Corporate Governance

Basic Corporate Governance Policies

Yamaha Motor Co., Ltd. (the "Company") recognizes that corporate governance is an important tool to ensure disciplined management and maximize long-term corporate value. Based on this realization, the Company has been striving to speed up management decision-making; make the accountability system clearer; develop a transparent system of Director selection and remuneration; and establish an internal control system. Because it is one of its most important management issues, the Company also plans to implement other measures to strengthen and solidify corporate governance. At the same time, the Company is enhancing Investor Relations services, in order to build on the relationship of trust with its shareholders and investors.

Summary of Corporate Governance and Reasons for Adopting the System

1) Reasons for adopting current system

The Company maintains a corporate auditor system, and most of the Company's Directors are full-time Directors with considerable knowledge of business matters. The Company draws on the supervisory function of outside executives through the appointment of two (2) Outside Auditors and three (3) Outside Directors. The Company also emphasizes efforts to strengthen corporate governance, underpinned by an Executive Officer system, the Executive Personnel Committee and an internal auditing system.

2) Summary of current system

Directors and the Board of Directors and Executive Officers

The Company introduced an Executive Officer system to expedite business execution. It then strengthened management supervision by clarifying the respective roles of Executive Officers and the Board of Directors. Executive Officers are responsible for "business execution" itself, while the Board of Directors is charged with "approving the basic policies of the Yamaha Motor group and supervising the group's business execution."

The Company's Articles of Incorporation stipulate that the number of Directors shall not be more than fifteen (15). As of March 24, 2011, there were eleven (11) Directors, three (3) of whom are Outside Directors. The Board of Directors will in principle meet once every month, and whenever else it may be necessary.

The Articles also stipulate that resolutions for the election of Directors shall be adopted by a majority of the voting rights held by the shareholders present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights and not using cumulative votes.

As of March 24, 2011, there were twenty-four (24) Executive Officers, and eight (8) Directors concurrently serving as Executive Officers. A Management Committee comprising Executive Officers with specific posts has been formed to deliberate matters of business execution, speeding up the Company's decision-making process.

Directors and Executive Officers will serve a one-year term, a period limited to assure accountability.

Executive Personnel Committee

In August 2001, the Company established the Executive Personnel Committee as an advisory body of the Board of Directors, in order to improve transparency in nominating candidates for Director and Executive Officer, and to determine the remuneration for these officers. The Committee comprises several full-time Directors and several Outside Directors of the Company, in addition to the President and Chief Executive Officer. It deliberates on candidates for Director and Executive Officer, the remuneration and bonus system, and the overall direction of governance.

Corporate Auditors and the Board of Corporate Auditors

As of March 24, 2011, the number of Corporate Auditors stood at four (4), of whom two (2) are Outside Corporate Auditors. Corporate Auditors attend Board of Directors, Management Committee and other important meetings, in addition to executing audits, receiving business execution reports from Directors, perusing important documents in the decision-making process, and conducting audits at the Company's subsidiaries.

In support of these audit services performed by Corporate Auditors, the Company has established the Corporate Auditors' Office, with staff exclusively dedicated to assisting auditors.

Internal auditing

The Integrated Auditing Division established an Internal Control Auditing Division (consisting of twenty-nine (29) staff members as of March 24, 2011) under the direct control of the President and Chief Executive Officer. The Division audits, based on annual audit plans, the appropriateness, reasonableness, and efficiency of business execution at the Company and each group company, and submits evaluations and makes proposals.

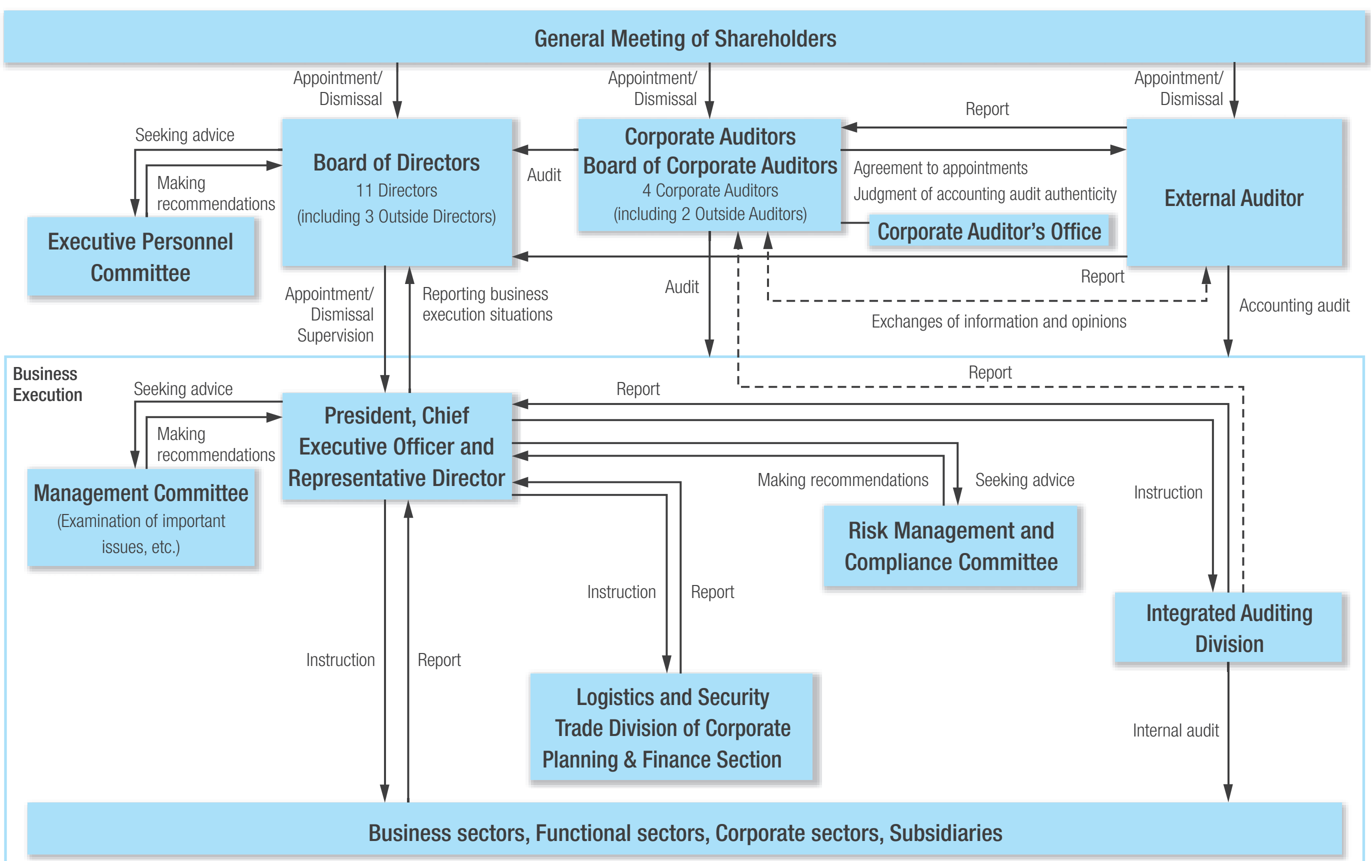
Communication among Outside Directors, Corporate Auditors (including Outside Corporate Auditors), Accounting Auditor, Internal Auditing Division and internal control division

Outside Directors assess the current status of the group and identify issues of interest through regular receipt of internal audit reports from the Integrated Auditing Division. Opinions are voiced at Board of Directors' meetings when necessary.

In their association with the Accounting Auditor, Corporate Auditors, including Outside Corporate Auditors, receive an auditor's report, in accordance with prevailing laws, and review the fairness of the report. Both sides pursue communication through the exchange of information and opinions whenever necessary. In their association with the Internal Auditing Division, Corporate Auditors, including Outside Corporate Auditors, seek to improve the effectiveness and efficiency of auditors' audits through access to internal audit plans and reports on the results of audits.

The internal control division offers reports, when necessary, to the Internal Auditing Division, Corporate Auditors and the Accounting Auditor on the status of internal control measures, specifically their establishment and application.

Yamaha Motor's Corporate Governance System and Internal Control System (As of March 24, 2011)



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Outside Directors and Outside Corporate Auditors

1) Function and role of Outside Directors and Outside Corporate Auditors in achieving proper corporate governance

The Company has three (3) Outside Directors and two (2) Outside Corporate Auditors. These executives offer advice and supervision from an independent and objective perspective regarding management policies and strategies and decisions on executive personnel and their remuneration.

2) Appointment of Outside Directors and Outside Corporate Auditors

Positions	Names	Reasons for Appointment
Outside Directors	Yuko Kawamoto	With wide-ranging experience as a management consultant and considerable expertise in finance-oriented research activities, Ms. Kawamoto brings high-level know-how valuable to the Company in its management efforts. Ms. Kawamoto has no special interests in the Company and will, in her capacity as an Outside Director, provide advice and supervision from an independent perspective. The Company registered Ms. Kawamoto as an Independent Director since she does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Masamitsu Sakurai	Having acquired ample experience and broad-based insights through the management of global corporations, Mr. Sakurai will utilize this background to provide advice and supervision from an independent perspective. He has no special interests in the Company. The Company registered Mr. Sakurai as an Independent Director since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Mitsuru Umemura	As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Mr. Umemura brings the viewpoint of a company executive to the Company and provides valuable advice and supervision that ensures effective corporate management functions underpinning efforts to maximize corporate value for shareholders.
Outside Corporate Auditors	Norihiko Shimizu	Formerly a management consultant and currently a scholar, Mr. Shimizu has acquired in-depth experience and expertise in management strategy and corporate governance, which will reinforce the Company's auditing capabilities. He has no special interests in the Company and provides advice and supervision from an independent perspective. The Company registered Mr. Sakurai as an Independent Corporate Auditor since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Tetsuo Kawawa	As a lawyer, Mr. Kawawa has ample specialized knowledge in corporate law that can be applied to the Company's auditing activities. He has no special interests in the Company and provides advice and supervision from an independent perspective. The Company registered Mr. Kawawa as an Independent Corporate Auditor since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.

3) Vested Interests of the Outside Directors and Outside Corporate Auditors at Yamaha Motor Co., Ltd.

Outside Director Mitsuru Umemura is President and Representative Director of Yamaha Corporation, which holds 12.1% of the Company's shares, as of December 31, 2010. The Company has a trade relationship with this company, buying and selling such items as products and merchandise.

Outside Directors Yuko Kawamoto and Masamitsu Sakurai and Outside Corporate Auditors Norihiko Shimizu and Tetsuo Kawawa have no special interests in the Company other than Company shareholdings.

Overview of Agreements that Limit Liabilities for Damages

The Company has entered into agreements with Outside Directors and Outside Corporate Auditors, in accordance with the provisions of Paragraph 1 of Article 427 of the Company Law, which limit these executive's liabilities (as specified in Paragraph 1 of Article 423 of the Company Law) for damages. The upper limit of liability for damages in the agreements is the amount as specified in the Law.

The Company limits liabilities for damages charged to the Outside Directors and the Outside Corporate Auditors only when they acted with good will and the liability did not arise because they committed serious negligence in executing their duties.

Remuneration and Other Compensation for Directors and Corporate Auditors

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

The Company's Directors' Remuneration Plan comprises basic compensation (monthly salary) in a fixed amount, Directors' bonuses, reflecting the short-term performance of the Company overall, compensation linked to each Director's individual performance, a stock compensation plan reflecting the medium- to long-term performance of the Company overall, and share warrants offered as stock options. Note that stock options are integrated into a stock compensation plan from the Company's 77th fiscal year (fiscal 2011).

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 compensation for Outside Directors and Corporate Auditors.

Retirement benefits for Directors were abolished at the conclusion of the 70th Ordinary General Meeting of Shareholders held on March 29, 2005. However, retirement benefits for Directors during their terms in office up to that date will be paid when each Director resigns, in accordance with the resolution for payment approved at the 73rd Ordinary General Meeting of Shareholders held on March 26, 2008.

2) Directors' remuneration

Remuneration and other compensation for the Company's Directors and Corporate Auditors in fiscal 2010 are as follows.

(Millions of yen)

Classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (15)	188	—	—	48	236
Outside Directors (4)	(29)	*5	*5	*5	(29)
Corporate Auditors (5)	70	*5	*5	*5	70
Outside Corporate Auditors (3)	(22)	*5	*5	*5	(22)
Total	258	—	—	48	306

Notes 1 The numbers above include amounts for four Directors who retired, effective from the closing of the 75th Ordinary General Meeting of Shareholders held on March 25, 2010.
2 In addition to the remuneration presented above, ¥38 million—equivalent to employee salaries—was paid to three Directors concurrently serving as employees.
3 The Company did not pay Directors' bonuses or compensation linked to individual performance because of a cut in remuneration reflecting unfavorable results in the fiscal year under review.
4 Remuneration related to stock options is included in the stock compensation plan.
***5** No related items.

3) No names are listed because no Director or Corporate Auditor received more than ¥100 million in aggregate remuneration and other compensation.

Matters to Be Resolved at the General Meeting of Shareholders that Can Be Adopted at the Board of Directors' Meeting

1. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own shares, in accordance with the provisions of Paragraph 2 of Article 165 of the Company Law. This is to ensure that the Company can acquire its own shares through market transactions or other methods and implement a flexible capital policy response to changes in the management environment.

2. The Company's Articles of Incorporation stipulate that in accordance with the provisions of Paragraph 1 of Article 426 of the Company Law, the Company may, by a resolution of the Board of Directors, exempt its Directors (including former Directors) and Corporate Auditors (including former Corporate Auditors) from liabilities for damages arising from negligence of their duties, within the limits prescribed by laws and ordinances. This is to ensure that Directors and Corporate Auditors can successfully fulfill their expected roles.

3. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date, in accordance with the provisions of Paragraph 5 of Article 454 of the Company Law. This allows the Company flexibility in returning profits to shareholders.

Special Resolution Requirement for General Meeting of Shareholders

The Company has stipulated a special resolution requirement

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at General Meeting of Shareholders in the Articles of Incorporation, in accordance with the provision of Paragraph 2 of Article 309 of the Company Law, as follows: The resolution shall be authorized by a two-thirds (2/3) majority of the voting rights held by the holders of shares present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights.

This relaxes the number of required votes for special resolutions at any General Meeting of Shareholders, enabling shareholder meetings to progress smoothly.

Improving Investor Relations (IR)

The Company has been aggressively pursuing IR activities worldwide, designed to ensure accountability by providing shareholders and investors with appropriate, accurate and timely information regarding the Company's management performance and business operations. They include quarterly financial results briefings, an "IR road show" for overseas investors, efforts to improve information disclosure on the IR homepage, and interviews in response to requests from analysts and media.

State of Audit

The Company has designated Ernst & Young ShinNihon LLC as the independent auditing company with review responsibilities for Company audits. Certified Public Accountants who engaged in the certification of audit are as follows.

Kazuhiro Fujita
Designated Limited Liability and Engagement Partner
Shinji Tamiya
Designated Limited Liability and Engagement Partner
Masahiko Tsukahara
Designated Limited Liability and Engagement Partner

The number of continuous years the Certified Public Accountants have served the Company is omitted because it is under seven (7) years for all of them.

Ernst & Young ShinNihon LLC has introduced a voluntary system for rotating engagement partners in its employ so that none exceeds a certain number of years in continuous service.

Support staff for the audit includes six (6) certified public accountants and twenty-four (24) other assistants.

Basic Policy Regarding the Internal Control System and the State of Its Development

The Company, in accordance with the Company Law, passed a resolution at a Board of Directors meeting regarding development of a system to ensure the conduct of its business is appropriate. The Company considers risk management and compliance its most important issues, and is therefore continuing to develop the internal control system.

1) Systems to ensure Director compliance with laws, regulations and the Company's Articles of Incorporation

1. The Board of Directors shall supervise Directors in the execution of their responsibilities, to ensure that the Directors 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.
2. Corporate Auditors, in accordance with the criteria and methodology established by the Board of Corporate Auditors, shall audit the performance of the Directors' duties.
3. The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
4. The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

2) Disposition of documentation and other information concerning the performance of Directors' duties

1. Documents and other forms of information storage that detail the execution of duties by Directors are properly produced, stored and managed through the establishment and application of required in-house rules.
2. The Company ensures correct handling of classified information, including the content of documents and other forms of information storage that detail the execution of duties by Directors, through the establishment and application of required in-house rules.
3. The Company has the necessary structures and internal rules in place to facilitate timely and accurate disclosure of important corporate information.

3) Rules relating to risk control against loss

1. A Risk Management and Compliance Committee shall be established to formulate and promote measures for integrated risk control.

2. 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.
3. The necessary in-house rules are in place and are carefully observed to ensure integrated control of individual departmental risk management activities.
4. If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the Emergency Response Manual, 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

1. 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 the Board of Directors Rules, Decision-making Rules and other important rules. This will allow these officers to execute their responsibilities more efficiently.
2. Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other relevant committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
3. After the Medium-Term Management Plan and the budget for the fiscal year are formulated, management control systems such as "management by objectives" shall be established to achieve the plan's goals and targets.

5) Systems to ensure employee compliance with laws, regulations and the Company's Articles of Incorporation

1. A Risk Management and Compliance Committee shall be established to deliberate and offer opinions concerning compliance measures.
2. The Company shall enhance its Code of Ethics, and provide ethics and compliance training appropriate to each position in the Company.
3. An internal reporting system shall be established to directly inform top executive management concerning any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company.
4. The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
5. The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

6) Systems to ensure the Yamaha Motor group (composed of the Company and its subsidiaries) conducts business appropriately

1. In order to assure proper business conduct by the group, internal policies shall be established, defining the controlling sectors in charge of each subsidiary, responsibilities, authority, management methods of subsidiaries, and other rules.
2. In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established under the direct control of the President and Chief Executive Officer.
3. Each Japanese subsidiary, in principle, shall have a Board of Directors and a Corporate Auditor; overseas subsidiaries shall design their organizations in accordance with local law.
4. At least one Director of each subsidiary shall concurrently serve as a Director, Executive Officer or employee of another company in the group.
5. The section with oversight for financial information offers guidance and training to subsidiaries to ensure that they handle financial information appropriately.
6. The section with oversight for risk management provides subsidiaries with guidance and training on risk management practices.
7. The section supervising compliance shall provide subsidiaries with guidance and education on compliance.

7) Employee to assist Corporate Auditors

A Corporate Auditors' Office shall be established with a full-time employee dedicated to assisting the Corporate Auditors in the execution of their duties.

8) Employee assisting Corporate Auditors independence from Directors

1. Any dismissal or personnel changes concerning the employee assisting Corporate Auditors in the execution of their duties shall be approved by the Board of Corporate Auditors in advance.

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2. No employee assisting Corporate Auditors 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 Corporate Auditors, whose opinions shall be taken into consideration in evaluating the employee.

9) Rules concerning Directors and employees reporting to the Board of Corporate Auditors

Directors and employees shall report on the following matters to the Board of Corporate Auditors periodically, or, when necessary, at its request.

1. Establishment and operation of internal control systems, and related subjects
2. Results of internal audits conducted by the internal audit section
3. Operation of the internal reporting system, and receipt of reports
4. Director malpractice and/or acts conducted in violation of the law or the Company's Articles of Incorporation
5. Incidents that could cause the Company considerable damage

10) Other systems to ensure effective auditing by Corporate Auditors

1. The Representative Directors shall meet with the Corporate Auditors periodically to exchange opinions.
2. Corporate Auditors shall attend important meetings of bodies including the Management Committee, the Risk Management and Compliance Committee, and the Expanded Executive Committee.
3. The internal audit section shall explain its internal audit plan to Corporate Auditors in advance.
4. The minutes of the Management Committee meetings and any other meetings that the Board of Corporate Auditors may specify, and Decision-making Forms shall be made available for Corporate Auditors' perusal.
5. Auditing assistance from outside experts shall be secured when deemed necessary by the Board of Corporate Auditors.

Equity Holdings

1) Total number of companies and amounts on the balance sheet for equity holdings that are not held for the purpose of pure investment

65 companies ¥17,172 million

2) Companies, number of shares, balance sheet amounts and purpose of holding for equity holdings that are not for pure investment

Companies	Number of shares (shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	10,409	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	1,613	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	1,184	To maintain a stable business relationship
Imasen Electric Industrial Co., Ltd.	613,750	750	To maintain a stable business relationship
Mizuho Financial Group, Inc.	2,288,340	734	To maintain a stable business relationship as a financial institution with which the Company has transactions
The Shizuoka Bank, Ltd.	825,706	618	To maintain a stable business relationship as a financial institution with which the Company has transactions
Enshu Limited	6,457,395	542	To maintain a stable business relationship
Stanley Electric Co., Ltd.	100,000	151	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	134	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	116	To maintain a stable business relationship

3) Pure investment equity holdings

No related items.

Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares

The revisions this fiscal year of the Plan are based on the content of opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008, and other considerations. The following were the points reviewed to further protect the interests of the shareholders such as by securing the swift operation of the Plan. As part of the Plan, the Corporate Value Committee is composed of four Outside Directors and Outside Corporate Auditors whose independence is secured, and arbitrariness is excluded from the operation of the Plan.

1. To swiftly operate the Plan and avoid unnecessary prolonging of the period for the Company to respond to the Takeover Proposal beyond a reasonable time period, in addition to clearly specifying the provisions that enable the Company to request to the party making the Takeover Proposal the provision of information, the maximum limit of the Information Provision Request Period was basically set at 60 business days calculated from the day the Board of Directors made the first information provision request to the proposer and it was made our Basic Policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the Information Provision Request Period even in cases where necessary information has not been adequately provided.

2. Provisions clearly specifying that the Corporate Value Committee's period for examination and discussion shall not be extended without reasonable cause, were set forth.

3. The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal satisfies all of the requirements listed in items 1) to 7) of main clause II-2. In the Plan, moreover, it was set forth that, even if a Takeover Proposal does not satisfy some of the requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an Advisory Resolution shall be issued.

4. By withdrawing reference to "interests of stakeholders" and "fundamental value" in the judgment guidelines for ascertaining whether or not to issue an Advisory Resolution for the Takeover Proposal, and other measures, the amended provisions were set forth to prevent a broad interpretation of what interests should be protected, rather than determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests, by referring to interests of stakeholders other than shareholders.

5. Provisions clearly specifying that when an Advisory Resolution has been issued by the Corporate Value Committee, the Board of Directors must "promptly" adopt a Confirmation Resolution unless there are no special grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care, were set forth.

6. Provisions clearly mentioning that "delivery of cash shall not be made" to a Specific Acquirer and Related Parties as the price of forcible acquisition of stock acquisition rights, were set forth.

Please refer to the following URL for more information.
http://www.yamaha-motor.co.jp/global/news/2010/0212/pdf/prevent.pdf