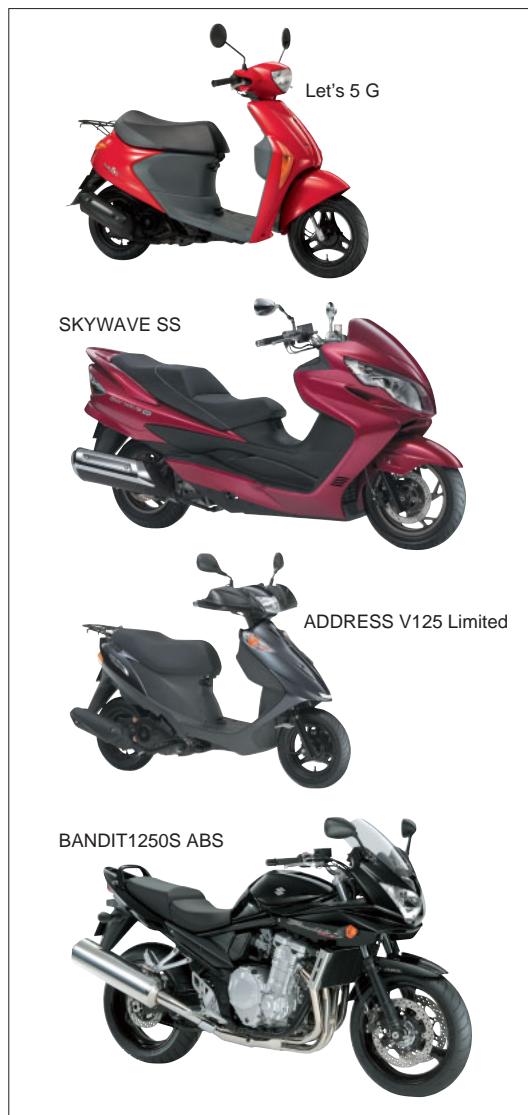
Looking at figures for larger models, sales in the 126cm<sup>3</sup> and greater class dropped to 27 thousand units (95% compared to the previous year).

In the 126cm<sup>3</sup> to 250cm<sup>3</sup> class sales had a slight increase to 20 thousand units (101% compared to the previous year), in the 251cm<sup>3</sup> to 400cm<sup>3</sup> sales decreased to 4 thousand units (68% compared to the previous year) and 401cm<sup>3</sup> and greater class increased (110% compared to the previous year).

### 3. Suzuki Motorcycle Topics

The sales of the Let's 5 and Let's 4 series in the 50cm<sup>3</sup> and under class contributed to offsetting the drop in this class, while the introduction of the Address V125 led to increased sales in 51cm<sup>3</sup> to 125 cm<sup>3</sup> class (Address V125 sales at 114% compared to the previous year).

Regarding larger models, the number of models in the 126cm<sup>3</sup> to 250cm<sup>3</sup> class decreased due to exhaust emissions regulations, while the introduction of models like the Skywave SS, etc., led to an increase in sales. Sales also increased in the 401cm<sup>3</sup> and greater touring class due to the introduction of the Bandit 1250 series (114% compared to the previous year).



## Overseas Markets

### 1. Overseas Motorcycle Market Overview

Due to a stagnating economy triggered by the subprime loan problem, sales in North America declined to 123 thousand units (86% compared to the previous year) and 173 thousand units (98% compared to the previous year) in Europe.

Wholesale figures for the overall motorcycle market in the six ASEAN nations (Indonesia, Thailand, Vietnam, Philippines, Malaysia, Cambodia) increased from 883 thousand units last year to 956 thousand units (108% compared to the previous year). Regarding sales in other major Asian countries, wholesale figures in India were 84 thousand units (132% compared to the previous year) and in China 1,166 thousand units (117% compared to the previous year), both showing expanding market shares.

In the future, we will continue to introduce advanced models that meet the demands of individual markets and strengthen our sales network in order to increase sales.



Toyokawa Plant  
Motorcycles and outboard motors assembling plant

### 2. Expanding Products

In the large displacement category, our flagship sport model Hayabusa 1300 (GSX-1300R) received its first full model change in nine years. In the highly competitive mid-range class, the GSX-R600/750 underwent full model changes, the B-King concept model (GSX-1300BK) was finally made available, and Suzuki's high-end classic cruiser, the Boulevard C109R (VLR1800) was introduced to the market strengthening the Suzuki brand.



HAYABUSA1300



GSX-R600



B-KING



BOULEVARD C109R

In the scooter, off road, motocross, and ATV categories we will continue to introduce new models and undergo model changes to expand the lineup. In the ASEAN market, introduction of the UW125 high-grade scooter was met with high acclaim for both its styling and performance. Also, the upper-class FD125 underbone model received a full model change and was introduced as the FL125. Changes include new styling and engine balancers, etc., to improve competitiveness.

In the India market, we introduced the UZ125, the first Suzuki scooter in the country, to expand our lineup there.

In the China market, Jinan Qingqi Suzuki introduced the new compact RENCY (UZ100XQ) and the large luxury FLAGSTAR 125/150 (AN125XQ/ AN150XQ) scooter models and will continue to deliver products that meet the demands of users.



### 3. Racing Activities

In our racing activities 2007, which play an important role in brand positioning, we have done well in demonstrating the superiority of the Suzuki brand and its products. Competing under the slogan "Own the Racetrack" we performed outstandingly in MotoGP and world title events driving road-going motorcycles such as the GSX-R series, RM-Z series, etc.

Regarding road racing, Chris Vermeulen, driving a GSV-R, won the France GP, the round 5 in the pinnacle of motorcycle racing, MotoGP. This was our 90th consecutive win since Suzuki started racing in world GP class racing. Also, our GSX-R1000 is constantly competing for first place in the World Superbike Championships, and SERT (Suzuki Endurance Racing Team) drove a GSX-R1000 to the series championship in World Endurance Championship racing. In the United States, which has the biggest of the large displacement motorcycle markets in the world, Ben Spies won a series championship for the second consecutive year at the AMA Superbike Championships on a GSX-R1000. In Motocross racing, Steve Ramon won the series championship in the world class MX1 World Championship driving a RM-Z450. The GSX-R series and RM-Z series bikes are also making spectacular showings at club and national level races in Japan and abroad.



Chris Vermeulen; 07 MotoGP FranceGP winner



Steve Ramon; 07 WMX champion



Ben Spies; 07AMA Superbike champion

# Marine Products

## The Japanese Market

The volume of all domestic outboard shipments in fiscal 2007 (April 2007 to March 2008) declined to 95% compared to the previous year.

Regarding our company, the volume of domestic outboard shipments declined slightly to 96% compared to the previous year.

We assume that this market trend will continue this fiscal year but we will introduce new 4-stroke outboards that focus on environmental conservation to improve market share.

## Overseas Markets

In terms of outboard motor exports in fiscal 2007 (April 2007 to March 2008), combining CBU and KD for Thai Suzuki, shipment was 110% compared to the previous year, mainly due to an increase in shipments to Europe.

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

Suzuki introduced new models for the 2009 season, the DF70/80/90, at the Miami International Boat Show in February, 2008.



DF6



DF175



DF2.5



DF175



DF300



Suzuki outboard motors provide power for a wide range of boats

# Other Topics

## Environment

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

In product development, we make every effort to research and develop new products that satisfy customer demand by dealing with issues such as improving fuel economy, reducing exhaust emissions, promoting the three Rs, reducing noise, managing and reducing materials with environmental impact, recycling, etc. In manufacturing, we address issues such as environmental considerations at all corporate sites, promoting energy reduction and the use of alternative energy, managing and reducing materials with environmental impact, promoting the three Rs, etc. In distribution and our offices, we are focusing on improving transportation efficiency and energy reduction, promoting the three Rs, promoting the use of low emission transport, promoting energy reduction, and promoting green purchasing, etc. In marketing, in addition to promoting environmental management at our distributors, proper disposal of end-of-life products, we are advancing the environmentally proper treatment of our products after being used by the customer.

Also in environmental education and disclosure information, we are promoting environmental conservation through a variety of approaches such as promoting and enlightening environmental education to employees, providing environmental information, promoting social action programs, etc.

### 2007 Topics

- We published the Suzuki 2007 Environmental and Social Report. Suzuki has published an environmental report annually since fiscal 1999 to provide information on all activities related to the environment.
- As one environmental activity related to products, we produced approximately 110,000 diesel engines, which are in high demand particularly in Europe, at Suzuki Power Train India (SPIL) in fiscal 2007. Diesel engines manufactured at SPIL are utilized not only Swift in India, but also in our Swift Diesel automobiles manufactured in Hungary.
- We exhibited our fuel cell powered “Crosscage” concept motorcycle at the Tokyo Motor Show in October 2007 to introduce our future vision of the motorcycle.



Suzuki 2007 Environmental and Social Report



Swift Diesel manufactured at Maruti Suzuki India Ltd.



Crosscage, concept motorcycle

## Strategic Alliance with Other Car Manufacturers

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

Leveraging individual strengths, Suzuki will continue to work together with GM to generate synergies by utilizing and complementing resources in various areas, including advanced technologies, CAMI project, powertrains, and global joint purchasing, mutual supply of vehicles, etc., in order to deliver the best products into the global market at the best timing.

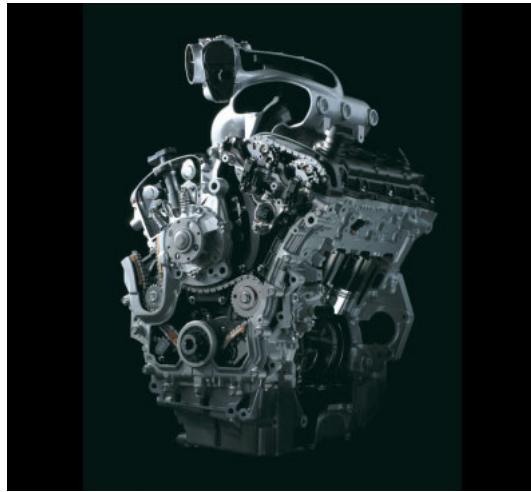
Besides the partnership with GM, Suzuki also has business collaborations with other car manufacturers. For example, Suzuki supplies Mazda with mini-cars in Japan. Suzuki also supplies a multi-purpose-vehicle to Mitsubishi in Indonesia, and Suzuki has cross-OEM relationship with Nissan. Suzuki purchases diesel engines from Peugeot/Citroen and Renault. Moreover, Suzuki supplies compact cars to Fiat, while Fiat provides Suzuki with technical/engineering support regarding diesel engines. Suzuki is flexibly implementing various synergistic collaborations with partners that complement each other.



**SPLASH**  
(Manufactured at Magyar Suzuki in Hungary and supplied to GM under Opel/Vauxhall brand)



**SX4**  
(Manufactured at Magyar Suzuki in Hungary and supplied to Fiat)



**HFV6 engine**  
(GM's global V6 engine built at Sagara plant)



**LANDY**  
(Supplied from Nissan in Japan)

# Corporate Data, Executives, and Overseas Subsidiaries

## Corporate Data

### SUZUKI MOTOR CORPORATION

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

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

## Executives

### [Representative Board Members]

Chairman & CEO  
Osamu Suzuki

President & COO  
Hiroshi Tsuda

### [Senior Managing Executive Officers (Board Members)]

Takashi Nakayama  
Shinzo Nakanishi  
Takao Hirosawa  
Minoru Tamura  
Takeo Shigemoto  
Eiji Mochizuki  
Toshihiro Suzuki  
Takumi Kunikiyo  
Toyokazu Sugimoto

### [Senior Managing Executive Officers]

Chuichi Mizuguchi  
Masanori Atsumi  
Osamu Honda

### [Managing Executive Officers]

Shunichi Wakuda  
Akihiro Sakamoto  
Kazuo Suzuki  
Sadayuki Inobe  
Akio Kosugi  
Shinichi Takeuchi  
Naoki Aizawa  
Kazumi Matsunaga  
Hironori Iguchi  
Masafumi Yayoshi  
Ichizo Aoyama  
Toshiaki Hasuike  
Hajime Matsumura  
Akira Tsugihiro  
Seiichi Furusho  
Hiroyasu Uchida  
Takashi Iwatsuki  
Kaoru Sato

### [Corporate Auditors]

Tamotsu Kamimura  
Nobuyasu Horiuchi  
Katsuhiko Kume

### [Corporate Auditors- non full-time]

Shin Ishizuka  
Kazuhiro Kosugi

## Major Overseas Subsidiaries

### [EUROPE]

Germany Suzuki International Europe GmbH  
Spain Suzuki Motor España, S.A.  
Spain Suzuki Motor Iberica, S.A.  
Italy Suzuki Italia S.p.A.  
France Suzuki France S.A.  
Hungary Magyar Suzuki Corporation  
UK Suzuki GB PLC  
Austria Suzuki Austria Automobil Handels G.m.b.H  
Poland Suzuki Motor Poland SP.Z.O.O.

### [AMERICA]

USA American Suzuki Motor Corporation  
USA Suzuki Manufacturing of America Corporation  
Canada Suzuki Canada Inc.  
Mexico Suzuki Motor de Mexico S.A. DE C.V.  
Colombia Suzuki Motor de Colombia S.A.

### [ASIA]

India Maruti Suzuki India Ltd.  
India Suzuki Motorcycle India Private Limited  
Pakistan Pak Suzuki Motor Co., Ltd.  
Indonesia P.T. Indomobil Suzuki International  
Thailand Thai Suzuki Motor Co., Ltd.  
Thailand Suzuki Automobile (Thailand) Co., Ltd.  
Malaysia Suzuki Motorcycle Malaysia SDN.BHD.  
Philippines Suzuki Philippines Inc.  
Myanmar Myanmar Suzuki Motor Co., Ltd.  
Cambodia Cambodia Suzuki Motor Co., Ltd.  
China Suzuki Motor (China) Investment Co., Ltd.

### [OCEANIA]

Australia Suzuki Australia Pty. Ltd.  
New Zealand Suzuki New Zealand Ltd.

### [AFRICA]

South Africa Suzuki Auto South Africa (Pty) Ltd.

As of August 1, 2008

# The Status of the Corporate Group

## 1. The outline of the corporate group

The corporate group of the Company consists of subsidiaries of 140 companies and affiliates of 36. The main businesses are manufacturing and marketing of motorcycles, automobiles, marine & power products, motorized wheelchairs, electro senior vehicles and houses, further developing the businesses of logistics and other services related to the respective operations.

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

### **Motorcycle operation**

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

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

### **Automobile operation**

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

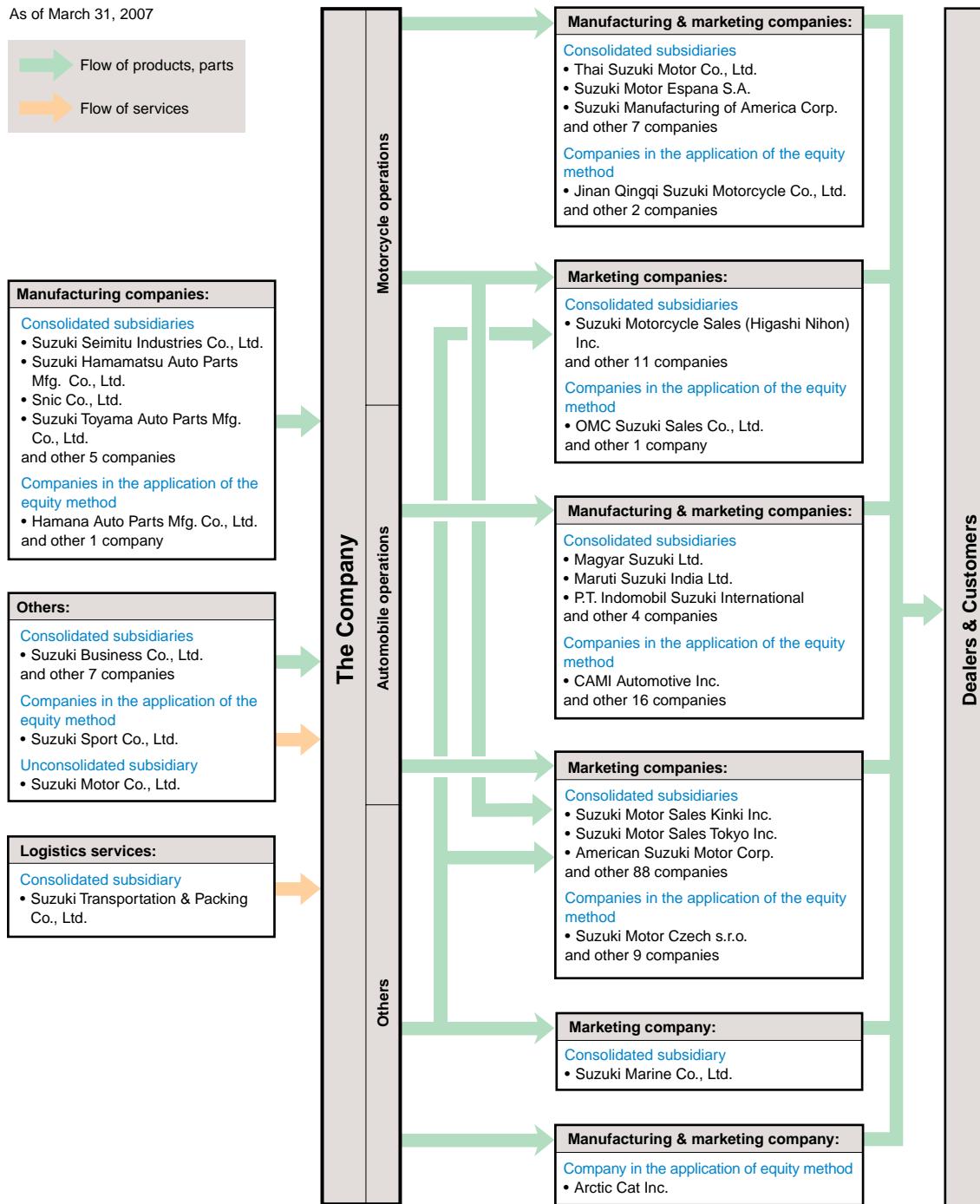
The marketing of automobiles is carried out in the domestic market by a subsidiary, Suzuki Motor Sales Kinki Inc. and other marketing companies throughout the market, and in overseas markets, by a subsidiary, American Suzuki Motor Corp. and other marketing companies. The business of logistics services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

### **Other operations**

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

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

## 2. Operation flow chart





## **FINANCIAL SECTION**

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# Management Policy

## 1. Business operations basic policy

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

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

## 2. Profit sharing basic policy

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

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

Under those circumstances, we have paid 16.00 yen per share as common dividends (including interim dividends of 8.00 yen), an increase of 2.00 yen per share, for the current fiscal year, as already modified in the announcement of interim financial results.

As for next fiscal year, the annual dividend is scheduled to be 16.00 yen per share (including interim dividends of 8.00 yen), same as current year.

Note: "the Company" = Suzuki Motor Corporation

## 3. Current Status of Medium-term management strategy

On the "Suzuki medium term-five year plan" modified and publicized on April 27, 2007, the Suzuki Group was able to achieve the consolidated sales target of 3,500 billion yen ahead of schedule thanks to the active growth of automobile sales in Europe and Asia.

On the other hand, the business environment is drastically changing and capital investment for the new projects is expected to rise. Therefore, after three years past from start of the original five-year plan, we have newly drawn up "Suzuki medium term three-year plan (April 2008 - March 2011) by including FY 2010 to the remaining two financial years. The new plan is targeting a consolidated sales amount of 4,000 billion yen in FY 2010.

In this "three-year medium term plan", we will continue to adopt the former policy and set concrete business target as follows;

With this policy, every member of the Suzuki Group intend to strive continuously to achieve this business target.

### [Basic policy]

Carrying out investments in R & D and facilities, the Suzuki Group will establish the revenue base and develop human resources for further growth.

### [Medium term business plan target]

	FY 2010 plan	FY 2007 actual
<b>Consolidated sales amount</b>	<b>4,000 billion yen</b>	3,502.4 billion yen
Motorcycles	620 billion yen	592.0 billion yen
Automobiles	3,300 billion yen	2,833.9 billion yen
Others	80 billion yen	76.5 billion yen
<b>Consolidated ordinary income</b>	<b>170 billion yen</b>	156.9 billion yen
Exchange rate	US\$ 100 yen EURO 145 yen	US\$ 114 yen EURO 160yen
<b>World production units</b>		
Motorcycles	<b>4.40 million units</b>	3.39 million units
Automobiles	<b>3.20 million units</b>	2.64 million units
<b>World sales units</b>		
Motorcycles	<b>4.40 million units</b>	3.34 million units
Automobiles	<b>2.95 million units</b>	2.41 million units
<b>3-year total investment on equipment</b>	<b>750 billion yen</b>	(including main affiliates)

## 4. Outstanding issues

The business environment surrounding the Suzuki Group is extremely opaque due to fluctuation of exchange rates, increase of material price etc., and competition among companies will be increasingly tougher.

In order to cope with such stringent circumstances, the Suzuki Group selected the following motto to represent our basic policy "In order to survive, let us stop acting in a self-styled manner and get back to the basics", positively making efforts for the strengthening of management structure through reviewing our practices in every area. Moreover, the Company puts up a slogan of "Let's speak up" and makes efforts to enhance the cooperation and communication between divisions and enhance compliance with laws and regulations.

In motorcycle operations, for domestic market, the Company will promote the sales expansion of motor driven cycles and large type of models. In European and North American market, the Company will inject the new model which can develop the brand image of being "sporty, young, unique" cultivated by race activity. Through these activities, we will develop the lucrative motorcycle operations.

On the other hand, to cope with poor sales of small motorcycles in Asian market, the Company will promote injection of new models which suit market needs, strengthen sales forces and improve quality/production system.

Also, as for motorcycle and ATV business in North American market in which the sales is slow due to increase of petrol price and subprime loan crisis, the company will rearrange the market by marketing unique and original big motorcycles.

In automobile operations, the marketing activities and products supply in a close contact with the market will be executed. In domestic market, the Company will make efforts to reinforce the sales force by increasing and training sales persons, also to build and enhance "Suzuki Arena Shops", for further expansion of market share. In overseas markets, the Company will try to improve SUZUKI brand image by using the slogan of "Way of life" and increase the level of overseas bases through promotion of local procurement of parts, cost reduction activities, further improvement of quality and further progress in productivity, as well as sales enhancement.

Further more, we will build a new plant for subcompact vehicle production in this autumn, with a scale of 260 thousand units per year, in Sagara plant site to cope with the ever-increasing foreign demand and chronic shortfall of production capacity. In overseas plants, production capacity will be strengthened in Maruti Suzuki India Ltd., and others.

Moreover, efforts will be made for the development in effective and speedy manner of the products which will match world four-pole markets, and for their introduction in a good timing.

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

Also, the Company and GM have been continuing constructive affiliation from August 1981. The Company will positively urge the collaboration with GM in various projects such as joint development of advanced technology, joint venture CAMI operation in Canada and cooperation of power train development, mutual supply of OEM products, joint global procurement of component, etc.

## 5. Corporate governance issues

### (1) Basic concepts regarding corporate governance

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

### (2) Organization of the Company

#### (a) Directors/board of directors

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

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

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

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

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

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

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

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

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

**(c) Independent auditor**

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

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

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

**(d) Relationships with external corporate auditors**

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

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

In order to enhance corporate governance, the Company is making efforts to keep everyone informed about compliance and to strengthen internal control system. The basic policy for construction of internal control system and its development are as follows:

**(a) Compliance system for directors**

Directors respect the "Mission Statement" and the "Suzuki Action Charter" and execute their duties in compliance with the "Rules of the Board of Directors", the "Approval Procedures" and other rules of the Company, and mutually supervise their execution of duties through meetings of the board of directors, etc. And the Company established the "Suzuki Corporate Ethics Rules" (April, 2002) which lays out a set of basic points for directors and employees to act in a fair and faithful manner in compliance with the law, the norms of the society and company rules and observes the same. It is revised whenever necessary by "Corporate Ethics Committee" which promotes corporate ethics in the company. And corporate auditors audit the execution of duties of directors in accordance with the audit policies and work responsibilities set by the board of corporate auditors.

**(b) Compliance system for employees**

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

**(c) Risk management system**

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

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

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

**(4) Remuneration for directors**

Remuneration paid to directors and corporate auditors is as follows:

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

	Directors		Corporate Auditors		Total	
	Number of payees	Amount	Number of payees	Amount	Number of payees	Amount
Remuneration based on resolution of shareholders' meeting	14	443	5	80	19	523
(Bonus included in above remuneration)		(252)		(28)		(280)

**(5) Remuneration for independent auditing**

(a) The remuneration amount to be paid by the Company to independent auditors is 44 million yen.

(b) Of the amount shown in (a), the remuneration amount to be paid for audit certification is 44 million yen.

Note: Since the audit agreement between the Company and independent auditors does not distinguish the remuneration for auditing based on the "Companies Act" from that for auditing based on the "Financial Instruments and Exchange Act", the Company can not specify respective amounts substantially and has described the total amount for those audits.

# Financial Review

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## 1. Operating results

Consolidated net sales for the Suzuki Group during the current fiscal year amounted to 3,502,419 million yen (110.7% as against PFY). Operating income amounted to 149,405 million yen (112.4% as against PFY). Net income amounted to 80,254 million yen (107.0% as against PFY).

These results were due to increases of sales, cost reduction and exchange gain, etc., which absorbed increase of depreciation, R&D expenses and other expenses, etc.

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

Note: PFY = Previous Fiscal Year

### (1) The operating results by business segmentation

#### (a) Motorcycle operations

In domestic market, sales of SUZUKI models increased thanks to good performance of the "Lets 4" which has fuel injection etc., though the total demand decreased. In oversea market, despite sales shrink in North America, due to recession of USA, etc., our total sales in overseas increased owing to increase of sales volume in Europe, Asia and other region. As a result, the net sales of motorcycle operation reached 591,967 million yen (100.6 % as against PFY). Operating income decreased to 22,542 million yen (49.7% as against PFY) as reduction in profits due to sales shrink in North America could not be absorbed by cost reduction and exchange gain, etc.

#### (b) Automobile operations

In domestic market, as a result of reinforcement of product line-up such as additional introduction of 1.2 liter engine and CVT into the subcompact passenger car "SWIFT", launching of a new compact sedan the "SX4" and the a new wagon-type minicar "PALETTE", domestic net sales increased slightly over the previous fiscal year despite decrease in total demand. Overseas sales increased greatly over the previous fiscal year owing to steady sales of our world strategic vehicle "SWIFT" and "SX4". As a result, the net sales of automobile operation reached 2,833,892 million yen (113.2 % as against PFY), and operating income increased to 113,962 million yen (148.8% as against PFY) through absorption of increase of depreciation cost, research and development cost and other expenses by increase of sales, cost reduction and exchange gain.

#### (c) Other businesses

The net sales of other businesses amounted to 76,559 million yen (106.8% as against PFY) and operating income amounted to 12,899 million yen (117.8% as against PFY) because of net sales increase, etc.

### (2) The operating results of geographical segmentation

#### (a) Japan

Net sales amounted to 2,194,017 million yen (105.2% as against PFY) and operating income increased to 84,960 million yen (121.9% as against PFY) through absorption of increase of depreciation, research and development expenses and other expenses by increase of sales, cost reduction and exchange gain.

#### (b) Europe

Thanks to good sales of the "SWIFT" and the "SX4", net sales amounted to 777,323 million yen (117.6% as against PFY). Operating income decreased to 13,378 million yen (90.4% as against PFY) due to launching expenses for new vehicles and increase of depreciation cost.

#### (c) North America

Due to increase in petrol price and subprime loan crisis, demand of motorcycles in USA decreased. As a result, net sales decreased to 405,696 million yen (88.3% as against PFY) and operating income also decreased to -8,535 million yen.

#### (d) Asia

Thanks to sales increase of "Maruti Suzuki India Ltd." in India and "PT Indomobile Suzuki International" in Indonesia, net sales increased to 846,801 million yen (129.1% as against PFY) and operating income also increased to 56,138 million yen (128.7% as against PFY).

#### (e) Other areas

Net sales increased to 88,411 million yen (143.6% as against PFY) but operating income decreased to 4,608 million yen (91.0% as against PFY).

### (3) Selling, general and administrative expenses

In this fiscal year, the amount of selling, general and administrative expenses increased by 69,106 million yen to 721,134 million yen. The expense of dispatch, advertising, sales promotion increased according to increase of sales. Also R&D expenses increased due to development of new product, advanced safety technology, next generation vehicle such as fuel cell vehicle, etc.

### (4) Other income and expenses

In this fiscal year, the net amount of other income and expenses was a profit of 8,058 million yen, while in the previous fiscal year net profit was 5,832 million yen. Due to increase of interest income, profit on sale of fixed assets and decrease of impairment loss of fixed assets to zero against 796 million yen in the previous year, the net profit of this fiscal year increased by 2,226 million yen against previous fiscal year.

### (5) Outlook for results in the next fiscal year

Though business environment is being severe due to sharp appreciation of the yen and increase in material price, etc., the Suzuki Group will work all together for innovation in every area to achieve the target of consolidated sales of 3,500 billion yen, consolidated operating income of 140 billion yen, consolidated ordinary income of 150 billion yen and consolidated net income of 80 billion yen.

The above is based on the anticipated foreign exchange rate of 1 US dollar = 102 yen (first half: 1 US\$ = 110 yen, second half: 1 US\$ = 95 yen) and 1 Euro = 155 yen (first half: 1 Euro = 160 yen, second half: 1 Euro = 150 yen).

	FY 2008 Outlook	FY 2007 actual
Net sales	3,500 billion yen	3,502 billion yen
Operating income	140 billion yen	149 billion yen
Net income	80 billion yen	80 billion yen
Exchange Rate	1 US dollar = 102 yen	1 US dollar = 114 yen
	1 Euro = 155 yen	1 Euro = 160 yen

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

## 2. Liquidity and capital resources

### (1) Situation of cash flow

The net cash provided by operating activities decreased to 194,039 million yen. This is 8,154 million yen less than the previous fiscal year due to a increase of inventories and income taxes paid while income before tax and depreciation and amortization expenses increased against the previous fiscal year.

The net cash used in investing activities increased by 16,447 million yen to 215,921 million yen. This is more than the previous fiscal year due to an increase in expenditure for the purchase of tangible fixed assets.

The net cash provided by financing activities decreased by 173,967 million yen to 49,322 million yen. This is less than the previous fiscal year in which the company issued convertible bonds of 150,000 million yen.

As a result, the balance of cash and cash equivalents at the end of this fiscal year increased by 12,034 million yen to 456,369 million yen compared with the previous fiscal year.

### (2) Demand for money

During this fiscal year, the Company and the major subsidiaries and affiliates invested a total 243,604 million yen on a number of initiatives, such as new model production, production volume increase, rationalization, R&D for new models and technical innovation, distribution, sales channel and IT related investments. These costs were covered by our own funds and issuance of convertible bonds.

Planned capital expenditure spending for the next fiscal year is 290,000 million yen. These costs will be covered mainly by our own funds.

## 3. Significant accounting policies

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

## 4. Risks in operations

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

### (1) Macro-economic changes

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

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

### (2) Price and purchasing cost fluctuation

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

### (3) Foreign exchange fluctuation

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

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

### (4) Environmental restrictions

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

### (5) Quality assurance

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

### (6) Disasters, wars, terrorism and labor strikes

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

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

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

# Five-Year Summary

SUZUKI MOTOR CORPORATION

## CONSOLIDATED

Years ended March 31	<b>2008</b>	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
		2007	2006	2005	2004	<b>2008</b>	
Net sales .....	<b>¥3,502,419</b>	¥3,163,669	¥2,746,453	¥2,365,571	¥2,198,986	<b>\$34,957,779</b>	
Net income .....	<b>80,254</b>	75,008	65,945	60,506	43,835	<b>801,027</b>	
Net income per share:							
Primary .....	<b>177.96</b>	169.41	125.64	112.94	81.38	<b>1.776</b>	
Fully diluted .....	<b>155.89</b>	151.41	122.14	109.86	79.17	<b>1.556</b>	
Cash dividends per share.....	<b>16.00</b>	14.00	11.00	10.00	9.00	<b>0.160</b>	
Net Assets .....	<b>902,894</b>	855,973	616,770	745,016	692,345	<b>9,011,824</b>	
Total current assets.....	<b>1,483,038</b>	1,435,405	1,067,709	999,887	902,263	<b>14,802,264</b>	
Total assets .....	<b>2,409,165</b>	2,321,441	1,849,714	1,693,353	1,577,709	<b>24,045,963</b>	
Depreciation and amortization..	<b>161,600</b>	149,910	126,520	97,731	87,858	<b>1,612,945</b>	

## NON-CONSOLIDATED

Years ended March 31	<b>2008</b>	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
		2007	2006	2005	2004	<b>2008</b>	
Net sales .....	<b>¥2,031,639</b>	¥1,939,806	¥1,690,169	¥1,481,632	¥1,392,688	<b>\$20,277,867</b>	
Net income .....	<b>40,864</b>	43,054	37,271	35,747	25,650	<b>407,869</b>	
Net income per share:							
Primary .....	<b>90.60</b>	97.23	70.78	66.56	47.46	<b>0.904</b>	
Fully diluted .....	<b>79.39</b>	86.91	68.82	64.75	46.17	<b>0.792</b>	
Cash dividends per share.....	<b>16.00</b>	14.00	11.00	10.00	9.00	<b>0.160</b>	
Net Assets .....	<b>453,374</b>	429,730	364,127	540,890	518,198	<b>4,525,142</b>	
Total current assets.....	<b>758,848</b>	758,005	518,728	589,848	519,025	<b>7,574,092</b>	
Total assets .....	<b>1,430,088</b>	1,381,889	1,082,344	1,098,073	1,039,261	<b>14,273,761</b>	
Depreciation and amortization..	<b>76,584</b>	73,881	59,362	47,213	47,836	<b>764,390</b>	

Note: Yen amounts are translated into U.S. dollars for convenience only, at ¥100.19 = US\$1, the prevailing exchange rate as of March 31, 2008.  
Calculation of net income per share from the year of 2004 to 2006 is made on the adjusted net income basis excluding the bonuses paid to directors and corporate auditors and the payment of dividends to shareholders of preferred stocks from net income shown in the income statements in accordance with the revision of regulations of financial statements.

Figures in "Net assets" of FY2006 and before are referred to "Shareholder's equity" in previous, respectively.

# Consolidated Financial Statements of 2008

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## Consolidated Balance Sheets

As of March 31, 2008 and 2007

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars	
	2008	2007		
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and time deposits .....	¥ 129,447	¥ 179,048	\$ 1,292,024	
Marketable securities *NOTE 5 .....	345,984	292,824	3,453,281	
Receivables:				
Trade notes and accounts *NOTE 6 .....	331,172	326,606	3,305,440	
Less allowance for doubtful receivables .....	(3,987)	(3,641)	(39,802)	
Inventories *NOTE 4 .....	440,760	401,110	4,399,241	
Other current assets .....	239,662	239,456	2,392,078	
Total current assets .....	<u>1,483,038</u>	<u>1,435,405</u>	<u>14,802,264</u>	
<b>Property, plant and equipment: *NOTE 6</b>				
Land .....	164,104	160,235	1,637,936	
Buildings and structures .....	309,291	302,353	3,087,051	
Machinery, equipment and vehicles .....	1,256,277	1,176,154	12,538,949	
Construction in progress .....	56,653	30,711	565,460	
	<u>1,786,327</u>	<u>1,669,455</u>	<u>17,829,399</u>	
Less accumulated depreciation .....	(1,185,214)	(1,081,405)	(11,829,669)	
Total property, plant and equipment .....	<u>601,112</u>	<u>588,050</u>	<u>5,999,729</u>	
<b>Investments and other assets:</b>				
Investments in securities *NOTE 5 .....	124,696	145,784	1,244,598	
Investments in affiliates .....	36,216	31,392	361,482	
Other assets .....	164,100	120,808	1,637,888	
Total investments and other assets .....	<u>325,013</u>	<u>297,985</u>	<u>3,243,969</u>	
Total assets .....	<u>¥2,409,165</u>	<u>¥2,321,441</u>	<u>\$24,045,963</u>	

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

	Millions of yen	Thousands of U.S. dollars	
	2008	2007	2008
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Trade notes and accounts payable .....	¥ 605,372	¥ 571,296	\$ 6,042,241
Short-term bank loans *NOTE 6 .....	<b>196,390</b>	167,236	<b>1,960,178</b>
Current portion of long-term debt *NOTE 6 .....	—	1,088	—
Accrued income taxes.....	<b>24,857</b>	37,798	<b>248,107</b>
Accrued expenses .....	<b>154,448</b>	164,651	<b>1,541,560</b>
Other current liabilities.....	<b>185,726</b>	191,337	<b>1,853,744</b>
Total current liabilities .....	<b>1,166,795</b>	1,133,409	<b>11,645,831</b>
<b>Long-term liabilities:</b>			
Long-term debt *NOTE 6 .....	<b>254,265</b>	238,308	<b>2,537,831</b>
Accrued retirement and severance benefits *NOTE 8 .....	<b>48,037</b>	52,080	<b>479,465</b>
Other liabilities .....	<b>37,171</b>	41,669	<b>371,009</b>
Total long term liabilities .....	<b>339,474</b>	332,058	<b>3,388,306</b>
Total liabilities .....	<b>1,506,270</b>	1,465,468	<b>15,034,138</b>
<b>Net Assets:</b>			
<b>Shareholders' equity: *NOTE 13</b>			
Common stock:			
Authorized-1,500,000,000 shares			
Issued,			
as of March 31, 2008—542,647,091 .....	<b>120,210</b>	—	<b>1,199,823</b>
as of March 31, 2007—542,647,091 .....	—	120,210	—
Capital surplus.....	<b>138,143</b>	138,199	<b>1,378,815</b>
Consolidated retained earnings .....	<b>717,357</b>	642,969	<b>7,159,974</b>
Less treasury stock, at cost .....	<b>(219,499)</b>	(219,875)	<b>(2,190,831)</b>
Total shareholders' equity .....	<b>756,212</b>	681,504	<b>7,547,781</b>
Valuation and translation adjustments:			
Net unrealized gains on securities .....	<b>16,549</b>	35,251	<b>165,177</b>
Deferred gains and losses on hedges .....	<b>9,236</b>	(149)	<b>92,194</b>
Foreign currency translation adjustments .....	<b>(3,389)</b>	24,917	<b>(33,826)</b>
Total valuation and translation adjustments .....	<b>22,396</b>	60,020	<b>223,544</b>
<b>Minority interests .....</b>	<b>124,285</b>	114,448	<b>1,240,497</b>
Total net assets .....	<b>¥ 902,894</b>	¥ 855,973	<b>\$ 9,011,824</b>
Total liabilities and net assets .....	<b>¥2,409,165</b>	¥2,321,441	<b>\$24,045,963</b>

**Consolidated Statements of Income**

Years ended March 31, 2008 and 2007

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2008	2007	
<b>Net sales</b> .....	<b>¥3,502,419</b>	¥3,163,669	<b>\$34,957,779</b>
<b>Cost of sales</b> .....	<b>2,631,880</b>	2,378,742	<b>26,268,896</b>
Gross profit .....	<b>870,539</b>	784,927	<b>8,688,882</b>
 <b>Selling, general and administrative expenses</b> .....	 <b>721,134</b>	 652,027	 <b>7,197,664</b>
Operating income .....	<b>149,405</b>	132,900	<b>1,491,217</b>
 <b>Other income and expenses:</b>			
Interest and dividend income .....	<b>19,003</b>	15,172	<b>189,677</b>
Interest expense .....	<b>(9,408)</b>	(6,810)	<b>(93,910)</b>
Equity in earnings of affiliates .....	<b>453</b>	2,102	<b>4,524</b>
Other, net .....	<b>(1,989)</b>	(4,632)	<b>(19,857)</b>
Income before income taxes .....	<b>157,463</b>	138,732	<b>1,571,651</b>
 <b>Income taxes: *NOTE 9</b>			
Current .....	<b>72,905</b>	73,712	<b>727,676</b>
Deferred .....	<b>(19,537)</b>	(29,379)	<b>(195,003)</b>
	<b>53,368</b>	44,332	<b>532,673</b>
 Minority interests in earnings of consolidated subsidiaries .....	 <b>23,840</b>	 19,391	 <b>237,949</b>
<b>Net income</b> .....	<b>¥ 80,254</b>	<b>¥ 75,008</b>	<b>\$ 801,027</b>

	Yen		U.S. dollars
<b>Net income per share:</b>			
Primary .....	<b>¥ 177.96</b>	¥ 169.41	<b>\$ 1.776</b>
Fully diluted .....	<b>155.89</b>	151.41	<b>1.556</b>
<b>Cash dividends per share</b> .....	<b>16.00</b>	14.00	<b>0.160</b>

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

## Consolidated Statements of Changes in Net Assets

Years ended March 31, 2008 and 2007

### SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Thousands of shares of common stock	Millions of yen				
		Common stock	Capital surplus	Consolidated retained earnings	Treasury stock at cost	Valuation and translation adjustments
<b>Balance as of March 31, 2006</b>	<b>542,647</b>	<b>¥120,210</b>	<b>¥129,192</b>	<b>¥573,516</b>	<b>¥(242,934)</b>	<b>¥36,785</b>
Net income .....	—	—	—	75,008	—	—
Cash dividends .....	—	—	—	(5,295)	—	—
Directors' and corporate auditors' bonuses .....	—	—	—	(260)	—	—
Gain on disposal of treasury stock .....	—	—	9,006	—	23,078	—
Treasury stock acquired .....	—	—	—	—	(19)	—
Other Changes .....	—	—	—	—	—	23,234
<b>Balance as of March 31, 2007</b>	<b>542,647</b>	<b>¥120,210</b>	<b>¥138,199</b>	<b>¥642,969</b>	<b>¥(219,875)</b>	<b>¥60,020</b>
Net income .....	—	—	—	80,254	—	—
Cash dividends .....	—	—	—	(7,215)	—	—
Gain on disposal of treasury stock .....	—	—	(56)	—	400	—
Treasury stock acquired .....	—	—	—	—	(25)	—
Increase of retained earnings due to change of financial period of consolidated subsidiaries	—	—	—	1,349	—	—
Other Changes .....	—	—	—	—	—	(37,623)
<b>Balance as of March 31, 2008</b>	<b>542,647</b>	<b>¥120,210</b>	<b>¥138,143</b>	<b>¥717,357</b>	<b>¥(219,499)</b>	<b>¥22,396</b>

### Balance as of March 31, 2007

	Thousands of shares of common stock	Thousands of U.S. dollars				
		Common stock	Capital surplus	Consolidated retained earnings	Treasury stock at cost	Valuation and translation adjustments
<b>Balance as of March 31, 2007</b>	<b>542,647</b>	<b>\$1,199,823</b>	<b>\$1,379,375</b>	<b>\$6,417,499</b>	<b>\$(2,194,581)</b>	<b>\$599,067</b>
Net income .....	—	—	—	801,027	—	—
Cash dividends .....	—	—	—	(72,018)	—	—
Gain on disposal of treasury stock .....	—	—	(559)	—	4,000	—
Treasury stock acquired .....	—	—	—	—	(251)	—
Increase of retained earnings due to change of financial period of consolidated subsidiaries	—	—	—	13,465	—	—
Other Changes .....	—	—	—	—	—	(375,522)
<b>Balance as of March 31, 2008</b>	<b>542,647</b>	<b>\$1,199,823</b>	<b>\$1,378,815</b>	<b>\$7,159,974</b>	<b>\$(2,190,831)</b>	<b>\$223,544</b>

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

**Consolidated Statements of Cash Flows**

Years ended March 31, 2008 and 2007

SUZUKI MOTOR CORPORATION  
AND CONSOLIDATED SUBSIDIARIES

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Income before income taxes .....	¥157,463	\$1,571,651
Depreciation and amortization expenses .....	161,600	1,612,945
Loss of impairment .....	—	796
Equity in earnings of affiliates .....	(453)	(2,102)
Decrease in accrued retirement and severance benefits .....	(3,719)	(37,121)
Interest and dividend income .....	(19,003)	(189,677)
Interest expenses .....	9,408	93,910
Increase in accounts receivable .....	(15,829)	(157,998)
Increase in inventories .....	(58,003)	(578,930)
Increase in accounts payable .....	42,871	427,899
Others .....	(4,292)	(42,842)
Sub Total .....	270,043	2,695,312
Interest and dividends received .....	18,572	185,377
Interest paid .....	(9,105)	(90,881)
Income taxes paid .....	(85,471)	(853,093)
Net cash provided by operating activities .....	194,039	1,936,714
<b>Cash flows from investing activities</b>		
Deposit in time deposit .....	(64,840)	(647,178)
Disbursement from time deposit .....	63,620	634,998
Purchases of marketable securities .....	(55,727)	(556,213)
Proceeds from sales of marketable securities .....	67,874	677,457
Purchases of property, plants and equipment .....	(215,449)	(2,150,413)
Proceeds from sales of property, plants and equipment .....	6,071	60,599
Purchases of investment securities .....	(28,764)	(287,103)
Proceeds from sales of investment securities .....	6,704	66,913
Increase in other investment .....	(7,269)	(72,552)
Increase in loans receivable .....	(22,495)	(224,529)
Collection of loans receivable .....	35,130	350,636
Others .....	(774)	(7,730)
Net cash used in investing activities .....	(215,921)	(2,155,118)
<b>Cash flows from financing activities</b>		
Net increase in short term bank loans .....	31,871	32,296
Proceeds from long term debt and issuance of bonds .....	27,090	270,388
Repayment from long term debt and redemption of bonds .....	(1,142)	(11,400)
Cash dividends paid .....	(9,229)	(92,122)
Purchases of treasury stock .....	(24)	(239)
Proceeds from sales of treasury stock .....	4	48
Others .....	752	7,512
Net cash used in and provided by financing activities .....	49,322	492,292
<b>Effect of exchange rate change on cash and cash equivalents</b>		
<b>Cash and cash equivalents increased</b>		
<b>Cash and cash equivalents at beginning of year</b>	<b>444,335</b>	<b>4,434,926</b>
<b>Decrease by change in accounting period of consolidated subsidiaries</b>	<b>(978)</b>	<b>(9,771)</b>
<b>Cash and cash equivalents at end of year <sup>*NOTE 11</sup></b>	<b>¥456,369</b>	<b>\$4,555,038</b>

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

## Notes to Consolidated Financial Statements

### NOTE 1: Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Suzuki Motor Corporation (the Company) have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan.

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

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

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

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the Consolidated Financial Statements, including the opening balance of shareholders' equity, have been presented in U.S. dollars by translating all Japanese yen amounts on the basis of 100.19 to U.S.\$1, the rate of exchange prevailing as of March 31, 2008.

Consequently, the totals shown in the Consolidated Financial Statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

### NOTE 2: Summary of significant accounting policies

#### (a) Principles of consolidation

The Consolidated Financial Statements for the years ended March 31, 2008 and 2007, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 139 and 138 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

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

As for 34 companies of consolidated subsidiaries, their fiscal year end is December 31. "American Suzuki Motor Corporation" and the other 9 companies within above-mentioned 34 companies, their accounts were consolidated based on their financial statements by the preliminary settlement as of March 31, 2008.

#### (Additional Information)

PT Indomobil Suzuki International and its subsidiaries and subsubsidiaries, Pak Suzuki Motor Co., LTD., and Thai Suzuki Motor Co., Ltd., total 19 consolidated subsidiaries, had been consolidated based on their closing date of 31st December until FY 2006. From this fiscal year, their accounts are consolidated based on the financial period from April 1st to March 31st.

According to this change, the consolidated figures of FY 2007 have been affected as follows:

Net sales .....	increased 9,014 million yen
Operating income .....	decreased 2,612 million yen
Ordinary income .....	decreased 2,070 million yen
Net income .....	decreased 910 million yen

#### (b) Allowance for doubtful receivables

The allowance is appropriated for an estimated uncollectible amount into this account based on doubtful receivable ratio for general receivables and the identified collectibility for specific receivables.

#### (c) Provision for warranty costs

The provision is appropriated into this account based on the warranty agreement and past experience in order to allow for expenses related to the maintenance service of products sold.

#### (d) Provision for recycling end-of-life products

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

#### (e) Provision for product liabilities

With regards to the products exported to North American market, to prepare for the payment of compensation, not covered by "Product Liability Insurance" the anticipated amount to be borne by the Company is computed and provided on the basis of actual results in the past.

**(f) Marketable securities, investment in securities**

The companies and its subsidiaries hold securities of listed companies, which have a risk of price fluctuations, and non-listed companies whose stock prices are difficult to be evaluated.

If we judge the decline in investment value is not temporary, we recognize revaluation loss based on the reasonable standard. If the stock market falls, we may incur significant revaluation losses of marketable securities.

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

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

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

**(g) Hedge accounting**

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

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

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

**(h) Foreign currency translation**

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

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

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

**(i) Inventories**

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

**(j) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation is principally computed by the declining-balance method based on estimated useful lives of the assets (mainly 3-75 years).

**(k) Leases**

Finance lease transactions are recorded based on ordinary rental transaction except for the case where ownership of the lease assets is considered to be transferred.

**(l) Income taxes**

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

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

**(m) Accrued retirement and severance benefits**

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

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

As for directors and corporate auditors of the company, the amount to be paid at the end of year had been posted pursuant to the Company's regulations on the retirement allowance of directors and corporate auditors. However, the Company's retirement benefit system for them was abolished at the closure of the ordinary general shareholders' meeting held on June 2006. And it was approved at the shareholders' meeting that reappointed directors and corporate auditors are paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is appropriated at the end of this fiscal year.

Furthermore, for the directors and corporate auditors of some consolidated subsidiaries, the amount to be paid at the end of the year was posted pursuant to their regulation on the retirement allowance of directors and corporate auditors.

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

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

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

**(n) Revenue recognition**

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

**(o) Net income per share**

Primary net income per share is computed based on the weighted average number of shares issued during the respective years. Fully diluted net income per share is computed assuming that all convertible bonds were converted into common stock, with an applicable adjustment for related interest expense and net of tax. Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

**(p) Cash and cash equivalents**

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

**(q) Reclassification**

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

### **NOTE 3: Accounting Changes**

**(Change in depreciation method of fixed assets)**

In accordance with revision of Japanese corporation tax, the company and its domestic subsidiaries calculated depreciation expense based on the method stipulated in revised corporation tax law from this year.

Effect of this change is minor.

### **NOTE 4: Inventories**

Inventories as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	
Finished products .....	<b>¥360,287</b>	¥323,314	<b>\$3,596,042</b>
Work in process .....	<b>21,982</b>	24,816	<b>219,411</b>
Raw materials and others .....	<b>58,489</b>	52,979	<b>583,787</b>
	<b>¥440,760</b>	¥401,110	<b>\$4,399,241</b>

**NOTE 5: Marketable securities and investments in securities**

(a) Marketable securities and investments in securities quoted at an exchange as of March 31, 2008 and 2007

	Millions of yen		
	Acquisition Cost	2008 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks .....	¥ 20,772	¥ 49,931	¥29,158
(2) Bonds .....	—	—	—
(3) Others .....	123,813	127,860	4,047
Sub Total	¥144,585	¥177,791	¥33,206
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks .....	¥ 46,681	¥ 40,808	¥(5,873)
(2) Bonds .....	15,995	15,847	(147)
(3) Others .....	11	11	—
Sub Total	¥ 62,688	¥ 56,666	¥(6,021)
Total	¥207,273	¥234,458	¥27,185
	Millions of yen		
	Acquisition Cost	2007 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks .....	¥ 48,160	¥104,559	¥56,399
(2) Bonds .....	3,000	3,015	15
(3) Others .....	89,570	91,298	1,727
Sub Total	¥140,731	¥198,873	¥58,142
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks .....	¥ 999	¥ 996	¥ (3)
(2) Bonds .....	¥ 15,000	¥ 14,991	¥ (8)
(3) Others .....	—	—	—
Sub Total	¥ 15,999	¥ 15,987	¥ (12)
Total	¥156,731	¥214,860	¥58,129
	Thousands of U.S. dollars		
	Acquisition Cost	2008 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks .....	\$ 207,329	\$ 498,365	\$291,035
(2) Bonds .....	—	—	—
(3) Others .....	1,235,782	1,276,181	40,399
Sub Total	\$1,443,112	\$1,774,547	\$331,435
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks .....	\$ 465,933	\$ 407,307	\$ (58,626)
(2) Bonds .....	159,646	158,173	(1,473)
(3) Others .....	113	113	—
Sub Total	\$ 625,693	\$ 565,593	\$ (60,099)
Total	\$2,068,805	\$2,340,141	\$ 271,335

## (b) Other securities sold during 2008 and 2007

	Millions of yen	Thousands of U.S. dollars	
	<b>2008</b>	2007	<b>2008</b>
Amounts sold .....	<b>¥74,578</b>	¥76,700	<b>\$744,370</b>
Gains from sales of the other securities .....	<b>3,132</b>	507	<b>31,269</b>
Losses from sales of the other securities .....	—	117	—

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

	Millions of yen	Thousands of U.S. dollars	
	<b>2008</b>	2007	<b>2008</b>
<b>Other securities</b>			
Commercial paper .....	<b>¥ 9,981</b>	¥ 14,970	<b>\$ 99,624</b>
Unlisted stock .....	<b>21,185</b>	27,268	<b>211,455</b>
(Stocks traded over the counter are excluded.)			
Negotiable certificate of deposit .....	<b>199,900</b>	176,400	<b>1,995,209</b>

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

	Millions of yen			
	<b>2008</b>	Within one year	More than one year, within five years	More than five years, within ten years
<b>(1) Bonds</b>				
Government, local gov. bonds, etc. ....	—	—	—	—
Corporate bonds .....	<b>¥ 2,999</b>	—	—	—
<b>(2) Others</b> .....	<b>342,983</b>	—	—	—
<b>Total</b>	<b>¥345,983</b>	—	—	—

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

	Thousands of U.S. dollars			
	<b>2008</b>	Within one year	More than one year, within five years	More than five years, within ten years
<b>(1) Bonds</b>				
Government, local gov. bonds, etc. ....	—	—	—	—
Corporate bonds .....	<b>\$ 29,938</b>	—	—	—
<b>(2) Others</b> .....	<b>3,423,331</b>	—	—	—
<b>Total</b>	<b>\$3,453,270</b>	—	—	—

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

Short-term bank loans as of March 31, 2008 and 2007 consisted of the following. The annual interest rates of short-term bank loans as of March 31, 2008 were 0.79 percent to 10.00 percent.

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Short-term bank loans			
Secured .....	¥ 334	¥ 734	\$ 3,336
Unsecured .....	<u>196,056</u>	<u>166,501</u>	<u>1,956,842</u>
	<u>¥196,390</u>	<u>¥167,236</u>	<u>\$1,960,178</u>

Long-term debt as of March 31, 2008 and 2007 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans maturing through 2018			
Secured .....	¥ 51	—	\$ 519
Unsecured .....	<u>74,632</u>	¥ 58,387	<u>744,908</u>
Unsecured zero coupon convertible bonds with			
130% call option in yen due 2013 .....	<u>149,975</u>	150,000	<u>1,496,905</u>
Unsecured zero coupon convertible bonds in			
yen due 2010 .....	<u>29,606</u>	29,921	<u>295,498</u>
Secured 9.00 percent Indian Rs. bonds due 2007 etc....	—	1,088	—
	<u>¥254,265</u>	¥239,396	<u>\$2,537,831</u>
Less portion due within one year .....	—	(1,088)	—
	<u>¥254,265</u>	¥238,308	<u>\$2,537,831</u>

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

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

If the outstanding convertible bonds were fully converted as of March 31, 2008, 63,910,727 additional shares of common stock would be issued.

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

The aggregate annual maturities of long-term debt outstanding as of March 31, 2008 were as follows:

<u>Year ending March 31</u>	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
2009 .....	—	—
2010 .....	<b>¥ 44,318</b>	<b>\$ 442,344</b>
2011 .....	<b>21,706</b>	<b>216,656</b>
2012 .....	<b>12,239</b>	<b>122,159</b>
Thereafter .....	<b>176,000</b>	<b>1,756,671</b>
	<b>¥254,265</b>	<b>\$2,537,831</b>

Assets pledged as collateral as of March 31, 2008:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Property, plant and equipment .....	<b>¥1,478</b>	<b>\$14,753</b>
Trade notes and accounts receivables .....	<b>627</b>	<b>6,265</b>
Inventory .....	<b>582</b>	<b>5,810</b>
	<b>¥2,687</b>	<b>\$26,828</b>

Secured liabilities as of March 31, 2008:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Short-term loans .....	<b>¥ 334</b>	<b>\$ 3,336</b>
Long-term loans .....	<b>51</b>	<b>519</b>
Other fixed liabilities .....	<b>906</b>	<b>9,045</b>
	<b>¥1,292</b>	<b>\$12,900</b>

#### **NOTE 7: Loan commitment**

The Company has the commitment contract with five banks for effective financing.

The outstanding balance of this contract as of March 31, 2008 and 2007 were as follows.

	<u>2008</u>	<u>2007</u>	<u>2008</u>
Commitment contract total .....	<b>¥155,000</b>	<b>¥150,000</b>	<b>\$1,547,060</b>
Actual loan balance .....	—	—	—
Variance .....	<b>¥155,000</b>	<b>¥150,000</b>	<b>\$1,547,060</b>

**NOTE 8: Accrued retirement and severance benefits**

## (a) Outline of an adopted retirement benefit system

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

## (b) Items related to a retirement benefit obligation

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
a. Retirement benefit obligation	<b>¥(109,000)</b>	¥(115,009)
b. Pension assets	<b>62,912</b>	61,439
c. Unrecognized retirement benefit obligation (a + b)	<b>¥ (46,087)</b>	¥ (53,569)
d. Unrecognized difference by an actuarial calculation	<b>7,275</b>	11,430
e. Unrecognized prior service cost (decrease of liabilities)	<b>(7,583)</b>	(8,302)
f. Accrued retirement and severance benefits (c+d+e)	<b>¥ (46,395)</b>	¥ (50,441)
	<b>¥ (46,395)</b>	<b>\$ (463,078)</b>

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

## (c) Items related to retirement benefit cost

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
a. Service cost	<b>¥7,274</b>	¥6,413
b. Interest cost	<b>1,491</b>	1,474
c. Assumed return on investment	<b>(443)</b>	(112)
d. Amortized amount of actuarial difference	<b>908</b>	945
e. Amortized amount of prior service cost	<b>(718)</b>	(718)
f. Retirement benefit cost (a+b+c+d+e)	<b>¥8,511</b>	¥8,001
	<b>¥8,511</b>	<b>\$84,952</b>

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

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

- a. Term allocation of the estimated amount of retirement benefits : Period fixed amount basis
- b. Discount rate : **2008 2.00%**  
2007 2.00%
- c. Assumed return of investment ratio : **2008 0.85% - 1.90%**  
2007 0.23% - 1.90%
- d. Number of years for amortization of prior service cost : Mainly 15 years  
To be amortized by straight line method with the employees' average remaining service years at the time when the difference was caused.
- e. Number of years for amortization of the difference caused by an actuarial calculation : Mainly 15 years  
To be amortized from the next fiscal year by straight line method with the employees' average remaining service years at the time when the difference was caused.

**NOTE 9: Income taxes**

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
<b>Deferred tax assets</b>			
Excess-depreciation .....	¥ 62,222	¥ 56,526	\$ 621,040
Various reserves .....	47,192	44,344	471,027
Unrealized gross profits elimination .....	28,102	26,022	280,494
Others .....	111,960	101,128	1,117,481
Gross deferred tax assets total .....	249,477	228,021	2,490,043
Valuation allowance .....	(5,030)	(2,188)	(50,208)
Deferred tax assets total .....	¥244,447	¥225,833	\$2,439,835
<b>Deferred tax liabilities</b>			
Net unrealized gains on security .....	¥ (10,563)	¥ (23,050)	\$ (105,431)
Variance from the complete market value method of newly consolidated subsidiaries .....	(8,031)	(7,984)	(80,160)
Reserve for fixed assets advanced depreciation .....	(2,806)	(2,499)	(28,010)
Others .....	(6,930)	(960)	(69,176)
Deferred tax liabilities total .....	¥ (28,331)	¥ (34,495)	\$ (282,779)
Net amounts of deferred tax assets .....	¥216,115	¥191,337	\$2,157,055

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

	2008	2007
Statutory tax rate .....	39.8%	39.8%
Tax credit .....	(3.8%)	(5.3%)
Equity in earnings of affiliates .....	(0.1%)	(0.6%)
Others .....	(2.0%)	(1.9%)
Effective tax rate .....	33.9%	32.0%

**NOTE 10: Research and development costs**

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Research and development costs .....	¥108,741	¥92,141	\$1,085,356

**NOTE 11: Cash and cash equivalents**

Cash and cash equivalents as of March 31, 2008 and 2007 consisted of:

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
Cash and time deposits .....	¥129,447	¥179,048
Marketable securities .....	345,984	292,824
Time deposits with maturities of over three months .....	(16,457)	(15,344)
Marketable securities with maturities of over three months ....	(2,605)	(12,193)
	¥456,369	¥444,335
		\$4,555,038

**NOTE 12: Lease transactions**

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets was substantially transferred to the lessee, as of March 31, 2008 and 2007 were as follows:

As a lessee

## (1) Amounts equivalent to acquisition

costs, accumulated depreciation and  
net balance as of March 31, 2008

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
Acquisition costs .....	¥523	¥619
Accumulated depreciation.....	(411)	(474)
Net balance.....	111	145
(2) Future lease payments		
Due within one year .....	96	120
Thereafter .....	102	131
	199	251
(3) Lease expenses .....	139	149
Depreciation.....	¥114	¥129

As a lessor

## (1) Amounts of acquisition costs,

accumulated depreciation and  
net balance as of March 31, 2008

	Millions of yen	Thousands of U.S. dollars
	<b>2008</b>	<b>2007</b>
Acquisition costs .....	¥23,580	¥23,105
Accumulated depreciation.....	(11,409)	(10,155)
Net balance.....	¥12,170	¥12,950
(2) Future lease revenues		
Due within one year .....	6,397	6,292
Thereafter .....	10,849	11,951
	17,247	18,243
(3) Lease revenues .....	5,940	5,796
Depreciation.....	¥ 4,804	¥ 4,718

Operating lease transactions as of March 31, 2008 and 2007 were as follows:

As a lessee

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Future lease payments			
Due within one year .....	¥ 404	¥159	\$ 4,032
Thereafter .....	1,391	512	13,891
	<b>¥1,795</b>	<b>¥671</b>	<b>\$17,923</b>

As a lessor

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Future lease revenues			
Due within one year .....	¥ 920	¥849	\$ 9,189
Thereafter .....	493	477	4,925
	<b>¥1,414</b>	<b>¥1,326</b>	<b>\$14,115</b>

### NOTE 13: Net assets

The Companies Act requires that at least 50% of the issue price of new shares be included in a company's stated capital. The portion to be recorded as stated capital is determined by resolution of the board of directors. Proceeds in excess of the stated capital should be credited to "capital surplus".

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

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

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

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

### NOTE 14: Contingent liabilities

As of March 31, 2008, 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 .....	¥8,470	\$84,541
Trade notes discounted .....	815	8,139
	<b>¥9,285</b>	<b>\$92,681</b>

**NOTE 15: Segment information**

## (a) Business segment

	Millions of yen				
	2008				
	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
<b>Net sales:</b>					
Outside customers .....	¥591,967	¥2,833,892	¥76,559	¥ —	¥3,502,419
Inter-area .....	—	—	—	—	—
	591,967	2,833,892	76,559	—	3,502,419
Operating expenses .....	569,425	2,719,929	63,659	—	3,353,014
Operating income .....	22,542	113,962	12,899	—	149,405
Assets .....	351,710	1,595,764	55,640	406,048	2,409,165
Depreciation .....	22,711	136,718	2,170	—	161,600
Capital expenditures .....	¥ 27,099	¥ 182,570	¥ 1,996	¥ —	¥ 211,665
<b>2007</b>					
	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
<b>Net sales:</b>					
Outside customers .....	¥588,177	¥2,503,817	¥71,674	¥ —	¥3,163,669
Inter-area .....	—	—	—	—	—
	588,177	2,503,817	71,674	—	3,163,669
Operating expenses .....	542,800	2,427,241	60,727	—	3,030,769
Operating income .....	45,377	76,576	10,946	—	132,900
Assets .....	335,668	1,506,881	53,702	425,188	2,321,441
Depreciation .....	23,713	124,125	2,070	—	149,910
Loss of impairment .....	—	796	—	—	796
Capital expenditures .....	¥ 27,957	¥ 137,725	¥ 1,994	¥ —	¥ 167,677
<b>2008</b>					
	Motorcycle	Automobile	Other	Elimination and corporate assets	Consolidated
<b>Net sales:</b>					
Outside customers .....	\$5,908,450	\$28,285,182	\$764,146	\$ —	\$34,957,779
Inter-area .....	—	—	—	—	—
	5,908,450	28,285,182	764,146	—	34,957,779
Operating expenses .....	5,683,452	27,147,718	635,391	—	33,466,561
Operating income .....	224,998	1,137,464	128,754	—	1,491,217
Assets .....	3,510,437	15,927,384	555,354	4,052,786	24,045,963
Depreciation .....	226,685	1,364,595	21,663	—	1,612,945
Capital expenditures .....	\$270,479	\$ 1,822,238	\$ 19,924	\$ —	\$ 2,112,642

## (b) Geographical segment

	Millions of yen						
	2008						
	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
<b>Net sales:</b>							
Outside customers .....	¥1,405,694	¥ 773,708	¥ 401,230	¥ 833,374	¥ 88,411	¥ —	¥3,502,419
Inter-area .....	788,323	3,615	4,465	13,426	0	(809,830)	—
	2,194,017	777,323	405,696	846,801	88,411	(809,830)	3,502,419
Operating expenses .....	2,109,057	763,944	414,231	790,662	83,803	(808,685)	3,353,014
Operating income .....	¥ 84,960	¥ 13,378	¥ (8,535)	¥ 56,138	¥ 4,608	¥ (1,145)	¥ 149,405
Assets .....	¥1,097,453	¥ 317,991	¥ 102,504	¥ 499,597	¥ 34,018	¥ 357,599	¥2,409,165

	Millions of yen						
	2007						
	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
<b>Net sales:</b>							
Outside customers .....	¥1,343,369	¥ 653,717	¥ 455,208	¥ 649,819	¥ 61,554	¥ —	¥3,163,669
Inter-area .....	742,144	7,290	4,068	6,224	0	(759,727)	—
	2,085,514	661,007	459,277	656,043	61,554	(759,727)	3,163,669
Operating expenses .....	2,015,831	646,204	453,362	612,436	56,492	(753,559)	3,030,769
Operating income .....	¥ 69,683	¥ 14,803	¥ 5,914	¥ 43,606	¥ 5,061	¥ (6,168)	¥ 132,900
Assets .....	¥1,034,616	¥ 304,757	¥117,135	¥ 470,564	¥ 24,662	¥369,705	¥2,321,441

	Thousands of U.S. dollars						
	2008						
	Japan	Europe	North America	Asia	Other areas*1	Elimination and corporate assets	Consolidated
<b>Net sales:</b>							
Outside customers .....	\$ 14,030,290	\$ 7,722,411	\$ 4,004,695	\$ 8,317,942	\$ 882,439	\$ —	\$ 34,957,779
Inter-area .....	7,868,281	36,083	44,574	134,011	1	(8,082,952)	—
	21,898,571	7,758,494	4,049,270	8,451,953	882,441	(8,082,952)	34,957,779
Operating expenses .....	21,050,582	7,624,960	4,134,462	7,891,629	836,442	(8,071,515)	33,466,561
Operating income .....	\$ 847,989	\$ 133,534	\$ (85,192)	\$ 560,324	\$ 45,998	\$ (11,436)	\$ 1,491,217
Assets .....	\$10,953,719	\$ 3,173,882	\$ 1,023,102	\$ 4,986,504	\$ 339,538	\$ 3,569,215	\$ 24,045,963

\*1 "Other areas" consists principally of Oceania and South America.

(c) Overseas sales

	Millions of yen				
	<b>2008</b>				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales .....	¥920,459	¥415,713	¥887,904	¥296,958	¥2,521,036
Consolidated net sales .....					3,502,419
Ratio of overseas sales to consolidated net sales .....	26.3%	11.9%	25.3%	8.5%	72.0%
	Millions of yen				
	<b>2007</b>				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales .....	¥796,330	¥471,114	¥701,896	¥220,825	¥2,190,168
Consolidated net sales .....					3,163,669
Ratio of overseas sales to consolidated net sales .....	25.1%	14.9%	22.2%	7.0%	69.2%
	Thousands of U.S. dollars				
	<b>2008</b>				
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales .....	\$9,187,138	\$4,149,250	\$8,862,205	\$2,963,957	\$25,162,552
Consolidated net sales .....					34,957,779
Ratio of overseas sales to consolidated net sales .....	26.3%	11.9%	25.3%	8.5%	72.0%

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

#### NOTE 16: Loss of Impairment

The assets are divided into two groups, i.e. the assets for business and the assets for rent respectively in business places. Since land prices have dropped continuously, mainly book value of the assets groups as marketing base was decreased to the recoverable amount. As a result of this change, "income before income taxes" for FY 2007 decreased by 796 million yen for land.

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

#### NOTE 17: Subsequent events

The following plan for the appropriation of retained earnings for the year ended March 31, 2008 was approved by the ordinary general meeting of shareholders of the Company held on June 27, 2008:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends .....	¥3,608	\$36,020

## Report of Independent Auditor

To the Board of Directors and Shareholders of  
Suzuki Motor Corporation

We have audited the accompanying consolidated balance sheets of Suzuki Motor Corporation and its subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese Yen.

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

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

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

*Seimei audit corporation .*

Seimei Audit Corporation  
Tokyo, Japan  
June 27, 2008

# Non-Consolidated Financial Statements of 2008

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## Non-Consolidated Balance Sheets

As of March 31, 2008 and 2007

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars	
	2008	2007		
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and time deposits .....	<b>¥ 48,758</b>	¥ 55,375	<b>\$ 486,658</b>	
Marketable securities .....	<b>217,110</b>	199,988	<b>2,166,987</b>	
Receivables:				
Trade notes and accounts .....	<b>80,887</b>	72,632	<b>807,344</b>	
Subsidiaries and affiliates .....	<b>106,278</b>	120,399	<b>1,060,772</b>	
Less allowance for doubtful receivables.....	<b>(72)</b>	(72)	<b>(718)</b>	
Inventories .....	<b>118,850</b>	109,117	<b>1,186,250</b>	
Other current assets .....	<b>187,034</b>	200,563	<b>1,866,797</b>	
Total current assets	<b>758,848</b>	758,005	<b>7,574,092</b>	
<b>Property, plant and equipment:</b>				
Land .....	<b>80,654</b>	77,327	<b>805,014</b>	
Buildings and structures .....	<b>186,383</b>	183,922	<b>1,860,296</b>	
Machinery and equipment .....	<b>646,029</b>	601,042	<b>6,448,046</b>	
Construction in progress .....	<b>21,025</b>	11,837	<b>209,852</b>	
	<b>934,092</b>	874,130	<b>9,323,210</b>	
Less accumulated depreciation .....	<b>(717,503)</b>	(659,022)	<b>(7,161,426)</b>	
Total property, plant and equipment	<b>216,589</b>	215,108	<b>2,161,784</b>	
<b>Investments and other assets:</b>				
Investments in securities .....	<b>123,926</b>	144,903	<b>1,236,912</b>	
Investments in subsidiaries and affiliates .....	<b>217,474</b>	180,441	<b>2,170,622</b>	
Other assets .....	<b>113,249</b>	83,431	<b>1,130,350</b>	
Total investments and other assets	<b>454,650</b>	408,776	<b>4,537,885</b>	
Total assets	<b>¥1,430,088</b>	¥1,381,889	<b>\$14,273,761</b>	

	Millions of yen	Thousands of U.S. dollars	
	<b>2008</b>	2007	<b>2008</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term bank loans .....	¥ 21,000	¥ 21,000	\$ 209,601
Payables:			
Trade notes and accounts .....	479,694	451,942	4,787,843
Subsidiaries and affiliates .....	27,013	29,315	269,621
Accrued expenses .....	100,022	88,967	998,323
Accrued income taxes .....	15,529	24,256	155,001
Other current liabilities .....	96,893	112,104	967,094
Total current liabilities .....	<b>740,152</b>	<b>727,586</b>	<b>7,387,486</b>
<b>Long-term liabilities:</b>			
Long-term debt .....	195,611	179,921	1,952,404
Reserve for retirement allowance .....	21,820	24,594	217,791
Other liabilities .....	19,129	20,056	190,936
Total long-term liabilities .....	<b>236,561</b>	<b>224,572</b>	<b>2,361,132</b>
Total liabilities .....	<b>976,714</b>	<b>952,158</b>	<b>9,748,619</b>
<b>Net Assets:</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2008 - 542,647,091 .....	120,210	—	1,199,823
as of March 31, 2007 - 542,647,091 .....	—	120,210	—
Capital surplus .....	138,143	138,199	1,378,815
Retained earnings .....	391,063	357,414	3,903,218
Treasury stock .....	(219,471)	(219,848)	(2,190,550)
Total shareholders' equity .....	<b>429,946</b>	<b>395,976</b>	<b>4,291,306</b>
Valuation and translation adjustments:			
Net unrealized gains on security .....	13,861	33,858	138,354
Deferred gains and losses on hedges .....	9,566	(103)	95,481
Total valuation and translation adjustments .....	<b>23,427</b>	<b>33,754</b>	<b>233,835</b>
Total net assets .....	<b>¥ 453,374</b>	<b>429,730</b>	<b>\$ 4,525,142</b>
Total liabilities and net assets .....	<b>¥1,430,088</b>	<b>1,381,889</b>	<b>\$14,273,761</b>

**Non-Consolidated Statements of Income**

Years ended March 31, 2008 and 2007

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2008	2007	
<b>Net sales</b> .....	<b>¥2,031,639</b>	¥1,939,806	<b>\$20,277,867</b>
<b>Cost of sales</b> .....	<b>1,592,729</b>	1,542,814	<b>15,897,087</b>
Gross profit.....	438,910	396,992	4,380,779
 <b>Selling, general and administrative expenses</b> .....	 <b>371,493</b>	341,293	 <b>3,707,891</b>
Operating income .....	67,416	55,698	672,888
 <b>Other income and expenses:</b>			
Interest and dividend income .....	9,846	7,871	98,275
Interest expense .....	(616)	(432)	(6,154)
Other, net .....	(13,919)	(1,174)	(138,934)
	(4,690)	6,264	(46,813)
 Income before income taxes.....	 <b>62,726</b>	61,963	 <b>626,075</b>
<b>Income taxes</b> .....	<b>21,862</b>	18,909	<b>218,205</b>
Net income .....	<b>¥ 40,864</b>	¥ 43,054	<b>\$ 407,869</b>
 <b>Net income per share:</b>			
Primary .....	<b>¥90.60</b>	¥97.23	<b>\$ 0.904</b>
Fully diluted .....	<b>79.39</b>	86.91	<b>0.792</b>
<b>Cash dividends per share</b> .....	<b>16.00</b>	14.00	<b>0.160</b>



**SUZUKI**

Way of Life!

**SUZUKI MOTOR CORPORATION**

300 TAKATSUKA, MINAMIKU, HAMAMATSU, JAPAN  
<http://www.suzuki.co.jp>

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