

Yamaha Motor Co., Ltd.  
2500 Shingai, Iwata-shi, Shizuoka, Japan

Code No: 7272  
March 1, 2017

## Notice of the 82nd Ordinary General Meeting of Shareholders

This document has been translated from the Japanese original, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders:

This is to inform you of the 82nd Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

**If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on Wednesday, March 22, 2017 (JST).**

### [Exercising Voting Rights by Mail]

Please indicate your vote of approval or disapproval of each proposed resolution on the enclosed Exercise of Voting Rights Form, and return the form to us so that it arrives by the aforementioned deadline.

### [Exercising Voting Rights by Electromagnetic Means]

Please read the attached documents on page 77 "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

1. **Date and Time:** Thursday, March 23, 2017 at 10:00 a.m. (JST)  
(Reception begins at 9:00 a.m.)
2. **Location:** Yamaha Motor Communication Plaza  
2500 Shingai, Iwata-shi, Shizuoka, Japan

### 3. Agenda of the Meeting

#### Items to be reported:

1. Business Report for the 82nd Fiscal Year (from January 1, 2016 through December 31, 2016); Consolidated Financial Statements applicable to the 82nd Fiscal Year (from January 1, 2016 through December 31, 2016); Report of Independent Auditors on Consolidated Financial Statements; and Report of the Audit & Supervisory Board on Consolidated Financial Statements
2. Non-consolidated Financial Statements applicable to the 82nd Fiscal Year (from January 1, 2016 through December 31, 2016).

#### Items to be resolved:

- |                       |   |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus                                    |
| Proposed Resolution 2 | Election of Thirteen Directors                              |
| Proposed Resolution 3 | Election of One Audit & Supervisory Board Member            |
| Proposed Resolution 4 | Election of One Substitute Audit & Supervisory Board Member |

#### **4. Predetermined Terms of the Convening**

- (1) If you do not indicate your vote of approval or disapproval for each proposed resolution on the Exercise of Voting Rights Form, we will consider you to have approved the Company's proposed resolutions on which you did not vote, as stipulated in Paragraph 3 of Article 15 of the "Share Handling Regulations."
- (2) Duplicate voting
  - 1) If we recognize that you exercise your voting right via the Internet, etc. more than once on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 1 of Article 15 of the "Share Handling Regulations."
  - 2) If we recognize that you exercise your voting right both in writing and via the Internet, etc. on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 2 of Article 15 of the "Share Handling Regulations." If both votes arrive on the same day, vote via the Internet, etc. will prevail and be treated as the effective vote.
- (3) A person who is to exercise voting rights on behalf of a shareholder as a proxy shall not be entitled to exercise the shareholder's voting rights as a proxy unless the person receives an Exercise of Voting Rights Form from the shareholder and submits it to the Company, as stipulated in Paragraph 4 of Article 15 of the "Share Handling Regulations."

#### **5. Other Matters regarding this Notice**

Among the documents which should be provided together with this Notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are made available on the Company's website at <https://global.yamaha-motor.com/jp/>, pursuant to the applicable laws and regulations and Article 19 of the Articles of Incorporation of the Company. Accordingly, these notes are not provided in this Notice. The Consolidated Financial Statements and Non-consolidated Financial Statements that are provided in the Attached Documents of this Notice are part of the consolidated financial statements and non-consolidated statements that were audited by the Independent Auditors and Audit & Supervisory Board Members for preparation of their accounting audit report and audit report.

- Notes:
1. Attendees are asked to submit their completed Exercise of Voting Rights Form to the reception desk on the day of the meeting.
  2. If and when any correction is made to the Reference Documents for the General Meeting of Shareholders and Attached Documents, it will be announced on the Company's website at <https://global.yamaha-motor.com/jp/>

## Reference Documents for the 82nd Ordinary General Meeting of Shareholders

### Proposals and Reference Information

#### Proposed Resolution 1 Appropriation of Surplus

Placing a focus on “creating a stable financial foundation, and increasing investments for new growth and stock dividends,” the Company has set the benchmark at a dividend payout ratio of 30% of profit attributable to owners of parent.

The Company proposes to pay a year-end dividend of ¥30 per share for the current fiscal year. Added to the interim dividend (¥30 per share), this gives a total dividend for the year of ¥60 per share.

- (1) Type of dividend property:  
Cash
  
- (2) Distribution of dividend property, and the total amount distributed:  
30 yen per share of common stock  
Total amount: 10,478,383,440 yen
  
- (3) Effective date of distribution:  
March 24, 2017

## Proposed Resolution 2 Election of Thirteen Directors

All of the eleven (11) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes the election of a total of thirteen (13) Directors, including additional one (1) internal Director to enhance its manufacturing and technological system, an integral element for further business growth and highly efficient business management, and one (1) Outside Director to strengthen the management supervisory function.

The Director candidates are as follows.

### [Reference] List of the Candidates

Candidate No.	Name	New candidate or candidate for reappointment	Current positions and responsibilities in the Company
1	Hiroyuki Yanagi	Candidate for reappointment	President and Representative Director, President and Chief Executive Officer, Chief General Manager in charge of Human Resources & General Affairs Center and Chief General Manager in charge of Corporate Planning & Finance Center
2	Takaaki Kimura	Candidate for reappointment	Representative Director, Executive Vice President, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of Engine Unit and Chief General Manager in charge of AM Business Unit
3	Masahiro Takizawa	Candidate for reappointment	Director Managing Executive Officer Chief General Manager of New Business Development Center
4	Katsuaki Watanabe	Candidate for reappointment	Director Managing Executive Officer Chief General Manager of MC Business Operations, Chief General Manager in charge of CS Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit
5	Toshizumi Kato	Candidate for reappointment	Director Managing Executive Officer Chief General Manager of Vehicle & Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section
6	Yoichiro Kojima	Candidate for reappointment	Director Senior Executive Officer Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center and Deputy Chief General Manager of MC Business Operations
7	Katsuhito Yamaji	New candidate	Senior Executive Officer Chief General Manager of Manufacturing Center and Chief General Manager in charge of Procurement Center
8	Makoto Shimamoto	New candidate	Senior Executive Officer Chief General Manager of Technology Center and Chief General Manager of PF Model Unit

(TRANSLATION ONLY)

Candidate No.	Name	New candidate or candidate for reappointment	Current positions and responsibilities in the Company		
9	Yoshihiro Hidaka	New candidate	Executive Officer Executive General Manager of Corporate Planning & Finance Center		
10	Tamotsu Adachi	Candidate for reappointment	Director	Outside Director	Independent Director
11	Takuya Nakata	Candidate for reappointment	Director	Outside Director	
12	Atsushi Niimi	Candidate for reappointment	Director	Outside Director	Independent Director
13	Genichi Tamatsuka	New candidate	-	Outside Director	Independent Director

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
1	Hiroyuki Yanagi (November 20, 1954)  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company</p> <p>April 2003: Director and President of MBK Industrie</p> <p>February 2004: Director and President of Yamaha Motor India Pvt. Ltd.</p> <p>March 2007: Executive Officer of the Company</p> <p>January 2009: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2009: Senior Executive Officer of the Company</p> <p>November 2009: Senior General Manager of MC Business Section, MC Business Operations of the Company</p> <p>March 2010: President and Representative Director of the Company (to present)</p> <p>March 2010: President and Chief Executive Officer of the Company (to present)</p> <p>June 2011: Outside Director of Yamaha Corporation (to present)</p> <p>January 2012: Chief General Manager of MC Business Operations of the Company</p> <p>January 2017: Chief General Manager in charge of Human Resources &amp; General Affairs Center and Chief General Manager in charge of Corporate Planning &amp; Finance Center of the Company (to present)</p> <p>[Significant concurrent positions] Chairman of Japan Marine Industry Association</p> <hr/> <p>- Term of office as a Director: Seven (7) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Hiroyuki Yanagi as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France), Director and President of Yamaha Motor India Pvt. Ltd., Chief General Manager of Manufacturing Center of the Company and others, he is highly capable in corporate management that is required to deal with a variety of values as well as expertise in technological and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	64,900

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	<p data-bbox="300 1115 521 1182">Takaaki Kimura (February 14, 1953)</p> <div data-bbox="304 1205 517 1285" style="border: 1px solid black; padding: 2px;"> <p data-bbox="325 1218 496 1276">Candidate for Reappointment</p> </div>	<p data-bbox="555 293 1228 1473">           April 1976: Joined the Company            June 1999: General Manager of R&amp;D Division, AM Operations of the Company            April 2002: Senior General Manager of AM Operations of the Company            June 2003: Executive Officer of the Company            March 2005: Director of the Company            March 2007: Senior Executive Officer of the Company            January 2009: Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations and Chief General Manager in charge of AM Business Unit of the Company            November 2009: Representative Director of the Company (to present)            November 2009: Managing Executive Officer of the Company            March 2010: Senior Managing Executive Officer of the Company            January 2012: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center and Chief General Manager in charge of AM Business Unit of the Company            March 2014: Executive Vice President of the Company (to present)            January 2017: Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of Engine Unit and Chief General Manager in charge of AM Business Unit of the Company (to present)         </p>	71,100
		<p data-bbox="555 1496 1428 1998">           - Term of office as a Director:            Twelve (12) years (at the conclusion of this Ordinary General Meeting of Shareholders)            - Attendance at the Board of Directors Meetings:            13 out of 13 meetings (100%)            - Reasons for the nomination of candidate for Director:            The Company nominated Takaaki Kimura as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Senior General Manager of AM Operations, Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations and Chief General Manager in charge of Design Center of the Company and others, he is highly capable and has expertise in the technological and design fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.         </p>	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
3	Masahiro Takizawa (December 23, 1954)  <div style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of the Business Planning Department, CV Operations of the Company</p> <p>February 2004: Director and President of MBK Industrie</p> <p>July 2007: General Manager of Corporate Planning Division of the Company</p> <p>March 2009: Executive Officer of the Company</p> <p>March 2010: Senior Executive Officer of the Company</p> <p>January 2011: Chief General Manager of Business Development Operations of the Company</p> <p>March 2011: Director of the Company (to present)</p> <p>March 2013: Managing Executive Officer of the Company (to present)</p> <p>January 2014: Chief General Manager of Business Development Operations and Chief General Manager in charge of NV Business Development Section of the Company</p> <p>January 2016: Chief General Manager of New Business Development Center of the Company (to present)</p> <p>- Term of office as a Director: Six (6) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Masahiro Takizawa as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France) and General Manager of Corporate Planning Division, Chief General Manager of Business Development Operations of the Company and others, he has expertise in the technological field and deep insight into business development. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	31,650



Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
4	Katsuaki Watanabe (November 15, 1959)  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	April 1982: Joined the Company January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company March 2010: Executive Officer of the Company November 2010: Chief General Manager of Manufacturing Center of the Company March 2011: Senior Executive Officer of the Company April 2013: Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Manufacturing Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company March 2014: Director of the Company (to present) January 2015: Chief General Manager of MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company March 2016: Managing Executive Officer of the Company (to present) January 2017: Chief General Manager of MC Business Operations, Chief General Manager in charge of CS Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company (to present)	20,100
		<ul style="list-style-type: none"> <li>- Term of office as a Director: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</li> <li>- Reasons for the nomination of candidate for Director: The Company nominated Katsuaki Watanabe as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. and Chief General Manager of Manufacturing Center and Chief General Manger of MC Business Operations of the Company and others, he is highly capable and has expertise in the procurement and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</li> </ul>	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
5	Toshizumi Kato (March 24, 1958)  <div style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p>June 1986: Joined the Company</p> <p>April 2003: Vice President of IM Company of the Company</p> <p>January 2005: Director and President of Yamaha Motor Australia Pty. Limited</p> <p>March 2007: President of IM Company of the Company</p> <p>March 2008: Executive Officer of the Company</p> <p>January 2010: Senior General Manager of Sales Operations, MC Business Operations of the Company</p> <p>January 2011: Director and President of Yamaha Motor Corporation, U.S.A.</p> <p>March 2012: Senior Executive Officer of the Company</p> <p>March 2014: Director of the Company (to present)</p> <p>January 2016: Chief General Manager of Vehicle &amp; Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section of the Company (to present)</p> <p>March 2016: Managing Executive Officer of the Company (to present)</p> <p>- Term of office as a Director: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Toshizumi Kato as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as President of IM Company of the Company, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	26,700

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
6	Yoichiro Kojima (May 16, 1958)  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Candidate for Reappointment</div>	<p>April 1981: Joined the Company</p> <p>October 2001: Director and President of Yamaha Motor Canada Limited</p> <p>January 2009: Executive General Manager of ME Business Unit, Marine Business Operations of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>March 2012: Senior Executive Officer of the Company (to present)</p> <p>January 2013: Director and President of PT. Yamaha Indonesia Motor Manufacturing</p> <p>March 2015: Director of the Company (to present)</p> <p>January 2016: Deputy Chief General Manager of New Business Development Center and Senior General Manager of NLV Business Development Section, New Business Development Center of the Company</p> <p>January 2017: Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center and Deputy Chief General Manager of MC Business Operations of the Company (to present)</p> <p>- Term of office as a Director: Two (2) year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Yoichiro Kojima as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Canada Limited, Executive General Manager of ME Business Unit, Marine Business Operations, Director and President of PT. Yamaha Indonesia Motor Manufacturing and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	28,500

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
7	Katsuhito Yamaji (November 28, 1958)  <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">New candidate</div>	<p>April 1982: Joined the Company</p> <p>April 2003: Director of Yamaha Motor da Amazonia Ltda.</p> <p>July 2009: Senior General Manager of Manufacturing and Engineering Section, Technology Center and General Manager of Material Technology Division, Manufacturing and Engineering Section, Technology Center of the Company</p> <p>November 2010: Senior General Manager of EG Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2012: Executive Officer of the Company</p> <p>January 2014: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2015: Senior Executive Officer of the Company (to present)</p> <p>January 2017: Chief General Manager of Manufacturing Center and Chief General Manager in charge of Procurement Center of the Company (to present)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Katsuhito Yamaji as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director of Yamaha Motor da Amazonia Ltda. (Brazil), Chief General Manager of Manufacturing Center of the Company and others, he is highly capable and has expertise in the manufacturing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	12,886

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
8	Makoto Shimamoto (August 19, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New candidate</div>	<p>April 1983: Joined the Company</p> <p>January 2007: General Manager of Engine Designing Division, Product Development Section, MC Business Operations of the Company</p> <p>January 2010: Senior General Manager of Cost Innovation Section, Procurement Center of the Company</p> <p>January 2012: Director and President of Yamaha Motor Asian Center Co., Ltd.</p> <p>January 2014: Senior General Manager of PF Model Development Section, PF Model Unit of the Company</p> <p>March 2014: Executive Officer of the Company</p> <p>January 2015: Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of the Company</p> <p>March 2015: Senior Executive Officer of the Company (to present)</p> <p>January 2017: Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of the Company (to present)</p> <p>- Reasons for the nomination of candidate for Director:            The Company nominated Makoto Shimamoto as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Asian Center Co., Ltd. (Thailand), Chief General Manager of PF Model Unit of the Company and others, he is highly capable and has expertise in the technological field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	6,317

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
9	Yoshihiro Hidaka (July 24, 1963) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New candidate</div>	<p>April 1987: Joined the Company</p> <p>July 2010: Vice President of Yamaha Motor Corporation, U.S.A.</p> <p>January 2013: Executive General Manager of 3rd Business Unit, MC Business Operations of the Company</p> <p>March 2014: Executive Officer of the Company (to present)</p> <p>January 2015: Executive General Manager of 2nd Business Unit, MC Business Operations of the Company</p> <p>January 2016: Executive General Manager of 1st Business Unit, MC Business Operations and General Manager of Southeast &amp; East Asia Sales Division, 1st Business Unit, MC Business Operations of the Company</p> <p>January 2017: Executive General Manager of Corporate Planning &amp; Finance Center of the Company</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Yoshihiro Hidaka as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Vice President of Yamaha Motor Corporation, U.S.A., Executive General Manager of MC Business Unit of the Company and others, he is highly capable and has expertise in the management control and business strategy fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	6,909

[Candidates for Outside Directors]

The Outside Director candidates are as follows.

In addition to requirements in the independence criteria established by the Tokyo Stock Exchange, the Company has established its original “Standards for Selecting Independent Outside Officers” as stated below.

(Reference) Summary of “Standards for Selecting Independent Outside Officers”

Independent Outside Officers may not be:

1. Employees or former employees of the company
2. Major shareholders
3. Individuals in a “major customer” relationship with our corporate group
4. Individuals from companies that have accepted a director from Yamaha Motor Group
5. Individuals with a vested interest in the Yamaha Motor Group
6. Individuals who might have a conflict of interest with our general shareholders
7. In office more than 8 years

Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.

As mentioned, the above is a summary of the “Standards for Selecting Independent Outside Officers.” For the full text, please visit our website, [http://global.yamaha-motor.com/ir/governance/pdf/independent\\_en.pdf](http://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf)

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
10	Tamotsu Adachi (October 12, 1953)	April 1977: Joined Mitsubishi Corporation January 1988: Joined McKinsey & Company, Inc. Japan June 1995: Partner of McKinsey & Company, Inc. Japan March 1997: Managing Director of Business Development Department, GE Capital Japan March 1999: President and CEO of Japan Lease Auto Co. December 2000: President and CEO of GE Fleet Services Co. May 2003: Managing Director and Japan Representative of Carlyle Japan LLC June 2003: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.) November 2007: Managing Director and Co-Representative of Carlyle Japan LLC June 2009: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.: to present) March 2013: Outside Director of the Company (to present) June 2016: Chairman of Carlyle Japan LLC October 2016: Senior Advisor of Carlyle Japan LLC (to present) October 2016: Representative Director and President, CEO of Benesse Holdings, Inc. (to present)	20,000
	<div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">Independent Outside Officers</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">Candidate for Reappointment</div>	<ul style="list-style-type: none"> <li>- Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</li> <li>- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Tamotsu Adachi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience in international business, formulation of management strategy, and investment activities and wide range of insights.</li> </ul>	



Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
11	<p data-bbox="327 593 502 660">Takuya Nakata (June 8, 1958)</p> <div data-bbox="295 683 518 728" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Outside Director</div> <div data-bbox="295 739 518 817" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Candidate for Reappointment</div>	<p data-bbox="550 291 1236 347">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="550 353 1236 414">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="550 421 1236 448">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="550 454 1236 510">June 2009: Director &amp; Executive Officer of Yamaha Corporation</p> <p data-bbox="550 517 1236 573">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="550 580 1236 636">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="550 642 1236 766">March 2013: Assistant Senior General Manager of Musical Instruments &amp; Audio Products Sale &amp; Marketing Group of Yamaha Corporation</p> <p data-bbox="550 772 1236 828">June 2013: President and Representative Director of Yamaha Corporation (to present)</p> <p data-bbox="550 835 1236 891">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="550 898 1236 963">[Significant concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="550 981 1436 1355">           - Term of office as a Director:            Three (3) year (at the conclusion of this Ordinary General Meeting of Shareholders)            - Attendance at the Board of Directors Meetings:            13 out of 13 meetings (100%)            - Reasons for the nomination of candidate for Outside Director:            The Company requests shareholders to elect Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation, which is a large shareholder of the Company, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.         </p>	5,100

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
12	<p data-bbox="327 627 502 694">Atsushi Niimi (July 30, 1947)</p> <div data-bbox="284 705 534 761" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="284 772 534 840" style="border: 1px solid black; padding: 2px;">Independent Outside Officers</div> <div data-bbox="284 851 534 940" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="550 291 1236 929">           April 1971: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)            June 2000: Director of Toyota Motor Corporation            June 2003: Managing Officer of Toyota Motor Corporation            June 2004: Director of Toyota Motor Corporation            June 2005: Senior Managing Director of Toyota Motor Corporation            June 2009: Executive Vice President, Member of the Board of Toyota Motor Corporation, Outside Member of the Audit &amp; Supervisory Board of JTEKT Corporation            June 2013: Chairman &amp; Representative Director of JTEKT Corporation            March 2015: Outside Director of the Company (to present)            June 2016: Advisor of JTEKT Corporation (to present)            June 2016: Outside Director of NIPPON SHARYO, LTD. (to present)         </p> <p data-bbox="550 929 1236 1030">           [Significant concurrent positions]            Former chairman of the Chubu Association of Corporate Executives         </p>	0
	<p data-bbox="550 1041 1428 1355">           - Term of office as a Director:            Two (2) year (at the conclusion of this Ordinary General Meeting of Shareholders)            - Attendance at the Board of Directors Meetings:            12 out of 13 meetings (92.3%)            - Reasons for the nomination of candidate for Outside Director:            The Company requests shareholders to elect Atsushi Niimi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience of managing global companies and wide range of insights.         </p>		

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
13	Genichi Tamatsuka (May 23, 1962)	<p>April 1985: Joined ASAHI GLASS CO., LTD.  July 1998: Joined IBM Japan, Ltd.  December 1998: Joined FAST RETAILING CO., LTD.  November 2002: President and Representative Director, and COO of FAST RETAILING CO., LTD.  September 2005: Founder and Representative Director and COO of Revamp Corporation  November 2010: Advisor of Lawson, Inc.  March 2011: Senior Executive Vice President and COO of Lawson, Inc.  May 2012: Member of the Board, Senior Executive Vice President and COO of Lawson, Inc.</p>	1,000
	Outside Director	<p>May 2013: Member of the Board, Representative Executive Officer and COO of Lawson, Inc.</p>	
	Independent Outside Officers	<p>May 2014: President and CEO, Representative Director of Lawson, Inc.</p>	
	New candidate	<p>June 2015: Outside Director of AIG Japan Holdings KK (to present)  May 2016: Chairman and CEO, Representative Director of Lawson, Inc. (to present)</p>	
		<p>- Reasons for the nomination of candidate for Outside Director:  The Company requests shareholders to elect Genichi Tamatsuka as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management, through his experiences in various managerial positions, including the representative directors of several companies.</p>	

## Notes:

1. Special interests between the Company and the candidates

- |                 |   |
|-----------------|---|
| Hiroyuki Yanagi | Mr. Yanagi is concurrently serving as Chairman of Japan Marine Industry Association, an association with which the Company has transactions, such as payment of membership fees.  |
| Takaaki Kimura  | Mr. Kimura is concurrently serving as Chairman of the YAMAHA MOTOR FOUNDATION FOR SPORTS, a foundation to which the Company makes contributions.                                  |
| Takuya Nakata   | Mr. Nakata is concurrently serving as President and Representative Director of Yamaha Corporation, a company with which the Company has transactions, such as real estate leases. |

2. Summary of details of the liability limitation agreement with candidates for Outside Directors

The Company has entered into liability limitation agreements stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with Tamotsu Adachi, Takuya Nakata and Atsushi Niimi for the maximum amount of the liability for damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan. If this proposal is approved, the Company intends to continue the liability limitation agreements with them and newly enter into a similar agreement with Genichi Tamatsuka.

3. Independent Outside Officers

The Company has registered Tamotsu Adachi and Atsushi Niimi as Independent Directors according to the regulations provided by the Tokyo Stock Exchange, Inc. In addition, provided that this proposal is approved, the Company has also registered Genichi Tamatsuka as an Independent Outside Officers in the Tokyo Stock Exchange. Summary of "Standards for Selecting Independent Outside Officers" is described on page 15.

4. Special matters relating to candidates for Outside Directors

- Benesse Corporation, a subsidiary of Benesse Holdings, Inc., where Tamotsu Adachi served as an Outside Director from June 2009 to June 2015 and has been serving as Representative Director and

President, CEO since October 2016, received a recommendation from the Ministry of Economy, Trade and Industry in September 2014 to ensure to prevent recurrence of violation of the Act on the Protection of Personal Information. Although he was not aware of this fact before the violation was found out, he appropriately carried out his duties by presenting his proposals on our daily operation from the viewpoint of legal compliance and compliance management, and also by expressing his opinion regarding recurrence prevention after the fact was revealed.

- JTEKT Corporation, where Atsushi Niimi served as an Audit & Supervisory Board Member from June 2009 to June 2013 and served as Chairman from June 2013 to June 2016, was announced to have received a cease and desist order and a surcharge payment order related to transactions in bearings from the Japan Fair Trade Commission in March 2013 and was determined to have violated the Antimonopoly Act.

This company and its group companies was ordered to pay fines by the Provincial Court of the Canadian Province of Quebec in July 2013 after investigated by related authorities to the competition law for their transactions in bearings, etc. They agreed with the United States Department of Justice on fine payments in September 2013 and were ordered to pay penalties by the Federal Court of Australia in October 2013 and by the National Development and Reform Commission of People's Republic of China in August 2014. Although the order of surcharge payment was issued by the Korea Fair Trade Commission in November 2014, the surcharge payment, etc., were remitted because of the cooperation of the company in the Commission's investigation. A decision was given by the European Commission that there was an EU competition law violation in March 2014, and another decision was given by the Competition Commission of Singapore that there was a violation of the Competition Act of Singapore in May 2014. In addition, the company reached an agreement with the Administrative Council for Economic Defense of Brazil on the payment of settlement on July 2015. Although he was not aware of this fact before the violation was found out, he has been presenting his proposals on our daily operation from the viewpoint of legal compliance and compliance management, and after the fact was revealed, has been striving to eliminate all conducts leading to violations of the Antimonopoly Act and to promote the application of overall internal control systems in the whole group in a timely and appropriate manner.

- Toyota Motor Corporation, where Atsushi Niimi had served as a Director from June 2000 to June 2003 and from June 2004 to June 2013, entered into a deferred prosecution agreement on March 19, 2014, with the U.S. Attorney's Office for the Southern District of New York concerning its investigation related to the company's 2009-2010 recalls to address potential "sticking" accelerator pedals and floor mat entrapment.

5. Abbreviations: MC: Motorcycle, AM: Automotive, WV: Water Vehicle, CV: Commuter Vehicle, NV: New Venture, BD: Body, CS: Customer Service, IM: Intelligent Machinery, ME: Marine Engine, NLV: New Land Vehicle, EG: Engine, PF: Platform

### Proposed Resolution 3 Election of One Audit & Supervisory Board Member

As Isao Endo, an Audit & Supervisory Board Member, will complete his term of office at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes to elect one (1) Audit & Supervisory Board Member. This proposal is submitted with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
Masahiko Ikaga (May 14, 1955)	<p>October 1979: Joined Tohmatsu Awoki &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>March 1988: Registered as a Certified Public Accountant</p> <p>May 1988: Director of Tohmatsu Touche Ross Consulting Co., Ltd. (currently ABeam Consulting Ltd.)</p> <p>May 1990: Partner of Tohmatsu Awoki &amp; Co.</p> <p>April 1993: Director of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)</p> <p>March 2000: Representative Director and President of Tohmatsu Consulting Co., Ltd.</p> <p>October 2010: Chairman and Director of Tohmatsu Consulting Co., Ltd.</p> <p>November 2013: CSO of Deloitte Touche Tohmatsu LLC</p> <p>April 2016: Established Masahiko Ikaga Certified Public Accounting Office</p> <p>May 2016: Representative Director of PrajnaLink Co., Ltd. (to present)</p> <p>June 2016: External Audit &amp; Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (to present)</p>	0
Outside Audit & Supervisory Board Member		
Independent Audit & Supervisory Board Member		
New candidate	<p>- Reasons for the nomination of a candidate for Audit &amp; Supervisory Board Member (Outside):</p> <p>The Company requests shareholders to elect Masahiko Ikaga as an Audit &amp; Supervisory Board Member (Outside) in the belief that he will utilize his expertise as a certified public accountant, as well as his ample knowledge and experience served as a company executive in performing his duty as the Company's Audit &amp; Supervisory Board Member (Outside).</p>	

Notes:

1. Special interests between the Company and the candidates

The candidate has no special interests in the Company.

2. Summary of details of the liability limitation agreement with the candidate for Audit & Supervisory Board Member (Outside)

If this proposal for the election of Masahiko Ikaga is approved, the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with him for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.

3. Independent Outside Officers

Provided that this proposal is approved, the Company has registered Masahiko Ikaga as an Independent Outside Officers according to the regulations provided by the Tokyo Stock Exchange, Inc. Summary of "Standards for Selecting Independent Outside Officers" is described on page 15.

## Proposed Resolution 4 Election of One Substitute Audit & Supervisory Board Member

In order to prepare for the contingency that the number of Audit & Supervisory Board Members could fall below the minimum stipulated in the Corporation Act of Japan, the Company proposes to elect Masayuki Satake as a Substitute Audit & Supervisory Board Member. This proposal is submitted with the consent of the Audit & Supervisory Board.

The Substitute Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
Masayuki Satake (May 16, 1948)	April 1971: Joined Chuo Audit Corporation	0
	September 1977: Registered as a Certified Public Accountant	
	April 1985: Representative Partner of Chuo Audit Corporation	
	April 2007: Commissioner (on full-time basis) and Deputy Chairman of The Public Interest Corporation Commission, Cabinet Office	
	April 2010: President of Satake Certified Public Accounting Office (to present)	
	April 2012: Professor, Tohoku University Accounting School	
	June 2012: Corporate Auditor of PCA CORPORATION (to present)	
	April 2013: Affiliate Professor, Chiba University of Commerce, Graduate School of Accounting & Finance, MBA Program (to present)	
June 2013: Audit & Supervisory Board Member of MAEZAWA KASEI INDUSTRIES CO., LTD (to present)		
April 2015: Outside Director of Mizuho Trust & Banking Co., Ltd. (to present)		

Notes:

- Matters relating to candidates  
Masayuki Satake is a candidate for Substitute Audit & Supervisory Board Member (Outside).
- Special interests between the Company and the candidate  
The candidate has no special interests in the Company.
- Reasons for the nomination of a candidate for Substitute Audit & Supervisory Board Member (Outside)  
The Company requests shareholders to elect Masayuki Satake as a Substitute Audit & Supervisory Board Member (Outside) in the belief that he will utilize his ample experience and wide range of insight as a certified public accountant in performing his duty as the Company's Audit & Supervisory Board Member (Outside).
- Summary of details of the liability limitation agreement with the candidate for Substitute Audit & Supervisory Board Member (Outside)  
In the event Masayuki Satake assumes the office of Audit & Supervisory Board Member (Outside), the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with him for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.
- Independent Outside Officers  
The Company will register Masayuki Satake as Independent Outside Officers according to the regulations provided by the Tokyo Stock Exchange, Inc., upon assumption of office. Summary of "Standards for Selecting Independent Outside Officers" is described on page 15.

(Attached Documents)

## Business Report

(From January 1, 2016 to December 31, 2016)

### 1. Current Conditions of the Yamaha Motor Group

In order to reflect the increasing importance of the Group's finance business into the results of sales activities, the Company has changed the presentation method of sales finance-related income and expenses, which had been recorded under "selling, general and administrative expenses," "non-operating income" and "non-operating expenses." Those income and expenses are recorded under "net sales," "cost of sales" and "selling, general and administrative expenses" from the fiscal year ended December 31, 2016 (fiscal 2016).

Figures in the description below are based on the consolidated financial statements for fiscal 2015 (the 81st fiscal year) after reclassification that reflected the changes of presentation methods described above.

#### (1) Business Developments and Results

During fiscal 2016, the global economy saw a spate of transformations from conventional systems and frameworks, including the U.K.'s decision to leave the E.U. and anti-globalization following the U.S. presidential election. In Japan, corporate earnings, employment and personal income conditions improved against a backdrop of government economic policy and the monetary easing policy of the Bank of Japan, but a sense of stagnation remained with regard to escape from deflation and economic growth.

In terms of the Company's major markets, a sense of economic stability generally continued in the developed markets. Meanwhile, in the emerging markets, the situation differed in each country. The economy recovered in ASEAN countries excluding Indonesia, and India achieved favorable growth. However, economic recovery was stagnant in Indonesia, and the economy was sluggish in China and Brazil.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review declined ¥128.3 billion, or 7.9%, year on year, to ¥1,502.8 billion, and operating income declined ¥21.7 billion, or 16.7%, to ¥108.6 billion. Ordinary income declined ¥23.2 billion, or 18.5%, to ¥102.1 billion, and profit attributable to owners of parent rose ¥3.1 billion, or 5.2%, to ¥63.2 billion. Exchange rates for the fiscal year were ¥109 to the U.S. dollar (an appreciation of ¥12 from the previous fiscal year) and ¥120 to the euro (an appreciation of ¥14).

Factors affecting operating income from the previous year include an increase of ¥36.5 billion due to improved profitability, including increased sales of higher-priced products and cost reductions using development methods for platform and global models, etc. and manufacturing methods such as theoretical-value-based production, a decrease of ¥43.8 billion due to the effects of exchange rates and a decrease of ¥14.4 billion due to increased expenses. In addition to the progress of yen appreciation against the U.S. dollar and the euro, the yen appreciation has also progressed against the currencies of emerging countries including Indonesia, Brazil and India. Excluding the effects of exchange rates, net sales rose ¥29.3 billion, or 1.8%, year on year, and operating income rose ¥22.1 billion, or 16.9%.

In terms of financial position, the ratio of profit attributable to owners of parent to net sales was 4.2% (a year on year increase of 0.5%), total asset turnover was 1.15 (a year on year decline of 0.1) while the Company expanded the financial business, and shareholders' equity was ¥534.2 billion (an increase of ¥43.4 billion compared with the end of the previous fiscal year), exceeding levels recorded prior to the 2008 global financial crisis. As a result, ROE was 12.3% (a year on year decline of 0.3%). In addition, free cash flow (including sales finance) improved significantly at positive ¥96.6 billion (a year on year increase of ¥136.6 billion), owing mainly to the results of more efficient working capital and reviews of normal investments.

The status of each business is as follows.

Motorcycles [Main products: Motorcycles, intermediate parts for products and knockdown parts for overseas production]

Net sales declined ¥102.4 billion, or 9.9%, year on year, to ¥930.1 billion, and operating income declined ¥3.2 billion, or 8.1%, year on year, to ¥36.0 billion.

Unit sales increased in countries such as India, Vietnam and the Philippines, remained at the same level as the previous year in developed markets, and declined in countries such as Indonesia, China and Brazil. Net sales declined in the business as a whole owing to the impact of exchange rates. Operating income rose in emerging markets due to increased sales of higher-priced products and the effects of cost reductions, fell in developed markets due to the effects of exchange rates, and declined in the business as a whole.

In developed markets, the Company is implementing initiatives focusing on inventory reduction, the financial business and further structural reforms. In addition, amid a robust market in India, the Company continues to make efforts to proactively increase sales and at the same time lower the break-even point. While sluggish economic conditions continue in Brazil and China, the Company strives for further structural reforms.

Marine products [Main products: Outboard motors, personal watercraft, boats, FRP swimming pools, fishing boats and utility boats]

Net sales declined ¥12.1 billion, or 3.9%, year on year, to ¥297.2 billion, and operating income declined ¥8.6 billion, or 13.4%, to ¥55.4 billion.

Unit sales of outboard motors expanded in North America and Europe, where sales are centered on large models. Although sales and profit declined due to the effects of exchange rates in the business as a whole, a high earnings structure with an operating margin of 19% was maintained. For the future, the Company is creating a business model aimed at becoming a system supplier.

Power products [Main products: All-terrain vehicles, recreational off-highway vehicles, golf cars, snowmobiles, generators, small-sized snow throwers and multi-purpose engines]

Net sales declined ¥17.2 billion, or 10.1%, year on year, to ¥152.3 billion, and operating income declined ¥11.5 billion, or 71.8%, to ¥4.5 billion.

ROV retail units sold increased, but the number of units produced and sold declined in line with inventory adjustments. Increased expenses as a result and the effects of exchange rates led to a decline in sales and profit in the business as a whole. For fiscal 2017, the Company will bring new platform models to market, while swiftly realizing business normalization.

Industrial machinery and robots [Main products: Surface mounters and industrial robots]

Net sales rose ¥0.4 billion, or 0.8%, year on year, to ¥46.9 billion, and operating income rose ¥0.3 billion, or 4.2%, to ¥7.5 billion.

While the unit sales of surface mounters decreased owing to sluggish economic conditions in China, increased sales of high-value-added products, etc. led sales and profit to increase. An operating margin of 16% was achieved, and the Company's high earnings structure has further progressed. The Company is broadening its customer base in the next-generation solutions business, including high speed and multi-feature surface mounters and integrated control robot systems.

Other products [Main products: Electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs]

Net sales rose ¥3.1 billion, or 4.2%, year on year, to ¥76.3 billion, and operating income rose ¥1.2 billion, or 30.1%, to ¥5.2 billion.

In electrically power assisted bicycles, exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe and sales of finished units in Japan grew. As a result, sales and profit increased for the other products business overall. In global markets, the Company is further broadening its customer base.



## **(2) Capital Expenditures**

The Group made investments of ¥61.3 billion in total during fiscal 2016.

In the motorcycle business, investments of ¥32.0 billion were made for new products in Japan and overseas and the transfer of production facilities of multi-cylinder engine to India. In the marine products business, investments of ¥9.4 billion were made for new products, research and development and the restructuring of domestic manufacturing system. In the power products business, investments of ¥7.1 billion were made mainly for new products of recreational off-highway vehicles (ROVs). In the industrial machinery and robots business, investments of ¥8.4 billion were made mainly for relocation of office. In the other products business, investments of ¥4.4 billion were made mainly for new products, and research & development of electrically power assisted bicycles.

## **(3) Fund Raising**

Nothing to be especially reported.

#### **(4) Key Priorities the Group Must Address**

The Company is making efforts in line with the Medium-term Plan (2016-2018) with a long-term vision of becoming “a unique company that continues to achieve dynamic milestones.” These three years are the phase where it steadily realizes a significant increase in its corporate strength and from there foster the preparation to heighten corporate strength further.

In the second year of the plan, 2017, the Company endeavors to continuously secure stable profits and invest for the future growth and increase returns to shareholders.

##### Initiatives to increase “corporate strength”

###### ■ Enhancing brand value

We will pass on the spirit and passion of “Revs your Heart – deliver exceptional value and experiences that enrich the lives of everyone who comes across Yamaha,” and strives for the refining of Yamaha’s brand value.

###### ■ Enhancing the earnings power

The Company will implement initiatives to enhance management efficiency and improve profitability in all businesses, and aims to secure stable profits even amid uncertain business conditions.

###### ■ Increasing financial strength

While targeting ROE of roughly 15%, the Company aims to further improve cash flows, including enhancing the efficiency of working capital and reviewing normal investments. In addition, the Company will also continuously focus on the financial business, in order to promote and support sales in existing businesses.

###### ■ Increasing product competitiveness

While developing proprietary development methods such as platform development and global models, the Company will bring to market unique products that incorporate the unique style of the Yamaha brand: GEN (new ideas and communications), Play & Sure (technology that creates joy and trust among customers), S-EX-Y (design that expresses refined dynamism), and Ties (strong teamwork that connects with our customers). The Company brought 80 new models to market in 2016, and plans to release 110 models in 2017.

###### ■ Pursuing growth strategies

During the three years of the current Medium-term Plan, the Company will focus on seeking new business opportunities and foundational technology development, with a framework of ¥60.0 billion for investment for growth and ¥70.0 billion for research and development expenses.

###### ■ Creating an organization and human resources

While aiming to shape human resources and an organization that embody the Yamaha brand, the Company will focus mainly on global personnel development, vitalization of the organization and promotion of both diversity and women’s participation.

###### ■ Harmony with stakeholders, local communities and society, and the environment

The Company will achieve growth by fulfilling its responsibilities in harmony with customers, shareholders and investors, employees, business partners, and other stakeholders, local communities, societies, and the environment. The Company will work on more constructive dialogue with stakeholders, while appropriately implementing the Corporate Governance Guidelines announced in 2016.

We would appreciate our shareholders’ continued support.

**(5) Operating Performance and Status of Assets for the Group**

Millions of yen, except net income per share

Items	79th Fiscal Year (Jan. 1, 2013 – Dec. 31, 2013)	80th Fiscal Year (Jan. 1, 2014 – Dec. 31, 2014)	81st Fiscal Year (Jan. 1, 2015 – Dec. 31, 2015)	82nd Fiscal Year (Jan. 1, 2016 – Dec. 31, 2016)
Net sales	1,410,472	1,521,207	(Note 2) 1,631,158	1,502,834
Operating income	55,137	87,249	(Note 2) 130,329	108,594
Ordinary income	60,092	97,279	125,231	102,073
(Note 1) Profit attributable to owners of parent	44,057	68,452	60,023	63,153
Net income per share (yen)	126.20	196.06	171.89	180.84
Total assets	1,146,591	1,310,040	1,305,236	1,318,776
Net assets	422,792	503,224	531,700	575,404

Notes: 1. Effective from the 82nd fiscal year, the Company has adopted the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), thereby “net income” has been reclassified as “profit attributable to owners of parent.”

2. The presentation method has been changed for the 82nd fiscal year. For the 81st fiscal year, the Company has reflected changes in the presentation method and reclassified the figures.

(Reference) Forecast for the 83rd fiscal year (January 1, 2017 through December 31, 2017)

In fiscal 2017, the Company expects market conditions and business environment continue to be similar to those of the previous fiscal year. Under these conditions, the Company plans to maintain stable profits while steadily implementing medium- to long-term initiatives. Consolidated financial results forecast is as follows.

	Billions of yen	
	Forecast	Year-on-year changes
Net sales	1,600.0	+97.2, 6.5%
Operating income	120.0	+11.4, 10.5%
Ordinary income	120.0	+17.9, 17.6%
Profit attributable to owners of parent	75.0	+11.8, 18.8%

[Exchange rates] ¥110 to the U.S. dollar (a depreciation of ¥1 from the previous fiscal year), and ¥115 to the euro (an appreciation of ¥5).

**(6) Principal Parent Company and Subsidiaries**

1) Relations with a parent company  
No related items.

## 2) Principal subsidiaries

Name	Location	Capital	Percentage of ownership (%)	Main business lines
Yamaha Motorcycle Sales Japan Co., Ltd.	Ota-ku, Tokyo	490 million yen	100.0	Marketing of motorcycles, electrically power assisted bicycles
Yamaha Motor Powered Products Co., Ltd.	Kakegawa-shi, Shizuoka	275 million yen	100.0	Manufacture and marketing of golf cars and generators
Yamaha Motor Corporation, U.S.A.	The United States	185,308 thousand U.S. dollars	100.0	Marketing of motorcycles, outboard motors, personal watercraft, ATVs, recreational off-highway vehicles, snowmobiles, generators and surface mounters
Yamaha Motor Manufacturing Corporation of America	The United States	107,790 thousand U.S. dollars	*100.0	Manufacture of personal watercraft, ATVs, recreational off-highway vehicles and golf cars
Yamaha Motor Europe N.V.	The Netherlands	149,759 thousand euros	100.0	Marketing of motorcycles, outboard motors, personal watercraft, ATVs, snowmobiles, golf cars and surface mounters
PT. Yamaha Indonesia Motor Manufacturing	Indonesia	25,647,000 thousand Indonesian rupiahs	85.0	Manufacture and marketing of motorcycles
Yamaha Motor Vietnam Co., Ltd.	Vietnam	37,000 thousand U.S. dollars	46.0	Manufacture and marketing of motorcycles
India Yamaha Motor Pvt. Ltd.	India	13,333,591 thousand Indian rupees	*85.0	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd.	Taiwan	2,395,600 thousand new Taiwan dollars	*51.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.7	Manufacture and marketing of motorcycles, outboard motors and golf cars
Yamaha Motor do Brasil Ltda.	Brazil	624,324 thousand Brazilian reals	100.0	Marketing of motorcycles, outboard motors, and personal watercraft

Note: Percentages with \* include the Company's indirect ownership.

3) Specified wholly-owned subsidiary at the end of the fiscal year  
No related items.

**(7) Main Bases and Facilities for the Group**

## 1) Yamaha Motor Co., Ltd.

Name	Location
Headquarter and Iwata Main Factory	Iwata-shi, Shizuoka
Iwata South Factory	
Toyooka Technology Center	
Hamakita Factory	Hamamatsu-shi, Shizuoka
Nakaze Factory	
Hamamatsu IM Site	
Fukuroi Factory	Fukuroi-shi, Shizuoka
Fukuroi South Factory	
Global Parts Center	
Arai Site	Kosai-shi, Shizuoka

## 2) Subsidiaries

Subsidiaries of the Company are as described on page 28 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

**(8) Employees**

Segments	Number of employees	Annual change
Motorcycles	42,037	(289)
Marine products	5,245	+354
Power products	2,499	(119)
Industrial machinery and robots	950	(47)
Others	2,419	(55)
Total	53,150	(156)

Note: The number of employees refers to workers employed full time (excluding workers of the Company and its consolidated subsidiaries who are dispatched to companies outside of the scope of consolidation), and it does not include temporary employees (direct contract employees whose contract terms are less than one year).

**(9) Principal Lenders and Loan Balances**

Lenders	Loan balances
Mizuho Bank, Ltd.	62,339
Sumitomo Mitsui Banking Corporation	54,069
Sumitomo Mitsui Trust Bank, Limited	37,051
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,395
The Shizuoka Bank, Ltd.	28,638

Millions of yen

## 2. The Company's Stocks

(1) **Maximum Number of Shares Authorized to be Issued:** 900,000,000

(2) **Number of Shares Outstanding:** 349,914,284 (including 634,836 shares of treasury shares)

(3) **Number of Shareholders:** 42,031

### (4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,642	12.21
State Street Bank & Trust Company	34,063	9.75
The Master Trust Bank of Japan, Ltd. (trust account)	28,703	8.22
Japan Trustee Services Bank, Ltd. (trust account)	19,382	5.55
Toyota Motor Corporation	12,500	3.58
Mizuho Bank, Ltd.	11,824	3.39
Mitsui & Co., Ltd.	8,586	2.46
The Shizuoka Bank, Ltd.	6,813	1.95
Trust & Custody Services Bank, Ltd. (securities investment trust account)	6,280	1.80
Japan Trustee Services Bank, Ltd. (trust account 9)	5,612	1.61

Note: Percentage of ownership is calculated excluding treasury shares.

### ■ Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	40,983	27,360
Financial institutions	90	127,980
Other domestic companies	300	73,079
Foreigners	612	108,758
Securities companies	46	12,735

Note: "Individual investors and others" includes treasury shares.

## 3. The Company's Subscription Rights to Shares

No related items.

## 4. Directors and Audit & Supervisory Board Members

### (1) Names, Positions, and Responsibilities of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions
President, Chief Executive Officer and Representative Director	Hiroyuki Yanagi	Chief General Manager in charge of Human Resources & General Affairs	Outside Director of Yamaha Corporation Chairman of Japan Marine Industry Association
Executive Vice President and Representative Director	Takaaki Kimura	Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of AM Business Unit	
Director and Managing Executive Officer	Kozo Shinozaki	Chief General Manager in charge of Developed Countries Motorcycles Reform, Executive General Manager of Corporate Planning & Finance Center	
Director and Managing Executive Officer	Nobuya Hideshima	Chief General Manager of Engine Unit, Chief General Manager in charge of Procurement Center, Chief General Manager in charge of CS Center	
Director and Managing Executive Officer	Masahiro Takizawa	Chief General Manager of New Business Development Center	
Director and Managing Executive Officer	Katsuaki Watanabe	Chief General Manager of MC Business Operations, Chief General Manager in charge of Overseas Market Development Operation Business Unit	
Director and Managing Executive Officer	Toshizumi Kato	Chief General Manager of Vehicle & Solution Business Operations, Chief General Manager in charge of Financial Service Business Development Section	
Director and Senior Executive Officer	Yoichiro Kojima	Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center	

Outside Director	Tamotsu Adachi		Representative Director and President, CEO of Benesse Holdings, Inc. Senior Advisor of Carlyle Japan LLC
Outside Director	Takuya Nakata		President and Representative Director of Yamaha Corporation President of Yamaha Music Foundation
Outside Director	Atsushi Niimi		Advisor of JTEKT Corporation Outside Director of NIPPON SHARYO, LTD. Former chairman of the Chubu Association of Corporate Executives
Standing Audit & Supervisory Board Member	Hiroshi Ito		
Standing Audit & Supervisory Board Member	Kenji Hironaga		
Audit & Supervisory Board Member (Outside)	Isao Endo		Chairman of Roland Berger Japan Outside Director of Ryohin Keikaku Co., Ltd. Outside Director of Sompo Holdings, Inc. Director (Outside) of Nisshin Steel Co., Ltd.
Audit & Supervisory Board Member (Outside)	Tomomi Yatsu		Partner of TMI Associates Outside Executive Director of SMBC Nikko Securities Inc.

Notes: 1. The Company has registered Directors Tamotsu Adachi and Atsushi Niimi, and Audit & Supervisory Board Members Isao Endo and Tomomi Yatsu as Independent Directors/Audit & Supervisory Board Members under the regulations provided by the Tokyo Stock Exchange. Summary of “Standards for Selecting Independent Outside Officers” is described on page 15.

2. Special relationship with the organizations at which Outside Directors and Audit & Supervisory Board Members (Outside) hold significant concurrent positions  
Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 12.21% of the Company’s shares, and the Company has real estate lease transactions, etc., with the said company.
3. Excluding 2. above, there are no special relationship between the Company and the significant concurrent positions of Outside Directors and Audit & Supervisory Board Members (Outside).
4. Audit & Supervisory Board Member Tomomi Yatsu is a certified public accountant and has considerable knowledge of finance and accounting.
5. Agreement on limitation of liability  
The Company has concluded liability limitation agreements with all Outside Directors and Audit & Supervisory Board Members (Outside) in accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Act of Japan, to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the said Act.  
The maximum liability for damages to be borne by the Outside Directors and Audit & Supervisory Board Members (Outside) under the agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.
6. Abbreviations: AM: Automotive, CS: Customer Service, MC: Motorcycle, NLV: New Land Vehicle



**(2) Changes of Directors after Fiscal 2016**

Changes in responsibilities

(As of January 1, 2017)

Name	After the change	Before the change
Hiroyuki Yanagi	Chief General Manager in charge of Human Resources & General Affairs Center, Chief General Manager in charge of Corporate Planning & Finance Center	Chief General Manager in charge of Human Resources & General Affairs
Takaaki Kimura	Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of Engine Unit, Chief General Manager in charge of AM Business Unit	Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of AM Business Unit
Kozo Shinozaki	Assistant to President	Chief General Manager in charge of Developed Countries Motorcycles Reform, Executive General Manager of Corporate Planning & Finance Center
Nobuya Hideshima	Assistant to President	Chief General Manager of Engine Unit, Chief General Manager in charge of Procurement Center, Chief General Manager in charge of CS Center
Katsuaki Watanabe	Chief General Manager of MC Business Operations, Chief General Manager in charge of CS Center, Chief General Manager in charge of Overseas Market Development Operation Business Unit	Chief General Manager of MC Business Operations, Chief General Manager in charge of Overseas Market Development Operation Business Unit
Yoichiro Kojima	Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center, Deputy Chief General Manager of MC Business Operations	Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center

Note: Abbreviations: AM: Automotive, CS: Customer Service, MC: Motorcycle, NLV: New Land Vehicle

**(3) Name and Other Information regarding the Executive Officers**

The Company has adopted an Executive Officer system for the purpose of prompt business execution, which was designed to enhance management supervisory capabilities by clearly defining the role of Executive Officers as “business execution of the Group,” while defining the role of the Board of Directors as “approval of basic policy and the supervision of business execution within the Group.” As of December 31, 2016, the Company is served by 29 Executive Officers comprising the aforementioned 8 concurrently serving as Directors and following 21 others.

Name	Position	Responsibilities
Ryoichi Sumioka	Senior Executive Officer	Deputy Chief General Manager of Corporate Planning & Finance Center, Chief General Manager in charge of Business Management, MC Business Operations
Hiroaki Fujita	Senior Executive Officer	Director and President of Yamaha Motor India Pvt. Ltd.
Katsuhito Yamaji	Senior Executive Officer	Chief General Manager of Manufacturing Center
Makoto Shimamoto	Senior Executive Officer	Chief General Manager of PF Model Unit, Senior General Manager of PF Model Development Section, PF Model Unit
Masaru Ono	Executive Officer	Chief General Manager of CS Center, Senior General Manager of Spare Parts Section, CS Center
Masaki Asano	Executive Officer	Director and President of Yamaha Motor India Sales Private Ltd.
Yoshitaka Noda	Executive Officer	Senior General Manager of Component Section, Engine Unit
Masahiro Inoue	Executive Officer	Chief General Manager of Procurement Center, General Manager of Procurement Planning Division, Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit
Kazuhiro Kuwata	Executive Officer	Director and President of Yamaha Motor Europe N.V.
Yoshihiro Hidaka	Executive Officer	Executive General Manager of 1st Business Unit, MC Business Operations
Tatsumi Okawa	Executive Officer	Director and President of Yamaha Motor Corporation, U.S.A., Deputy Chief General Manager of Marine Business Operations
Junzo Saitoh	Executive Officer	Chief General Manager of Human Resources & General Affairs Center
Akihiro Nagaya	Executive Officer	Chief General Manager of Design Center
Heiji Maruyama	Executive Officer	Deputy Chief General Manager of Engine Unit, Senior General Manager of Engine Development Section, Engine Unit, Executive General Manager of AM Business Unit
Hirofumi Usui	Executive Officer	Senior General Manager of Marketing Section, Marine Business Operations
Satohiko Matsuyama	Executive Officer	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations
Minoru Morimoto	Executive Officer	Director and President of PT. Yamaha Indonesia Motor Manufacturing
Yasuo Tanaka	Executive Officer	Senior General Manager of After Sales Section, CS Center, Chief General Manager in charge of Corporate Quality Assurance, CS Center

(TRANSLATION ONLY)

Name	Position	Responsibilities
Motofumi Shitara	Executive Officer	Executive General Manager of ME Business Unit, Marine Business Operations
Eric de Seynes	Executive Officer	COO of Yamaha Motor Europe N.V.
Dyonisius Beti	Executive Officer	COO of PT. Yamaha Indonesia Motor Manufacturing

Note: Abbreviations: MC: Motorcycle, PF: Platform, CS: Customer Service, AM: Automotive, RV: Recreational Vehicles, ME: Marine Engine

**(4) Changes of Executive Officers after Fiscal 2016**

Changes in responsibilities

(As of January 1, 2017)

Name	After the change	Before the change
Ryoichi Sumioka	Assistant to President	Deputy Chief General Manager of Corporate Planning & Finance Center, Chief General Manager in charge of Business Management, MC Business Operations
Katsuhito Yamaji	Chief General Manager of Manufacturing Center, Chief General Manager in charge of Procurement Center	Chief General Manager of Manufacturing Center
Makoto Shimamoto	Chief General Manager of Technology Center, Chief General Manager of PF Model Unit	Chief General Manager of PF Model Unit, Senior General Manager of PF Model Development Section, PF Model Unit
Masaru Ono	Chief General Manager of CS Center	Chief General Manager of CS Center, Senior General Manager of Spare Parts Section, CS Center
Yoshitaka Noda	Chief General Manager of Engine Unit	Senior General Manager of Component Section, Engine Unit
Masahiro Inoue	Chief General Manager of Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit	Chief General Manager of Procurement Center, General Manager of Procurement Planning Division, Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit
Yoshihiro Hidaka	Chief General Manager of Corporate Planning & Finance Center	Executive General Manager of 1st Business Unit, MC Business Operations
Hirofumi Usui	Senior General Manager of Marine Business Development Section, Marine Business Operations	Senior General Manager of Marketing Section, Marine Business Operations
Motofumi Shitara	Deputy Chief General Manager of Corporate Planning & Finance Center	Executive General Manager of ME Business Unit, Marine Business Operations

Note: Abbreviations: MC: Motorcycle, PF: Platform, CS: Customer Service, ME: Marine Engine

**(5) Remuneration for Directors and Audit & Supervisory Board Members**

## 1) Policies on determining the amounts of remuneration or the calculation method thereof

The Company's Directors' Remuneration Plan is comprised of basic compensation (monthly remuneration), Directors' bonuses, reflecting the short-term consolidated performance of the Company overall, compensation linked to each Director's individual performance and a stock compensation plan reflecting the medium- to long-term consolidated performance of the Company overall.

Directors' bonuses shall not exceed 0.5% of the consolidated profit attributable to owners of parent of the previous fiscal year, which is calculated correlating with profit attributable to owners of parent and return on assets for the consolidated performance as well as taking into account dividends to shareholders and the level of consolidated performance against the budget. Then the amount calculated is resolved at the Board of Directors Meeting after the deliberation of the Executive Personnel Committee comprised of Representative Directors and Outside Directors.

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value. However, the performance based remuneration system and stock compensation plan do not apply to remuneration for Outside Directors and Audit & Supervisory Board Members.

## 2) Amounts of remuneration

Millions of yen

	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (11)	351	228	32	53	665
Of which, Outside Directors (3)	25				25
Audit & Supervisory Board Members (4)	77				77
Of which, Audit & Supervisory Board Members (Outside) (2)	18				18
Total	429	228	32	53	743

Notes: 1. The annual amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors), and the annual amount of remuneration for Audit & Supervisory Board Members shall be ¥90 million or less.

2. The above Directors' bonuses in Compensation linked to performance are the amount scheduled to be paid.

3. In addition to the remuneration listed above, ¥39 million was paid as salaries to Directors who serve concurrently as employees.

**(6) Matters Relating to Outside Directors and Audit & Supervisory Board Members (Outside)**

Principal activities during fiscal 2016

Position	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Outside Directors	Tamotsu Adachi	13 out of 13 meetings (100.0%)	-	He stated his opinions based on his ample experience in international business, formulation of management strategy and investment activities, and wide range of insights.
	Takuya Nakata	13 out of 13 meetings (100.0%)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Atsushi Niimi	12 out of 13 meetings (92.3%)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
Audit & Supervisory Board Members (Outside)	Isao Endo	12 out of 13 meetings (92.3%)	11 out of 12 meetings (91.7%)	He stated his opinions based on his ample experience and wide range of insights as a company executive and an outside director of a corporation.
	Tomomi Yatsu	13 out of 13 meetings (100.0%)	12 out of 12 meetings (100.0%)	She stated her opinions based on her high level of expertise as a certified public accountant and lawyer, and knowledge and experience acquired through serving as an outside officer of a corporation.

## 5. Independent Auditor

### (1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

### (2) Remuneration Paid to the Independent Auditor during Fiscal 2016

1) Remuneration paid to the Independent Auditor during fiscal 2016:	98 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	126 million yen

Note: 1. The amount of remuneration for audit under the Corporation Act of Japan and the amount under the Financial Instruments and Exchange Act are not classified differently in the audit contract between the Company and the Independent Auditor, nor would it be practical to do so. Therefore, the above amounts each are totals for their respective categories of remuneration.

2. The Audit & Supervisory Board has given their consent with respect to Paragraph 1, Article 399 of the Corporation Act of Japan for the remuneration paid to the Independent Auditor, following the confirmation and examination of the status of the Independent Auditor's performance of duties, the details of audit plan and others, in light of the "Practical Guidelines for Coordination with Independent Auditors" published by the Japan Audit & Supervisory Board Members Association.

Each of the following principal subsidiaries of the Company contracts another certified public accountant or audit corporation (including a person having an equivalent qualification in the foreign country concerned) for auditing (prescribed by the Corporation Act of Japan or the Financial Instruments and Exchange Act, or laws equivalent to aforementioned acts in the foreign country):

Yamaha Motor Corporation, U.S.A., Yamaha Motor Manufacturing Corporation of America, Yamaha Motor Europe N.V., PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Vietnam Co., Ltd., India Yamaha Motor Pvt. Ltd., Yamaha Motor Taiwan Co., Ltd., Thai Yamaha Motor Co., Ltd. and Yamaha Motor do Brasil Ltda.

### (3) Non-audit Services Provided by the Independent Auditor

The Company entrusts the Independent Auditor with, and pays compensation for, the following types of work, etc. which are not prescribed in Paragraph 1 of Article 2 of the Certified Public Accountants Act (non-audit services):

- 1) Data analysis support service
- 2) Assessment of the capital investment plans for productivity improvement

### (4) Policy for Determining the Dismissal or Non-reappointment of Independent Auditor

In addition to the dismissal of an Independent Auditor by the Audit & Supervisory Board stipulated in Article 340 of the Corporation Act of Japan, the Audit & Supervisory Board of the Company shall decide a proposal to dismiss or not to reappoint an Independent Auditor, if it is deemed difficult for the Independent Auditor to perform his or her duties. The Board of Directors of the Company shall submit the agenda to a General Meeting of Shareholders based on the said decision.

### (5) Business Suspension Penalty Imposed on the Independent Auditor over the Last Two Years

Details of the penalty imposed by the Financial Services Agency announced on December 22, 2015

- 1) Name of the audit corporation subject to the penalty:  
Ernst & Young ShinNihon LLC
- 2) Description of the penalty
  - Suspension of operations related to conclusion of new contracts for three months (between January 1, 2016 and March 31, 2016)
  - Business improvement order (order to improve the operational management system)

3) Grounds for the penalty

- With respect to the audit of the financial statements of Toshiba Corporation for fiscal years ended March 31, 2010, 2012 and 2013, the certified public accountants of the said audit firm attested the financial statements with material misstatements as being free from such material misstatements due to their negligence of due care.
- The operation of the said audit corporation has been deemed substantially inappropriate.



## **6. Systems to Ensure Proper Business Operations**

### **(1) Systems to Ensure the Directors Compliance with Acts, Regulations and the Company's Articles of Incorporation**

- The Board of Directors shall supervise Directors in the implementation of their responsibilities, to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
- Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the business conduct of the Directors.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form such organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

### **(2) Maintenance and Administration of Information Concerning the Business Conduct of Directors**

- Documents and other forms of information on the business conduct of Directors shall be prepared, maintained and administered appropriately by establishing and operating necessary arrangement involving internal regulations.
- Confidential information including documents and other forms of information on the business conduct of Directors shall be handled appropriately by establishing and operating necessary arrangement involving internal regulations.
- The Company shall form such organizations and develop such rules as necessary to ensure timely and appropriate disclosure of significant company information.

### **(3) Rules Relating to Risk Control against Loss**

- The Company shall establish a Risk Management and Compliance Committee as an organization carrying out deliberation on its risk management measures, and shall establish a risk management supervising section for developing regulations concerning risk management of the Company and its subsidiaries, conducting risk assessment and structuring system for monitoring the risk management.
- Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- The Company shall develop and operate internal regulations, etc. as necessary to ensure integrated control of individual departmental risk management activities.
- If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the internal regulations, etc., with the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

### **(4) Systems to Ensure Efficient Execution of Directors' Duties**

- The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening Board of Directors Rules, Decision-making Rules and other important rules.
- Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- After the Medium-term Plan and the budget for the fiscal year are formulated, management control systems such as a "management by objectives system" shall be established to achieve the plan's goals and targets.

### **(5) Systems to Ensure Employee Compliance with Acts, Regulations and the Company's Articles of Incorporation**

- The Company shall establish the Risk Management and Compliance Committee as an organization carrying out deliberation on its compliance measures, and shall establish a compliance supervising section for enhancing and educating its Code of Ethics to the Company and its subsidiaries.

- The Company shall establish an internal reporting hotline in a third-party organization outside of the Company which enables one to directly report on any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company, which directly informs Audit & Supervisory Board Members and the President and Chief Executive Officer concerning such report.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form organizations and develop rules necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

**(6) Systems to Ensure that the Yamaha Motor Group (Composed of the Company and Its Subsidiaries) Conducts Business Appropriately**

- The Company's Group Companies Management Rules and Decision-making Rules shall be established that define the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries.
- In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established in the Company under the direct control of the President and Chief Executive Officer. An internal auditing function shall be established in major subsidiaries as well, and shall conduct audits of sections and subsidiaries collaborating with the internal auditing sector of the Company.
- Each domestic subsidiary, in principle, shall have a Board of Directors and an Audit & Supervisory Board Member; overseas subsidiaries shall design the governing body in accordance with local laws.
- At least one Director of each subsidiary, in principle, shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- The section supervising financial reporting of the Company shall provide subsidiaries with guidance and education to ensure appropriateness of financial information.

**(7) Systems to Report to the Company on Matters Concerning the Execution of Duties at the Company's Subsidiaries by Directors, Employees Who Execute Business, and Any Person in an Equivalent Position (Directors, Etc.)**

- The Group Companies Management Rules of the Company stipulates that Directors, etc. of its subsidiaries must report to the Company on their financial status and other important information.
- The Company shall request Directors, etc. of its significant subsidiaries to make a report on their business execution at the Management Committee meetings, etc. of the Company on a regular basis.

**(8) Rules Relating to Risk Management Against Loss by the Company's Subsidiaries and Other Systems**

- The Company's risk management supervising section shall set out rules on managing risks of the Company and its subsidiaries, and establish a system to monitor the risk assessment and its implementation plans and results.
- The Company's risk management supervising section shall provide subsidiaries with guidance and education with respect to risk management initiatives carried out by each subsidiary.
- Standards of conduct shall be set out in the internal rules, etc. to allow the Company to promptly and adequately deal with significant issues about the Company and its subsidiaries when they arise and to minimize the damage from such issues.

**(9) Systems to Ensure Efficient Execution of Duties by Directors, Etc. of the Company's Subsidiaries**

- Decision-making processes, responsibilities and authority shall be clarified by strengthening the Board of Directors Rules, Decision-making Rules and other important rules.
- The Group Medium-term Plan and the budget for the fiscal year shall be set out.
- A common management control system shall be adopted by the Company and its subsidiaries.
- Global Executive Committee meetings, comprising Executive Officers of the Company and its major subsidiaries, shall be held regularly to share information on the group management policy and deliberate on the policy to deal with important issues.

**(10) Systems to Ensure That the Execution of Duties by Directors, Etc. and Employees of the Company's Subsidiaries Complies with Acts, Regulations and the Company's Articles of Incorporation**

- The compliance supervising section of the Company shall enhance the Code of Ethics to be complied with by the Company and its subsidiaries, and shall provide subsidiaries with education on compliance.
- The compliance supervising section of the Company shall provide subsidiaries with guidance and education in respect of compliance initiatives taken by each subsidiary.
- The Company and its subsidiaries shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company and its subsidiaries shall reinforce this commitment in their Code of Ethics.
- The Company and its subsidiaries shall form organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.
- The internal auditing sector of the Company shall work in collaboration with the internal auditing functions of its subsidiaries and perform audits on the system for compliance with acts and regulations of the subsidiaries.
- Audit & Supervisory Board Members of the Company shall perform audits on the status of Directors' execution of duties, internal control, risk management, measures to deal with compliance, and asset management status, etc. of its subsidiaries in accordance with the criteria and methodology established by the Audit & Supervisory Board.

**(11) Employee to Assist Audit & Supervisory Board Members**

An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.

**(12) Employee Assisting Audit & Supervisory Board Members Independence from Directors**

- The internal rules provide that the authority to give instructions and orders to the employees assisting Audit & Supervisory Board Members shall be delegated to each Audit & Supervisory Board Member.
- Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.

**(13) Matters in Respect of Ensuring the Effectiveness of Instructions Given by Audit & Supervisory Board Members to the Employees Assisting Audit & Supervisory Board Members**

- No employee assisting Audit & Supervisory Board Members in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.

**(14) Rules Concerning Directors and Employees Reporting to the Audit & Supervisory Board Members**

- Directors and employees shall report to Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors or employees, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, depending on the importance and urgency thereof.
- Directors and employees shall report the following matters to the Audit & Supervisory Board Members periodically, or when necessary, at their request:
  - Establishment and operation of internal control systems, and related subjects
  - Results of internal audits conducted by the internal audit section
  - Operation of the internal reporting system, and receipt of reports

**(15) Rules to Submit a Report to Audit & Supervisory Board Members by the Subsidiaries' Directors, Audit & Supervisory Board Members, Employees Who Execute Business, Any Other Person in an Equivalent Position and Employees or Any Person Who Received Reports from Aforementioned Persons**

- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees, and any person who received reports from these persons shall report to the Company's Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors and employees of the Company and its subsidiaries, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, when they recognize that such facts are present, depending on the importance and urgency thereof.
- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees and any person who received reports from these persons shall report to Audit & Supervisory Board Members of the Company, at their request, on the following matters on a regular basis or when needed.
  - Matters in respect of the business execution
  - Result of audits performed by Audit & Supervisory Board Members of the domestic subsidiaries
  - Result of internal audits performed by the Company's internal auditing sector
  - Status of compliance and risk management, etc.

**(16) Systems to Ensure That Any Person Who Reports as Described in the Preceding Paragraph Will Not Receive Any Disadvantageous Treatment Due to Such Reporting**

- The Company shall stipulate in its internal rules that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting.

**(17) Matters Regarding the Policy for Handling Expenses or Liabilities Incurred in Relation to the Procedures for the Advance Payment or Reimbursement of Expenses Incurred During the Execution of Duties by Audit & Supervisory Board Members, and Other Expenses or Liabilities Incurred During Execution of the Said Duties**

- In order to pay expenses, etc. incurred in the course of the Audit & Supervisory Board Members' execution of duties, a certain amount of budget shall be allocated annually.
- When requests such as payment of expenses in advance are made by Audit & Supervisory Board Members in accordance with Article 388 of the Corporation Act of Japan, payment of such expenses or liabilities shall be made or discharged in a prompt manner.

**(18) Other Systems to Ensure Effective Auditing by Audit & Supervisory Board Members**

- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
- Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, Risk Management and Compliance Committee, and Executive Committee.
- The internal audit section shall explain its internal audit plan to Audit & Supervisory Board Members in advance.
- The minutes of the Management Committee meeting and any other meetings as the Audit & Supervisory Board Members may specify shall be made available for their perusal. The Audit & Supervisory Board Members shall be granted similar access to any approved proposal memorandums they may specify.
- Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

## **7. Overview of the Implementation Status of the Systems to Ensure Proper Business Operations**

### **(1) Status of Initiatives in Respect of Compliance**

The Company enhances its Code of Ethics and internal rules such as the Compliance Management Regulations, and has established the Risk Management and Compliance Committee as the organization that gathers regularly to carry out deliberation on compliance measures of the Company. Major compliance activities of the Company during the fiscal year under review are as follows.

- Holding compliance training sessions for all officers and employees of the Company on a regular basis
- Penetrating the Code of Ethics through the Company and its subsidiaries, and monitoring the progress of the penetration
- Verifying the identification of business partners in order to break off any relationship with antisocial forces, and adding clauses for the elimination of antisocial forces into trading agreements, etc.
- Implementing an internal reporting system having a reporting hotline by a third-party organization

### **(2) Status of Initiatives in Respect of Risk Management**

The Company works regularly on issues concerning risk management by enhancing internal rules such as the Risk Management Regulations and the Confidential Information Management Regulations, and establishing the Risk Management and Compliance Committee as the organization carrying out deliberation on its risk management measures. Major initiatives concerning risk management that the Company has carried out in the fiscal year under review are as follows.

- Based on the assessment of risks by the Company and its subsidiaries, etc., identifying material risks for the Group and determining countermeasure plans
- If some issues arise in the Company or its subsidiaries, they will be notified to the risk management supervising section in accordance with the internal rules, and emergency countermeasure structure shall be established in a timely manner, based on the assessment of the impact on the Group management.
- Conducting risk assessment for information management and monitoring in 140 divisions of the Company

### **(3) Status of Initiatives in Respect of Ensuring the Efficiency of the Duty Execution**

The Company has stipulated matters to be judged and determined by the Board of Directors and matters to be delegated to the Executive Officers in the Board of Directors Rules and the Decision-making Rules, etc. to ensure the efficient execution of duties by Directors, etc. of the Company and its subsidiaries. In the fiscal year under review, 13 meetings of the Board of Directors and 24 meetings of the Management Committee, comprising Executive Officers with titles, were held. Major initiatives in respect of ensuring the efficiency of the execution of duties that the Company has carried out in the fiscal year under review include the following.

- Determining important management tasks for achieving the objectives set out in the Medium-term Plan, and verifying its progress through the Management Committee meetings and monthly management seminars, etc.
- Confirming the status of execution of the annual budget at the monthly Executive Committee meetings
- Convening meetings of the Global Executive Committee which deliberates on important group management policies and tasks
- With the aim of helping Outside Directors collect adequate information without impairing their independence, convening regular meetings comprising Outside Directors and Outside Audit & Supervisory Board Members to exchange their opinions

### **(4) Status of Initiatives in Order to Ensure the Yamaha Motor Group, Comprising the Company and Its Subsidiaries, Conducts Business Appropriately**

The Company has stipulated the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries in its Group Companies Management Rules and Decision-making Rules, etc., to ensure the proper business execution of the Group as a whole. In addition, the Integrated Auditing Division, under the direct control of the President and Chief Executive Officer, is established as an internal auditing sector to carry out audit on the appropriateness of operational activities. The Integrated Auditing Division audits the appropriateness, adequacy and efficiency of business execution of the Company and its subsidiaries based on an annual audit plan, and makes evaluation and proposals accordingly. Major initiatives in order to ensure the appropriateness of business operations of the

Yamaha Motor Group, comprising the Company and its subsidiaries, carried out in the fiscal year under review are the following.

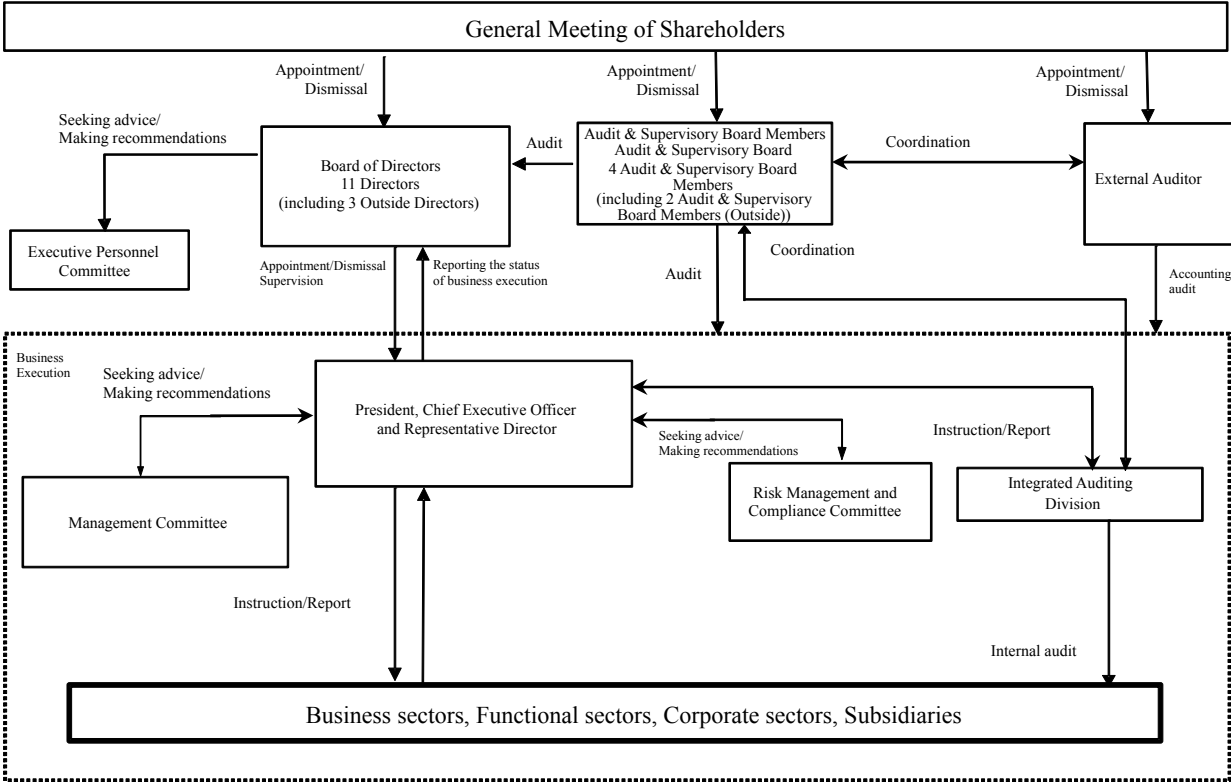
- Reporting by each subsidiary to the Company on matters to be reported in accordance with the Group Companies Management Rules
- Reporting on management conditions of major subsidiaries at the Management Committee meetings, monthly management seminars, and the Executive Committee meetings
- Enhancing and operating internal audit systems of major subsidiaries
- Auditing the Company's divisions and its subsidiaries by the Integrated Auditing Division, and providing support to the audit divisions of the major subsidiaries

#### **(5) Status of Initiatives in Respect of Ensuring the Effectiveness of Audits Performed by Audit & Supervisory Board Members**

The Company endeavors to develop rules and structure for maintaining and improving the effectiveness of audits conducted by Audit & Supervisory Board Members. In the fiscal year under review, 12 meetings of the Audit & Supervisory Board, comprising 4 Audit & Supervisory Board Members (including 2 Audit & Supervisory Board Members (Outside)), were held. The Audit & Supervisory Board Members' Office, which assists the execution of duties by Audit & Supervisory Board Members, is established with 2 full-time employees. Major initiatives in respect of ensuring the effectiveness of audits by Audit & Supervisory Board Members, which the Company has carried out in the fiscal year under review, include the following.

- Attendance of Standing Audit & Supervisory Board Members at important meetings including the Management Committee, Risk Management and Compliance Committee, Executive Committee and Global Executive Committee
- Perusal by Audit & Supervisory Board Members of minutes and approved proposal memorandums of the Management Committee and other meetings of bodies designated by the Audit & Supervisory Board
- Reports on the results of internal audits carried out by the internal auditing sector to the Standing Audit & Supervisory Board Members
- A system which enables direct provision of information to Audit & Supervisory Board Members established and operated in order to ensure the independence of the internal reporting contact point
- Reports on the implementation of the internal reporting system and reported information submitted to the Audit & Supervisory Board Members from the Human Resources Development Division and the Risk Management & Compliance Division on a quarterly basis
- Stipulating prohibition of disadvantageous treatment of any person who reports to Audit & Supervisory Board Members according to the Authority Rules

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2016)



## 8. Basic Policy on Control of the Company

### (1) Outline of the Basic Policy

The Company has been producing many market-leading products on a global scale in its business domains including motorcycles, marine products and power products. Although it takes continuous investment of resources from a long-term perspective to develop proprietary technologies, the highly unique technologies and know-how accumulated in the process, knowledge and information of specific market sectors gained through development effort, and deep relationship of trust with trading partners cultivated over many years through the regular problem-solving efforts as well as high quality human resources in specialist fields are all enhancing the Company's competitive advantages to an even higher level, which are believed to provide significant management resources promoting its corporate value into the future. The Company's field of activities extends beyond its business operations to activities such as philanthropy and environmental preservation. The Company fully recognizes that a wide variety of business operations coupled with such activities can produce a synergy that builds Yamaha Motor's brand and corporate value. To further enhance such brand value and corporate value, the Company must aggressively introduce new models and develop new value-added products incorporating new technologies. As a prerequisite for creating breakthrough technologies, the Company must strengthen its research and development (R&D) activities. Furthermore, high profitability and growth are projected in the next-generation environmental technologies, such as the development of environment-conscious low-fuel-consumption engines and electric-powered motorcycles. In order to earn profit in these fields of activities, it is crucial to aggressively promote a R&D basis for the foundation of these activities. The Company believes that an acquisition of the Company by parties who poorly understand the elements that comprise the brand and corporate value of the Group (described above) would damage the corporate value and hinder the common interests of the shareholders. Once in control of financial and business decisions, such parties could act only from short-term profit motives and dismantle management policies that have been planned and developed over time from a medium-and long-term perspective. Such actions might include excessive reductions in manufacturing costs, R&D expenses, and other expenditures — all decisions which would damage the Group's competitiveness. Not only the above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.

In order to protect and enhance the Company's corporate value and the common interests of the Company's shareholders, the Company deems it necessary that a would-be acquirer adequately discloses the following information prior to any takeover attempt: the proposed management policy and business plan intended by the would-be acquirer; the impact the takeover proposal would have on the Company's shareholders, the management, and the many stakeholders surrounding the Company; and the acquirer's attitudes toward social responsibilities, including the safety of the products. Furthermore, the Company deems it necessary that reasonable time to examine a takeover proposal, and reasonable negotiation power against the would-be acquirer are secured.

### (2) Outline of Special Efforts towards Realizing the Effective Use of the Company's Assets, the Establishment of an Appropriate Corporate Group, and Other Basic Policy

For the achievement of our corporate mission, "*Kando* Creating Company" - to offer new excitement and a more fulfilling life for people all over the world, the Company is working to secure and enhance the corporate value and the common interests of the Company's shareholders by implementing various measures mentioned hereunder, in a planned and consistent way from a medium to long-term perspective.

#### 1) Efforts to enhance corporate value with a Medium-term Plan

The Company has attained almost all of the performance targets for the Medium-term Plan commenced in 2013. Furthermore, in December 2015, the Company formulated a new Medium-term Plan that commences in 2016. Under the new Medium-term Plan (2016-2018), management aims to build on the previous Medium-term Plan (2013-2015), which targeted "increasing corporate value through sustainable growth," by increasing investment for growth and returns to shareholders, while further enhancing the earnings power of existing business and maintaining and strengthening a stable financial foundation.



2) Efforts to increase corporate value by strengthening corporate governance

To ensure the implementation of the Company's growth strategies for the future, the Board of Directors of the Company establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and multilaterally understands and appropriately oversees issues and risks associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

This structure is designed to implement speedy and decisive decision-making, and appropriate, transparent and fair supervision and monitoring as the Company's corporate governance. Accordingly, the Company formulates the following Corporate Governance Guidelines and put them into practice in an appropriate manner.

<Corporate Governance Guidelines>

- Chapter 1 Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders
- Chapter 2 Appropriate collaboration with various stakeholders
- Chapter 3 Appropriate information disclosure and ensuring transparency
- Chapter 4 Responsibilities of the Board of Directors, etc.
- Attachment 1 Standards for selecting independent outside officers
- Attachment 2 Policies to promote constructive dialogue with shareholders

For the full text of the Corporate Governance Guidelines, please click here.

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

**(3) Efforts to Prevent the Decisions on Financial and Business Policies of the Company to Be Controlled by Parties Inappropriate in the Light of the Company's Basic Policy**

In order to protect and increase the corporate value and the common interests of the shareholders, the Company adopted takeover defense measures against attempts of mass acquisition of the Company's shares following the shareholders' approval at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007. Since then, partial amendment to the measures were approved by the shareholders at the 75th Ordinary General Meeting of Shareholders held on March 25, 2010 and the 78th Ordinary General Meeting of Shareholders held on March 26, 2013 (hereinafter, the takeover defense measures amended in March 2013 are referred to as "the Plan"). However, at its meeting held on December 23, 2015, the Board of Directors adopted a resolution not to continue the Plan after its expiry date in March 2016.

Even after the expiry date of the Plan, if the Company learns that a party attempts to acquire substantial shares in the Company, in order to protect and increase the corporate value and common interests of its shareholders, and in compliance with the relevant laws and regulations, the Company will require the party to provide necessary and adequate information, so that the shareholders can properly decide either to support or reject the attempt of mass acquisition. Additionally, the Company will disclose the opinions of the Board of Directors concerning the attempt, and take appropriate measures, including striving to secure adequate time for the shareholders to consider the pros and cons of the attempt.

**(4) The Decision of the Board of Directors and the Grounds for Such Decision**

The initiatives and measures as described in (2) and (3) above are in accordance with the basic policy described in (1), and therefore the Board of Directors judges that they are not intended to maintain the positions of the Company's officers.

# Consolidated Financial Statements

## Consolidated Balance Sheets

Millions of yen

	As of December 31, 2016	(Reference) As of December 31, 2015
<b>ASSETS</b>		
I. Current assets:		
Cash and deposits	135,525	107,617
Notes and accounts receivable - trade	145,698	153,892
Short-term sales finance receivables	157,581	166,265
Merchandise and finished goods	188,032	202,066
Work in process	52,694	54,075
Raw materials and supplies	53,563	54,627
Deferred tax assets	30,524	27,793
Other	42,471	45,638
Allowance for doubtful accounts	(11,147)	(11,482)
Total current assets	794,943	800,494
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	102,377	99,785
Machinery, equipment and vehicles, net	104,723	106,362
Land	84,936	84,306
Construction in progress	31,656	24,674
Other, net	26,974	25,946
Total property, plant and equipment	350,668	341,075
2. Intangible assets:		
Leasehold right	5,373	5,724
Other	3,285	1,793
Total intangible assets	8,658	7,518
3. Investments and other assets:		
Investment securities	87,884	86,378
Long-term loans receivable	1,075	958
Long-term sales finance receivables	57,034	50,436
Deferred tax assets	12,516	12,362
Other	7,897	7,345
Allowance for doubtful accounts	(1,901)	(1,334)
Total investments and other assets	164,506	156,148
Total non-current assets	523,833	504,741
Total assets	1,318,776	1,305,236

Notes: 1. Amounts less than one million yen have been omitted.  
2. The presentation method was changed from the fiscal year ended December 31, 2016. The figures for the previous fiscal year were reclassified in accordance with the new presentation method.

Millions of yen

	As of December 31, 2016	(Reference) As of December 31, 2015
<b>LIABILITIES</b>		
<b>I. Current liabilities:</b>		
Notes and accounts payable - trade	113,036	113,107
Electronically recorded obligations - operating	30,753	31,980
Short-term loans payable	128,517	220,692
Current portion of long-term loans payable	53,904	39,160
Income taxes payable	8,165	8,571
Provision for bonuses	12,971	11,542
Provision for product warranties	22,905	20,440
Other provision	1,466	1,426
Other	102,900	93,697
Total current liabilities	474,621	540,620
<b>II. Non-current liabilities:</b>		
Long-term loans payable	181,960	150,295
Deferred tax liabilities for land revaluation	5,241	5,521
Net defined benefit liability	55,404	55,215
Other provision	754	434
Other	25,389	21,448
Total non-current liabilities	268,750	232,915
Total liabilities	743,371	773,535
<b>NET ASSETS</b>		
<b>I. Shareholders' equity:</b>		
1. Capital stock	85,797	85,782
2. Capital surplus	74,712	74,698
3. Retained earnings	434,361	390,559
4. Treasury shares	(714)	(709)
Total shareholders' equity	594,157	550,331
<b>II. Accumulated other comprehensive income:</b>		
1. Valuation difference on available-for-sale securities	28,945	23,948
2. Revaluation reserve for land	11,769	11,490
3. Foreign currency translation adjustment	(93,530)	(85,971)
4. Remeasurements of defined benefit plans	(7,174)	(9,019)
Total accumulated other comprehensive income	(59,990)	(59,552)
III. Subscription rights to shares	—	11
IV. Non-controlling interests	41,238	40,910
Total net assets	575,404	531,700
Total liabilities and net assets	1,318,776	1,305,236

Notes: 1. Amounts less than one million yen have been omitted.

2. The presentation method was changed from the fiscal year ended December 31, 2016. The figures for the previous fiscal year were reclassified in accordance with the new presentation method.

**Consolidated Statements of Income**

Millions of yen

	Current Fiscal Year (January 1, 2016– December 31, 2016)	(Reference) Previous Fiscal Year (January 1, 2015– December 31, 2015)
I. Net sales	1,502,834	1,631,158
II. Cost of sales	1,100,173	1,194,633
Gross profit	402,660	436,525
III. Selling, general and administrative expenses	294,065	306,196
Operating income	108,594	130,329
IV. Non-operating income		
Interest income	4,262	4,707
Dividend income	1,007	942
Share of profit of entities accounted for using equity method	781	1,672
Other	4,865	6,212
Total non-operating income	10,917	13,534
V. Non-operating expenses		
Interest expenses	4,644	5,666
Foreign exchange losses	8,275	9,243
Other	4,519	3,722
Total non-operating expenses	17,439	18,632
Ordinary income	102,073	125,231
VI. Extraordinary income		
Gain on sales of non-current assets	324	479
Gain on reversal of subscription rights to shares	4	1
Other	—	35
Total extraordinary income	328	516
VII. Extraordinary losses		
Loss on sales of non-current assets	220	1,325
Loss on disposal of non-current assets	1,019	1,144
Impairment loss	1,431	315
Loss on revision of retirement benefit plan	—	353
Other	—	8
Total extraordinary losses	2,671	3,148
Profit before income taxes	99,730	122,599
Income taxes - current	28,823	34,409
Income taxes for prior periods	—	36,793
Income taxes - deferred	(3,312)	(17,033)
Total income taxes	25,510	54,169
Profit	74,220	68,429
Profit attributable to non-controlling interests	11,066	8,406
Profit attributable to owners of parent	63,153	60,023

Notes: 1. Amounts less than one million yen have been omitted.

2. The presentation method was changed from the fiscal year ended December 31, 2016. The figures for the previous fiscal year were reclassified in accordance with the new presentation method.

(TRANSLATION ONLY)

**Consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2016 through December 31, 2016)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,782	74,698	390,559	(709)	550,331
Changes of items during period					
Issuance of new shares	14	14			29
Reversal of revaluation reserve for land			0		0
Dividends of surplus			(18,162)		(18,162)
Profit attributable to owners of parent			63,153		63,153
Increase in consolidated subsidiaries			(198)		(198)
Increase in affiliates accounted for by the equity method			(266)		(266)
Decrease in affiliates accounted for by the equity method			(724)		(724)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	14	14	43,802	(5)	43,826
Balance at end of current period	85,797	74,712	434,361	(714)	594,157
	Other accumulated comprehensive income				
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	23,948	11,490	(85,971)	(9,019)	(59,552)
Changes of items during period					
Issuance of new shares					
Reversal of revaluation reserve for land					
Dividends of surplus					
Profit attributable to owners of parent					
Increase in consolidated subsidiaries					
Increase in affiliates accounted for by the equity method					
Decrease in affiliates accounted for by the equity method					
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	4,997	279	(7,559)	1,844	(437)
Total changes of items during period	4,997	279	(7,559)	1,844	(437)
Balance at end of current period	28,945	11,769	(93,530)	(7,174)	(59,990)

(TRANSLATION ONLY)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of current period	11	40,910	531,700
Changes in items during the period			
Issuance of new shares			29
Reversal of revaluation reserve for land			0
Dividends of surplus			(18,162)
Profit attributable to owners of parent			63,153
Increase in consolidated subsidiaries			(198)
Increase in entities accounted for using equity method			(266)
Decrease in entities accounted for using equity method			(724)
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(0)
Purchase of treasury shares			(5)
Disposal of treasury shares			0
Net changes of items other than shareholders' equity	(11)	327	(121)
Total changes of items during period	(11)	327	43,704
Balance at end of current period	—	41,238	575,404

Note: Amounts less than one million yen have been omitted.

## Notes to Consolidated Financial Statements

### 1. Notes regarding Basic Items of Significance in Drawing up Consolidated Financial Statements

#### (1) Scope of Consolidation

1) Number of consolidated subsidiaries: 109

2) Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Motor Powered Products Co., Ltd., Yamaha Motor Corporation, U.S.A., Yamaha Motor Manufacturing Corporation of America, Yamaha Motor Europe N.V., PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Vietnam Co., Ltd., India Yamaha Motor Pvt. Ltd., Yamaha Motor Taiwan Co., Ltd., Thai Yamaha Motor Co., Ltd. and Yamaha Motor do Brasil Ltda.

3) Changes to the scope of consolidation:

Effective from the fiscal year ended December 31, 2016, two newly acquired companies, one newly established company, as well as four non-consolidated subsidiaries whose significance increased, have been included in the scope of consolidation. In addition, two companies were liquidated, two companies were absorbed into the other consolidated subsidiaries of the Company and were therefore excluded from the scope of consolidation.

4) Principal non-consolidated subsidiaries and the reason for excluding these companies from consolidation:

Yamaha Motor Racing S.r.l. and other non-consolidated subsidiaries were excluded from the scope of consolidation since their total assets, net sales, profit or loss, retained earnings, and other financial indexes were not significant in the aggregate to the Company's consolidated financial statements.

#### (2) Scope of Application of Equity Method

1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method, and names of principal companies among them:

Number of subsidiaries accounted for by the equity method: 3

Yamaha Motor Racing S.r.l. and 2 other subsidiaries

Number of affiliates accounted for by the equity method: 27

Hong Leong Yamaha Motor Sdn. Bhd. and 26 other affiliates

2) Changes to the scope of application of equity method:

Effective from the fiscal year ended December 31, 2016, three subsidiaries not accounted for by the equity method whose significance increased have been converted into subsidiaries accounted for by the equity method. One affiliate was excluded from the scope of application of equity method due to sales of shares.

3) Names of non-consolidated subsidiaries and affiliates not accounted for by the equity method, and the reason they are not accounted for by the equity method:

The profit or loss (amount corresponding to the Company's equity interest), retained earnings (amount corresponding to the Company's equity interest), and other financial indexes of Yamaha Motor do Brasil Logistica Ltda. a non-consolidated subsidiary, and Zhangzidao Yamaha (Dalian) FRP Boat Co., Ltd., an affiliate, were not significant in the aggregate to the Company's consolidated financial statements. Therefore, the Company's investments in these companies were stated at cost, instead of being accounted for by the equity method.

**(3) Accounting Standards**

1) Policies and methods of valuation for significant assets

(a) Securities

Other securities

Marketable securities classified as other securities are carried at fair value, based on market prices as of the balance sheet date.

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)

Non-marketable securities classified as other securities are carried at cost, determined by the moving-average method.

(b) Derivatives

Derivatives are carried at fair value.

(c) Inventories

Inventories are stated at cost, determined primarily by the average method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability.)

2) Depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is computed by the straight-line method.

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method.

(c) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

3) Accounting criteria for significant accruals

(a) Allowance for doubtful accounts

In order to evaluate accounts receivable - trade, sales finance receivables and loans receivable and other equivalents, an allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties.

(b) Provision for bonuses

Provision for bonuses is stated at an estimated amount of the bonuses to be paid to employees, and to personnel working concurrently as Directors, based on their services for the current fiscal period.

(c) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.



## 4) Accounting methods for retirement benefits

## (a) Method of attributing estimated retirement benefits to periods of service

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2016, using the benefit formula basis.

## (b) Accounting methods for actuarial gains or losses and prior service costs

Prior service costs are amortized by the straight-line method over a period (primarily 10 years) that is not longer than the average remaining years of service of the employees at the time those costs were incurred.

Actuarial gains or losses are amortized by the straight-line method over a period (primarily 10 years) that is not longer than the average remaining years of service of the employees at the time the gains or losses occurred in each fiscal year, starting from the fiscal year following the respective years of accrual.

## 5) Other items of significance in drawing up consolidated financial statements

## (a) Accounting treatment of consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of consumption taxes.

## (b) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

## (c) Amortization of goodwill

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries ("goodwill") is amortized by the straight-line method over years estimated, based on substantive judgment as incurred.

## 2. Notes to Changes in Accounting Policies

Effective from the fiscal year ended December 31, 2016, the Company has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Consolidated Accounting Standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Business Divestiture Accounting Standard"), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the fiscal year ended December 31, 2016, the accounting method was changed to the one whereby the finalization of the provisional accounting treatment with regards to purchase price allocation is reflected in the consolidated financial statements for the period to which the date of business combination belongs. In addition, the presentation method for "Net income" and other related items was changed, and the presentation of "Minority interests" was changed to "Non-controlling interests." To reflect these changes, the Company has reclassified its full-year consolidated financial statements for the previous fiscal year.

Business Combinations Accounting Standard, etc. was adopted by applying the transitional measures stipulated under paragraph 58-2 (4) of the Business Combinations Accounting Standard, paragraph 44-5 (4) of the Consolidated Accounting Standard, and paragraph 57-4 (4) of the Business Divestiture Accounting Standard. The Company is applying the said standard, etc. prospectively from the beginning of the fiscal year ended December 31, 2016 onward.

As a result, the impact on the consolidated financial statements for the fiscal year ended December 31, 2016 was minimal.

### 3. Notes to Changes in Presentation Method

From the fiscal year ended December 31, 2016, changes in presentation method for the consolidated balance sheets and consolidated statements of income have been made in order to present the results of the Company's sales activities more appropriately in light of the increasing importance of the finance business within the Group, such as the start of full-scale initiatives in the finance business in the U.S. and Canada with the establishment of local finance subsidiaries, and the Company's policy of expanding the finance business to support existing businesses.

#### (Consolidated Balance Sheets)

Sales finance-related receivables were recorded in each related accounts in the consolidated balance sheets for the fiscal year ended December 31, 2015. These receivables include "Notes and accounts receivable – trade" and "Other" under Current assets, and "Long-term loans receivable" and "Other" under Investments and other assets. They have been reclassified to "Short-term sales finance receivables" under Current assets and "Long-term sales finance receivables" under Non-current assets for the fiscal year ended December 31, 2016.

#### (Consolidated Statements of Income)

Sales finance-related income and expenses were recorded in each related accounts in the consolidated statements of income for the fiscal year ended December 31, 2015. These income and expenses include "Selling, general and administrative expenses," and "Interest income," "Profit on revaluation of sales finance assets," "Sales finance-related income" and "Other" under Non-operating income, and "Interest expenses" and "Other" under Non-operating expenses. They have been reclassified to "Net sales," "Cost of sales" and "Selling, general and administrative expenses" for the fiscal year ended December 31, 2016.

Furthermore, some sales finance-related transactions have been changed from net amount presentation to gross amount presentation; however, the impact is minimal.

### 4. Notes to Consolidated Balance Sheets

	Millions of yen
<b>(1) Accumulated Depreciation of Property, Plant and Equipment</b>	615,535

#### (2) Pledged Assets

Pledged assets are as follows:	Millions of yen
Cash and deposits	4
Short-term sales finance receivables	58,596
Buildings and structures, net	104
Land	44
Investment securities	71
Long-term sales finance receivables	15,062
<u>Investments and other assets - Other</u>	<u>510</u>
Total	74,394

#### Secured liabilities are as follows:

Current portion of long-term loans payable	4,743
Long-term loans payable	45,138
<u>Non-current liabilities - Other</u>	<u>265</u>
Total	50,146

<b>(3) Discounts on Notes Receivable - Trade</b>	31 million yen
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## 2) Dividends whose record date falls in FY2016 and whose effective date falls in FY2017

Resolution	Type of share	Total amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 23, 2017	Common stock	10,478	Retained earnings	30.00	Dec. 31, 2016	Mar. 24, 2017

**(3) Subscription Rights to Shares**

No related items.

**6. Notes to Financial Instruments****(1) Status of Financial Instruments Held by the Group**

## 1) Policies on financial instruments

The Group restricts its asset management to short-term deposits, etc. in principle and raises funds mainly through bank borrowings. Derivative transactions are used to mitigate the risks described below and the Group has no intention to engage in speculative trading.

## 2) Details of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, as well as short-term and long-term sales finance receivables are exposed to credit risk of customers. Foreign currency-denominated operating receivables resulting from the Group conducting business globally are exposed to risk of foreign currency exchange fluctuations, which is mitigated in principle by securing foreign exchange forward contracts on the net position of foreign currency-denominated operating receivables and payables.

Investment securities, mainly stocks of companies with which the Group has business relationships, are exposed to risk of market price fluctuations.

Notes and accounts payable - trade and electronically recorded obligations - operating, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, in principle, they are below the balance of accounts receivable denominated in the same foreign currency.

Short-term loans payable and long-term loans payable are intended for working capital, and some of them with variable interest rates may be exposed to risk of interest rate fluctuations.

Derivative transactions used by the Company are mainly foreign exchange forward contracts to mitigate risk of foreign currency exchange fluctuations in connection with foreign currency-denominated operating receivables and payables, and interest rate swap transactions to mitigate risk of fluctuations in interest paid on the Company's borrowings.

## 3) Risk management system for financial instruments

## (a) Management of credit risk (risks associated with the defaults of customers)

The Company and its consolidated subsidiaries have their administrative sections in individual business divisions periodically monitor main business partners with regard to operating receivables and keep track of the due date and the balance for each business partner, while trying to identify doubtful receivables due to worsened financial conditions of the business partners at an early stage and seek to reduce their consequences.

In engaging in derivative transactions, the Company enters into transaction only with financial institutions with a high credit rating in order to mitigate counterparty risk.

## (b) Management of market risk (foreign currency exchange and interest rate fluctuation risks)

The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables, which are certain to be generated as a result of scheduled export transactions. Additionally, interest rate

swap transactions may be used to reduce risk of fluctuations in interest paid on borrowings.

The Company periodically monitors the market prices of investment securities and the financial conditions of the issuers (business partners) and reviews its holding of investment securities on an ongoing basis, taking relationships with the business partners into account.

The Company's finance & accounting division carries out derivative transactions based on the internal rules prescribing transaction authority, the upper limit and others, keeps records and cross-checks the balance with financial institutions. Transactions of foreign exchange forward contracts, etc. are reported to Executive Officers in the position of Senior Executive Officer or higher, Standing Audit & Supervisory Board Members, and heads of the finance & accounting division and the division responsible for managing positions at least once a month. The Company also monitors consolidated subsidiaries in accordance with the internal rules.

- (c) Management of liquidity risk related to financing (risks in which the Company being unable to repay within the due date)

The Company and each of its consolidated subsidiaries control liquidity risk by formulating and revising a cash position plan as needed, while maintaining liquidity on hand at an appropriate level.

#### 4) Supplementary explanation concerning fair values, etc. of financial instruments

Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions.

## (2) Fair Values of Financial Instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2016 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Cash and deposits	135,525	135,525	—
(2) Notes and accounts receivable - trade Allowance for doubtful accounts (*1)	145,698 (5,472)		
	140,225	140,208	(17)
(3) Short-term sales finance receivables Allowance for doubtful accounts (*1)	157,581 (4,933)		
	152,648	152,648	—
(4) Investment securities	58,184	58,184	—
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	1,075 (605)		
	470	516	45
(6) Long-term sales finance receivables Allowance for doubtful accounts (*1)	57,034 (1,284)		
	55,749	62,397	6,648
<b>Total assets</b>	<b>542,802</b>	<b>549,479</b>	<b>6,676</b>
(7) Notes and accounts payable - trade	113,036	113,036	—
(8) Electronically recorded obligations - operating	30,753	30,753	—
(9) Short-term loans payable	128,517	128,517	—
(10) Current portion of long-term loans payable	53,904	53,904	—
(11) Long-term loans payable	181,960	182,946	985
<b>Total liabilities</b>	<b>508,171</b>	<b>509,156</b>	<b>985</b>
<b>Derivative transactions (*2)</b>	<b>(230)</b>	<b>(230)</b>	<b>—</b>

(\*1) Allowance for doubtful accounts is deducted from notes and accounts receivable - trade, short-term sales finance receivables, long-term loans receivable and long-term sales finance receivables.

(\*2) Receivables and payables, which were derived from derivative transactions, are presented in net amounts. The figures in parentheses indicate net payables.

Notes: 1. Calculation method of fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

(1) Cash and deposits

These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(2) Notes and accounts receivable - trade

The fair values of these assets are measured at the present values of their future cash flows from which an allowance for doubtful accounts equivalent to credit risk are deducted. In order to compute the present values of the future cash flows of these assets, the assets are categorized by specified time period, and future cash flows in each category are discounted at a rate in accordance with appropriate indices such as government bond yields.

(3) Short-term sales finance receivables

Short-term sales finance receivables are calculated based on book values from which an allowance for doubtful accounts equivalent to credit risk is deducted, as fair values are almost equal to the book values because of their short collection period.

(4) Investment securities

Investment securities are determined using the quoted price at the stock exchange.

(5) Long-term loans receivable, (6) Long-term sales finance receivables

For long-term loans receivable and long-term sales finance receivables with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.

For long-term loans receivable and long-term sales finance receivables with fixed rates, the fair values are measured at their present values from which an allowance for doubtful accounts equivalent to credit risk are deducted. The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(7) Notes and accounts payable - trade, (8) Electronically recorded obligations - operating, (9) Short-term loans payable, (10) Current portion of long-term loans payable

These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(11) Long-term loans payable

For long-term loans payable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.

For long-term loans payable with fixed rates, the fair values are determined by computing the present values, discounted for each repayment period at a projected interest rate if a similar borrowing is taken out.

Derivative transactions:

Their fair values are calculated based on the quoted price obtained from the financial institutions.

2. Financial instruments whose fair values are not readily determinable

Millions of yen	
Category	Carrying amount
Unlisted equity securities	29,700

The foregoing items are not included in "(4) Investment securities," because there is no market price, and it is deemed difficult to measure the fair values.

## 7. Notes to Per Share Information

<b>(1) Net Assets per Share</b>	1,529.53 yen
<b>(2) Net Income per Share</b>	180.84 yen

**Non-consolidated Financial Statements****Non-consolidated Balance Sheets**

Millions of yen

	As of December 31, 2016	(Reference) As of December 31, 2015
<b>ASSETS</b>		
<b>I. Current assets:</b>		
Cash and deposits	21,837	11,107
Notes receivable - trade	3,725	4,185
Accounts receivable - trade	101,120	103,665
Merchandise and finished goods	33,661	33,543
Work in process	20,431	20,730
Raw materials and supplies	16,290	15,299
Prepaid expenses	1,984	2,734
Deferred tax assets	10,293	10,337
Other	19,969	29,405
Allowance for doubtful accounts	(1,131)	(6,023)
Total current assets	228,182	224,986
<b>II. Non-current assets:</b>		
<b>1. Property, plant and equipment:</b>		
Buildings, net	34,930	35,682
Structures, net	5,680	5,016
Machinery and equipment, net	19,652	18,114
Vessels, net	205	155
Vehicles, net	793	790
Tools, furniture and fixtures, net	10,140	8,631
Land	50,665	49,517
Construction in progress	16,134	7,803
Total property, plant and equipment	138,203	125,711
<b>2. Intangible assets:</b>		
Leasehold right	509	509
Other	175	173
Total intangible assets	684	683
<b>3. Investments and other assets:</b>		
Investment securities	60,054	54,946
Stocks of subsidiaries and affiliates	140,186	140,611
Investment in capital	3	3
Investment in capital of subsidiaries and affiliates	14,991	6,899
Long-term loans receivable	15,629	9,433
Other	678	724
Allowance for doubtful accounts	(3,436)	(1,288)
Total investments and other assets	228,107	211,330
Total non-current assets	366,995	337,724
Total assets	595,177	562,711

Note: Amounts less than one million yen have been omitted.

## (TRANSLATION ONLY)

Millions of yen

	As of December 31, 2016	(Reference) As of December 31, 2015
<b>LIABILITIES</b>		
<b>I. Current liabilities:</b>		
Notes payable - trade	4,136	3,429
Electronically recorded obligations - operating	27,522	29,020
Accounts payable - trade	35,816	35,332
Short-term loans payable	7,195	39,967
Current portion of long-term loans payable	20,000	10,000
Lease obligations	45	67
Accounts payable - other	25,707	20,172
Accrued expenses	4,695	4,648
Income taxes payable	624	—
Advances received	2,455	3,171
Deposits received	3,069	2,888
Provision for bonuses	5,455	5,235
Provision for product warranties	13,843	11,632
Other	1,738	768
Total current liabilities	152,306	166,334
<b>II. Non-current liabilities:</b>		
Long-term loans payable	81,649	65,000
Lease obligations	816	862
Deferred tax liabilities	7,186	5,551
Deferred tax liabilities for land revaluation	5,241	5,521
Provision for retirement benefits	22,663	24,276
Provision for product liabilities	694	384
Allowance for investment loss	636	—
Other	1,312	1,347
Total non-current liabilities	120,201	102,943
Total liabilities	272,507	269,278
<b>NET ASSETS</b>		
<b>I. Shareholders' equity:</b>		
1. Capital stock	85,797	85,782
2. Capital surplus		
(1) Legal capital surplus	74,072	74,057
(2) Other capital surplus	640	640
Total capital surplus	74,713	74,698
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	352	348
Retained earnings brought forward	121,781	97,848
Total retained earnings	122,134	98,196
4. Treasury shares	(663)	(660)
Total shareholders' equity	281,981	258,017
<b>II. Valuation and translation adjustments:</b>		
1. Valuation difference on available-for-sale securities	28,918	23,913
2. Revaluation reserve for land	11,769	11,490
Total valuation and translation adjustments	40,688	35,404
<b>III. Subscription rights to shares</b>		
	—	11
Total net assets	322,670	293,432
Total liabilities and net assets	595,177	562,711

Note: Amounts less than one million yen have been omitted.



**Non-consolidated Statements of Income**

Millions of yen

	Current Fiscal Year (January 1, 2016– December 31, 2016)	(Reference) Previous Fiscal Year (January 1, 2015– December 31, 2015)
I. Net sales	615,101	658,971
II. Cost of sales	509,950	543,125
Gross profit	105,151	115,846
III. Selling, general and administrative expenses	79,745	80,702
Operating income	25,405	35,143
IV. Non-operating income		
Interest income	542	457
Dividend income	28,790	29,753
Other	2,814	1,218
Total non-operating income	32,147	31,429
V. Non-operating expenses		
Interest expenses	425	558
Contribution	219	211
Foreign exchange losses	4,866	704
Loss on valuation of investment securities	1,665	—
Loss on revaluation of investment in subsidiaries' and affiliates' stock	513	1,175
Loss on revaluation of investment in capital of subsidiaries and affiliates	—	14,572
Other	858	630
Total non-operating expenses	8,548	17,853
Ordinary income	49,004	48,720
VI. Extraordinary income		
Gain on sales of non-current assets	73	31
Gain on reversal of subscription rights to shares	4	1
Total extraordinary income	77	32
VII. Extraordinary losses		
Loss on sales of non-current assets	18	77
Loss on disposal of non-current assets	367	550
Impairment loss	1,224	315
Transfer pricing taxation adjustment	—	35,093
Loss on revision of retirement benefit plan	—	353
Total extraordinary losses	1,609	36,391
Profit before income taxes	47,472	12,361
Income taxes - current	5,145	4,810
Income taxes - deferred	226	(14,409)
Total income taxes	5,372	(9,599)
Profit	42,100	21,960

Note: Amounts less than one million yen have been omitted.

**Non-consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2016 through December 31, 2016)

Millions of yen

	Shareholders' equity				Retained earnings
	Capital stock	Capital surplus			Other retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for reduction entry
Balance at beginning of current period	85,782	74,057	640	74,698	348
Changes of items during period					
Issuance of new shares	14	14		14	
Provision of reserve for reduction entry					7
Reversal of reserve for reduction entry					(3)
Reversal of revaluation reserve for land					
Dividends of surplus					
Profit					
Purchase of treasury shares					
Disposal of treasury shares			0	0	
Net changes of items other than shareholders' equity					
Total changes of items during period	14	14	0	14	4
Balance at end of current period	85,797	74,072	640	74,713	352

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	97,848	98,196	(660)	258,017
Changes of items during period				
Issuance of new shares				29
Provision of reserve for reduction entry	(7)	0		0
Reversal of reserve for reduction entry	3	0		0
Reversal of revaluation reserve for land	0	0		0
Dividends of surplus	(18,162)	(18,162)		(18,162)
Profit	42,100	42,100		42,100
Purchase of treasury shares			(3)	(3)
Disposal of treasury shares			0	0
Net changes of items other than shareholders' equity				
Total changes of items during period	23,933	23,938	(3)	23,964
Balance at end of current period	121,781	122,134	(663)	281,981

## (TRANSLATION ONLY)

Millions of yen

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	23,913	11,490	35,404	11	293,432
Changes of items during period					
Issuance of new shares					29
Provision of reserve for reduction entry					0
Reversal of reserve for reduction entry					0
Reversal of revaluation reserve for land					0
Dividends of surplus					(18,162)
Profit					42,100
Purchase of treasury shares					(3)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	5,005	279	5,284	(11)	5,273
Total changes of items during period	5,005	279	5,284	(11)	29,237
Balance at end of current period	28,918	11,769	40,688	—	322,670

Note: Amounts less than one million yen have been omitted.

## **Notes to Non-consolidated Financial Statements**

### **1. Notes regarding Significant Accounting Policies**

#### **(1) Asset Valuation**

##### 1) Securities

Stocks of subsidiaries and affiliates are carried at cost, determined by the moving-average method.

##### Other securities

Marketable securities classified as other securities are carried at fair value, based on market prices as of the balance sheet date.

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)

Non-marketable securities classified as other securities are carried at cost, determined by the moving-average method.

##### 2) Derivatives

Derivatives are carried at fair value.

##### 3) Inventories

Finished goods and work-in-process are stated at cost, determined by the average method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability)

Merchandise, raw materials and supplies are stated at cost based on the last-purchase-price method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability)

#### **(2) Depreciation and Amortization of Assets**

##### 1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is computed by the straight-line method.

##### 2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method.

##### 3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

#### **(3) Significant Accruals**

##### 1) Allowance for doubtful accounts

In order to evaluate accounts receivable - trade, and loans and other equivalents, an allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties.

##### 2) Provision for bonuses

Provision for bonuses is stated at an estimated amount of the bonuses to be paid to employees, and to personnel working concurrently as Directors, based on their services for the current fiscal period.

##### 3) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

4) Provision for retirement benefits

Provision for retirement benefits is provided mainly at an amount, deemed generated on December 31, 2016, calculated based on the retirement benefit obligations and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gains or losses and unrecognized prior service costs.

(a) Method of attributing estimated retirement benefits to periods of service

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2016, using the benefit formula basis.

(b) Accounting methods for actuarial gains or losses and prior service costs

Prior service costs are amortized as incurred by the straight-line method over a period, 10 years, which is shorter than the average remaining years of service of the employees.

Actuarial gains or losses are amortized in the respective years following the year in which the gains or losses are recognized, with the amount proportionally divided by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees at the time the gains or losses occurred in each fiscal year.

5) Provision for product liabilities

Provision for product liabilities is provided, at an estimated amount of payments based on the actual results in past years, for liabilities that are not covered by product liability insurance.

**(4) Other Basic Items of Significance in Drawing up Non-consolidated Financial Statements**

1) Consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of consumption taxes.

2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

3) Accounting methods for retirement benefits

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits employed in the non-consolidated financial statements are different from those in the consolidated financial statements.

**2. Notes to Changes in Accounting Policies**

Effective from the fiscal year ended December 31, 2016, the Company has applied the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; hereinafter the “Business Combinations Accounting Standard”) and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestiture Accounting Standard”), etc. Accordingly, the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore for business combinations carried out on or after the beginning of the fiscal year ended December 31, 2016, the accounting method was changed to the one whereby the finalization of the provisional accounting treatment with regards to purchase price allocation is reflected in the consolidated financial statements for the period to which the date of business combination belongs.

Business Combinations Accounting Standard, etc. was adopted by applying the transitional measures stipulated under paragraph 58-2 (4) of the Business Combinations Accounting Standard and paragraph 57-4 (4) of the Business Divestiture Accounting Standard. The Company is applying the said standard, etc. prospectively from the beginning of the fiscal year ended December 31, 2016 onward.

As a result, the impact on the non-consolidated financial statements for the fiscal year ended December 31, 2016 was minimal.



**4. Notes to Non-consolidated Statements of Income****Transactions with subsidiaries and affiliates**

	Millions of yen
Net Sales	448,896
Purchases	180,612
Non-operating income	28,747
Non-operating expenses	113

**5. Notes to Non-consolidated Statements of Changes in Equity**

Number of shares in treasury shares at December 31, 2016

	Shares
Common stock	634,836

**6. Notes to Deferred Tax Accounting**

Principal deferred tax assets and liabilities

	Millions of yen
<b>Deferred tax assets:</b>	
Loss carried forward for tax purposes	37,373
Loss on valuation of securities	28,397
Excess of depreciation	11,987
Provision for retirement benefits	6,810
Provision for product warranties	4,176
Allowance for doubtful accounts	1,372
Other	5,945
Gross deferred tax assets	96,063
Valuation allowance	(81,642)
Total deferred tax assets	14,420
<b>Deferred tax liabilities:</b>	
Valuation difference on available-for-sale securities	(11,035)
Reserve for reduction entry	(274)
Other	(2)
Total deferred tax liabilities	(11,312)
Net deferred tax assets	3,107

**7. Notes to Transactions with Related Parties**

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with related parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal year
Subsidiary	Yamaha Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	42,288	Accounts receivable - trade	7,115
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	105,607	Accounts receivable - trade	22,388
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	45,654	Accounts receivable - trade	9,108
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	79,872	Accounts receivable - trade	6,881
Subsidiary	Yamaha Motor Argentina S.A. (Argentina)	Indirect ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	7,304	Accounts receivable - trade	6,233
Subsidiary	Yamaha Motor do Brasil Ltda. (Brazil)	Direct ownership 100.0%	Sale of products of the Company	Lending of funds (Note 2)	-	Long-term loans receivable	7,710
				Underwriting of the capital increase (Note 3)	8,091	-	-
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 84.9% Indirect ownership 0.1%	Manufacture and sale of products of the Company	Debt guarantee (Note 4)	11,849	-	-
Affiliate	PT. Bussan Auto Finance (Indonesia)	Direct ownership 17.7% Indirect ownership 2.3%	Sale of motorcycles of the Company Provision of finance	Debt guarantee (Note 4)	8,376	-	-

- Notes: 1. Trade conditions such as prices are determined by taking actual market prices into account and are based on general terms of transactions.  
2. Interest rates for the lending of funds are reasonably determined by taking market interest rates into account.  
3. The capital increase is underwritten by the subsidiary.  
4. Debt guarantee is related to loans from financial institutions of the subsidiary and affiliate.

**8. Notes to Per Share Information**

(1) Net Assets per Share 923.82 yen

(2) Net Income per Share 120.54 yen



## Independent Auditor's Report

February 6, 2017

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Takahiro Takiguchi  
Certified Public Accountant  
Designated and Engagement Partner

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Masanori Enomoto  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Yamaha Motor Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2016 through December 31, 2016.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yamaha Motor Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2016 in conformity with accounting principles generally accepted in Japan.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## Independent Auditor's Report

February 6, 2017

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Takahiro Takiguchi  
Certified Public Accountant  
Designated and Engagement Partner

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Masanori Enomoto  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 82nd fiscal year from January 1, 2016 through December 31, 2016.

### *Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit 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 financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Yamaha Motor Co., Ltd. applicable to the 82nd fiscal year ended December 31, 2016 in conformity with accounting principles generally accepted in Japan.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Copy of Audit Report of the Audit & Supervisory Board**

### **Audit Report**

February 9, 2017

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 82nd business year, from January 1, 2016 through December 31, 2016, based on audit reports from each Audit & Supervisory Board Member, prepared this Audit Report of the Audit & Supervisory Board. Our audit opinion is as follows.

#### **1. Methods and Contents of the Audit Implemented by Audit & Supervisory Board Members and the Audit & Supervisory Board**

- (1) The Audit & Supervisory Board established its audit policy, assigned responsibilities to each Audit & Supervisory Board Member in carrying out the policy, and received reports from each Audit & Supervisory Board Member on audit implementation and results. In addition, the Audit & Supervisory Board, when necessary, requested reports and received explanations from Directors, other executives and accounting auditors concerning the execution of their duties.
- (2) Each Audit & Supervisory Board Member, in accordance with the Audit & Supervisory Board Members standard of audit, established by the Audit & Supervisory Board, as well as other relevant audit policy, executed assigned responsibilities, communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment, and also performed audit using the following methods.
  - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary, perused important documents, including those subject to executive approval, and examined the conditions of assets and business at the head office and other major business office. With regard to the Company's subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other employees of the subsidiaries, and received reports from them when necessary.
  - 2) Concerning the resolution adopted by the Board of Directors about designing the system which assures that the execution of Directors' duties comply with laws and regulations and the Articles of Incorporation and designing the other system for assuring the proper business operations of a corporate group comprising the company and its subsidiaries, as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Act of Japan, and the internal control system, designed in accordance with the Board of Directors' resolution, each Audit & Supervisory Board Member periodically received reports of the status of establishing and operating these systems from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary.
  - 3) The contents of the basic policy set forth in Item 3(a) of Article 118 of the Ordinance for Enforcement of the Corporation Act of Japan stated in the business reports and each approach set forth in (b) of the same item are reviewed based on the status of deliberations of the Board of Directors and other management entities.
  - 4) Each Audit & Supervisory Board Member has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Audit & Supervisory Board Member received a notice from the accounting auditor that "the system for securing appropriate execution of duties" (in each items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them. Based on the methods described above, the Audit & Supervisory Board reviewed whether the accounting auditor executed their

duties appropriately.

Based on the methods described above, the Audit & Supervisory Board reviewed the business report and its supplementary schedules, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their supplementary schedules, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the business year.

## 2. Results of Audit

### (1) Results of the audit of the business report and other documents

- 1) The business report and its supplementary schedules present fairly the condition of the Company in accordance with applicable laws and regulations, as well as the Articles of Incorporation.
- 2) With regard to the execution of Directors' duties, we have found no misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation.
- 3) We find the content of the Board of Directors' resolution on the internal control system sufficient. Also, with regard to the internal control system itself, nothing unusual is to be pointed out.
- 4) There are no matters requiring additional mention with respect to basic policy on the conduct of persons controlling decisions on the financial and business policies of companies stated in the business reports. We admit that each approach set forth in Item 3(b) of Article 118 of the Ordinance for Enforcement of the Corporation Act of Japan that are stated in the business reports conforms with such basic policy, is in no way obstructive of any common interests of shareholders, and is not adopted with the intention to maintain the positions of Directors and Audit & Supervisory Board Members.

### (2) Results of the audit of non-consolidated financial statements and their supplementary schedules

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's independent auditor, are recognized as fair and proper.

### (3) Results of the audit of consolidated financial statements

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's independent auditor, are recognized as fair and proper.

**The Audit & Supervisory Board  
Yamaha Motor Co., Ltd.**

Hiroshi Ito  
Standing Audit & Supervisory Board Member

Kenji Hironaga  
Standing Audit & Supervisory Board Member

Isao Endo  
Audit & Supervisory Board Member (Outside)

Tomomi Yatsu  
Audit & Supervisory Board Member (Outside)

## Procedures for Exercising Voting Rights by Electromagnetic Means

### 1. To Shareholders who exercise the voting rights via the Internet

Please exercise your voting right by 5:30 p.m., Wednesday, March 22, 2017 (JST).

Voting rights via the Internet may only be exercised by using the site (<http://www.web54.net>) designated by the Company for the purpose via computers and smartphones.

Please be advised that voting rights cannot be exercised by accessing the web site from cellular phones.

For inquiries regarding the exercise of voting rights via the Internet, please contact:	Sumitomo Mitsui Trust Bank, Limited, Transfer Agency Web Support Desk Phone: 0120-652-031 (toll-free within Japan) Hours: 9:00 - 21:00 (JST)
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(Notes)

- The exercise of voting rights via the Internet requires the assigned password and voting right code indicated on the right-hand side of the Exercise of Voting Rights Form. The password you have received is effective only for this Ordinary General Meeting of Shareholders. A new password will be assigned for the next Ordinary General Meeting of Shareholders.
- If we recognize that you exercise your voting right via the Internet more than once on the same proposal, the last vote (from those exercised no later than the above voting deadline) shall be deemed valid, as stipulated in Paragraph 1 of Article 15 of the “Share Handling Regulations.”
- If we recognize that you exercise your voting right both in writing and via the Internet on the same proposal, the vote that reached to us the latest (in those reached no later than the above voting deadline) shall be deemed valid, as stipulated in Paragraph 2 of Article 15 of the “Share Handling Regulations.” If both votes arrive on the same day, vote via the Internet will be deemed valid.
- Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

### 2. Use of the “Electromagnetic Proxy Platform” for the Institutional Investors

If registered shareholders (including standing proxies) such as trust and banking companies apply in advance for the use of the electromagnetic proxy platform, they may use the platform as an electromagnetic method for the exercise of voting rights at the General Meeting of Shareholders.