(TRANSLATION ONLY)

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

Code No: 7272
March 1, 2012

Notice of the 77th 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 77th 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 in writing or online. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on March 22 (Thursday), 2012.

[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 via the Internet]
Please read the attached documents on page 68 “Procedures for Exercising Voting Rights via the Internet,” and exercise your voting rights online.

1. **Date and Time:** Friday, March 23, 2012 at 10:00 a.m.

2. **Location:** Yamaha Motor Communication Plaza, Third Floor, Large Hall
   2500 Shingai, Iwata-shi, Shizuoka Prefecture, Japan

3. **Agenda of the Meeting**

   Items to be reported:

   1. Business Report for the 77th Fiscal Year (from January 1, 2011 through December 31, 2011); Consolidated Financial Statements applicable to the 77th Fiscal Year (from January 1, 2011 through December 31, 2011); Report of Independent Auditors on Consolidated Financial Statements; and Report of the Board of Corporate Auditors on Consolidated Financial Statements
   2. Non-consolidated Financial Statements applicable to the 77th Fiscal Year (from January 1, 2011 through December 31, 2011).

   Items to be resolved:

   Proposed Resolution 1 Appropriation of Surplus

   Proposed Resolution 2 Election of Ten Directors

   Proposed Resolution 3 Election of One Substitute Corporate Auditor

   Proposed Resolution 4 Payment of Bonuses to Directors

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 any proposed resolution 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 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 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, the Internet vote 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 http://www.yamaha-motor.co.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 the attached “Business Report for the 77th Fiscal Year.”

Notes: 1. Attendees are asked to return 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 http://www.yamaha-motor.co.jp.

(TRANSLATION ONLY)

Reference Documents for the 77th Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

The Company has resolved to appropriate its surplus as described below.

Year-end Dividend

Recognizing that maximizing the shareholders' interests represents one of the highest management priorities of Yamaha Motor, the Company continues working to maximize its corporate value through a diversity of business operations worldwide. With regard to dividend payouts, the Company will actively make investments for sustainable growth and return profits to shareholders while comprehensively considering its performance trends as well as internal reserves and other management environment factors, using a minimum payout ratio equal to 20% of consolidated net income.

The Company has resolved to pay the following year-end cash dividend for fiscal 2011.

(1) Type of dividend property:
Cash

(2) Distribution of dividend property, and the total amount distributed:
15.50 yen per share of common stock
Total amount: 5,411,575,481 yen

(3) Effective date of distribution:
March 26, 2012

(TRANSLATION ONLY)

Proposed Resolution 2 Election of Ten Directors

Eleven Directors — Hiroyuki Yanagi, Takaaki Kimura, Toyoo Ohtsubo, Yoshiteru Takahashi, Hiroyuki Suzuki, Kozo Shinozaki, Nobuya Hideshima, Masahiro Takizawa, Yuko Kawamoto, Masamitsu Sakurai and Mitsuru Umemura — will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Consequently, Yamaha Motor Co., Ltd. (hereinafter the "Company") proposes to elect ten (10) Directors.

The Director candidates are as follows.

Candidate No.	Names (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)	April 1978: Joined the Company 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 April 2003: Director and President of MBK Industrie January 2007: Senior General Manager of SyS Operations, MC Headquarters of the Company March 2007: Executive Officer of the Company March 2009: Senior Executive Officer of the Company November 2009: Senior General Manager of MC Business Section, MC Business Operations of the Company March 2010: President and Representative Director of the Company (to present) March 2010: President and Chief Executive Officer of the Company (to present) January 2012: Chief General Manager of MC Business Operations of the Company (to present)	21,800

Candidate No.	Names (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	Takaaki Kimura (February 14, 1953)	April 1976: Joined the Company June 1999: General Manager of Development 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, Executive General Manager of WV Business Unit, Marine Business Operations and Chief General Manager of AM Business Unit 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 (to present) January 2011: Chief General Manager of Marine Business Operations, Chief General Manager of Product Assurance & Safety Promotion Center and Chief General Manager of AM Business Unit of the Company January 2012: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager of Design Center and Chief General Manager of AM Business Unit (to present)	29,200
3	Hiroyuki Suzuki (November 16, 1953)	April 1978: Joined the Company September 2003: Director and Vice President of PT. Yamaha Indonesia Motor Manufacturing January 2008: Senior General Manager of Quality Assurance Operation, MC Headquarters of the Company March 2008: Executive Officer of the Company November 2009: Executive General Manager of Manufacturing Center of the Company January 2010: Chief General Manager in charge of power products business March 2010: Director of the Company (to present) March 2010: Senior Executive Officer of the Company (to present) November 2010: President and Director of India Yamaha Motor Pvt. Ltd. (to present)	12,500

Candidate No.	Names (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
4	Kozo Shinozaki (February 14, 1956)	April 1978: Joined the Company April 2007: General Manager of Finance & Accounting Division of the Company January 2010: Senior General Manager of Finance & Accounting Section of the Company March 2010: Director of the Company (to present) March 2010: Senior Executive Officer of the Company (to present) January 2011: Senior General Manager of Corporate Planning & Finance Section of the Company (to present)	10,200
5	Nobuya Hideshima (January 9, 1954)	April 1978: Joined the Company May 1999: General Manager of Production Control Department, Production Control Division, MC Operations of the Company April 2003: Director and President of Yamaha Motor Manufacturing Corporation of America January 2009: Executive General Manager of Procurement Center of the Company March 2009: Executive Officer of the Company March 2010: Senior Executive Officer of the Company (to present) January 2011: Chief General Manager of Procurement Center and Chief General Manager of Parts Business Unit of the Company (to present) March 2011: Director of the Company (to present)	10,300
6	Masahiro Takizawa (December 23, 1954)	April 1978: Joined the Company April 2000: General Manager of the Business Planning Department, CV Operations of the Company February 2004: Director and President of MBK Industrie July 2007: General Manager of Corporate Planning Division of the Company March 2009: Executive Officer of the Company March 2010: Senior Executive Officer of the Company (to present) January 2011: Chief General Manager of Business Development Operations of the Company (to present) March 2011: Director of the Company (to present)	8,550

<table>
<tr><th>Candidate No.</th><th>Names (Date of birth)</th><th>Brief career summaries, positions and responsibilities in the Company and significant concurrent positions</th><th>No. of the Company shares held</th></tr>
<tr><td>7</td><td>Yuko Kawamoto
(May 31, 1958)</td><td>April 1982: Joined the Bank of Tokyo, Ltd. (presently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
June 1988: Graduated from Oxford Graduate School, Master’s Programme in Economics
September 1988: Joined Tokyo Office of McKinsey & Company
June 2001: Senior Expert, Tokyo Office of McKinsey & Company
April 2004: Professor, Graduate School of Finance, Accounting and Law, Waseda University (to present)
June 2004: Director of Osaka Securities Exchange Co., Ltd. (to present)
June 2006: Director of Monex Beans Holdings, Inc. (presently Monex Group, Inc.) (to present)
June 2006: Corporate Auditor of Millea Holdings, Inc. (presently Tokio Marine Holdings, Inc.) (to present)
March 2009: Director of the Company (to present)
June 2011: Director of ITOCHU Corporation (to present)</td><td>2,600</td></tr>
<tr><td>8</td><td>Masamitsu Sakurai
(January 8, 1942)</td><td>April 1966: Joined RICOH COMPANY, LTD.
June 1992: Director of RICOH COMPANY, LTD.
June 1994: Managing Director of RICOH COMPANY, LTD.
April 1996: President and Representative Director of RICOH COMPANY, LTD.
March 2005: Representative Director and Chairman of COCA-COLA WEST COMPANY, LIMITED
June 2005: Representative Director, President and Chief Executive Officer of RICOH COMPANY, LTD.
July 2006: Director of COCA-COLA WEST COMPANY, LIMITED (to present)
April 2007: Chairman of the Board and Representative Director, Chairman of RICOH COMPANY, LTD.
June 2008: Director of OMRON Corporation (to present)
March 2011: Director of the Company (to present)
April 2011: Chairman of the Board and Director, Chairman of RICOH COMPANY, LTD. (to present)
Significant concurrent positions
Administrative Director of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION</td><td>300</td></tr>
</table>

Candidate No.	Names (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
9	Mitsuru Umemura (March 6, 1951)	April 1975: Joined Nippon Gakki Co., Ltd. (presently Yamaha Corporation) June 2006: Managing Director of Yamaha Corporation June 2007: President and Representative Director of Yamaha Corporation (to present) March 2011: Director of the Company (to present)	2,500
10	Yoshiaki Hashimoto * (July 4, 1954)	April 1977: Joined the Company November 2001: General Manager of North American Business Division, SCM Center, MC Operations of the Company January 2007: General Manager of Human Resources Development Division of the Company March 2009: Executive Officer of the Company March 2010: Senior Executive Officer of the Company (to present) March 2010: Senior General Manager of Human Resources & General Affairs Section of the Company January 2011: Senior General Manager of Human Resources & General Affairs Section and Chief General Manager of Business Development Managing Unit of the Company January 2012: Senior General Manager of Human Resources & General Affairs Section and Chief General Manager of Product Assurance & Safety Promotion Center of the Company (to present)	6,500

Notes:

1. Director candidates who have special interests with the Company are shown below:

Takaaki Kimura: Mr. Kimura is concurrently serving as Chairman of the YAMAHA MOTOR FOUNDATION FOR SPORTS, a foundation to which the Company makes contributions.

Hiroyuki Suzuki Mr. Suzuki is concurrently serving as President and Director of India Yamaha Motor Pvt. Ltd. (in which the Company holds 87.2% of voting rights), a company with which the Company has sale and purchase transactions of products and merchandise. The Company also provides guarantees to said company’s debt.

Mitsuru Umemura Mr. Umemura is concurrently serving as President and Representative Director of Yamaha Corporation, a company with which the Company has sale and purchase transactions of products and merchandise.

Yoshiaki Hashimoto (1) Mr. Hashimoto is concurrently serving as Chairman of the Yamaha Motor Corporate Pension Fund, a fund to which the Company entrusts contributions.

(2) Mr. Hashimoto is concurrently serving as Chairman of the Yamaha Motor Corporate Welfare Foundation, a foundation to which the Company entrusts contributions as operating funds.

2. Yuko Kawamoto, Masamitsu Sakurai and Mitsuru Umemura are candidates for Outside Directors as stipulated in Item 7 of Paragraph 3 of Article 2 of the Ordinance for Enforcement of the Corporation Law of Japan.

3. Notes to candidates for Outside Directors are as follows.

(1) Reasons for nomination of candidates for Outside Directors

1) Yuko Kawamoto has never been engaged in the company’s management in a capacity other than as an Outside Director or Outside Corporate Auditor. The Company has judged, however, that she will make use of the advanced knowledge she has gained through her wide-ranging experience as a management consultant and in research activities for finance in the management of the Company.

2) The Company believes that Masamitsu Sakurai 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.

3) The Company believes that Mitsuru Umemura will provide the Company with valuable advice and supervision on whether or not the Company's management is effectively functioning toward the goal of maximizing corporate value for our shareholders from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation which is a large shareholder of the Company.

(2) Number of years from the time when each candidate for an Outside Director assumed the office of an Outside Director

The term of office of Yuko Kawamoto as an Outside Director of the Company will have been three years at the conclusion of this Ordinary General Meeting of Shareholders.

The term of office of Masamitsu Sakurai as an Outside Director of the Company will have been one year at the conclusion of this Ordinary General Meeting of Shareholders.

The term of office of Mitsuru Umemura as an Outside Director of the Company will have been one year at the conclusion of this Ordinary General Meeting of Shareholders.

(3) Summary of details of the liability limitation agreement with candidates for Outside Directors

In order for Outside Directors to fully exercise their expected roles, the Company has entered into liability limitation agreements to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the Corporation Law of Japan, with Yuko Kawamoto, Masamitsu Sakurai and Mitsuru Umemura. Upon approval of their re-election, the liability limitation agreements will be continued. A summary of the liability limitation agreement is as follows.

The liability limitation agreement is an agreement to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the Corporation Law of Japan pursuant to the provisions of Paragraph 1 of Article 427 of the Corporation Law of Japan. The maximum amount of the liability for damages under the liability limitation agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Law of Japan.

4. The Company has submitted Independent Directors/Corporate Auditors Notification Forms to Tokyo Stock Exchange, Inc. to register Yuko Kawamoto and Masamitsu Sakurai as independent directors/corporate auditors.

5. Abbreviations: MC: Motorcycle, SyS: System Supplier, AM: Automotive, WV: Water Vehicle, CV: Commuter Vehicle, SCM: Supply Chain Management

6. Person shown with an asterisk (*) is a new Director candidate.

Proposed Resolution 3 Election of One Substitute Corporate Auditor

In order to prepare for the contingency that the number of Corporate Auditors could fall below the minimum stipulated in the Corporation Law of Japan, the Company proposes to elect Masayuki Satake as a Substitute Corporate Auditor. This proposal is submitted with the consent of the Board of Corporate Auditors.

The Substitute Corporate Auditor 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 September 1977: Registered as the Certified Public Accountant April 1985: Representative Partner of Chuo Audit Corporation April 2007: Full-time commissioner and Deputy Chair of Public Interest Corporation Commission (PICC) of the Cabinet Office April 2010: President of Satake Certified Public Accounting Office (to present)	0

Notes:

1. The candidate has no special interests in the Company.
2. Masayuki Satake is a candidate for Substitute Outside Corporate Auditor.
3. Notes to candidate for Substitute Outside Corporate Auditor are as follows.

(1) Reasons for nomination of a candidate for Substitute Outside Corporate Auditor

The Company believes Masayuki Sakate will utilize his ample experience and wide range of insight as a certified public account in performing his duty as the Company's Outside Corporate Auditor.

(2) Summary of details of the liability limitation agreement with the candidate for Substitute Outside Corporate Auditor

In order for Outside Corporate Auditor to fully exercise his or her expected role, the Company will enter into the liability limitation agreement to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the Corporation Law of Japan, with Masayuki Satake. A summary of the liability limitation agreement is as follows.

The liability limitation agreement is an agreement to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the Corporation Law of Japan pursuant to the provisions of Paragraph 1 of Article 427 of the Corporation Law of Japan. The maximum amount of the liability for damages under the liability limitation agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Law of Japan.

Proposed Resolution 4 Payment of Bonuses to Directors

In consideration of its current consolidated results, the Company proposes the payment of bonuses of 52 million yen in total to eight (8) Directors (excluding Outside Directors) of the eleven (11) Directors who held office as of the end of this fiscal year.

Attached Documents

Business Report

(From January 1, 2011 to December 31, 2011)

1. Current Conditions of the Yamaha Motor Group

(1) Business Developments and Results

During the fiscal year ended December 31, 2011 (fiscal 2011), although economic recovery in the United States was slow due to sluggish improvement in the employment situation, individual consumption, and other areas of concern, there were signs of improvement in the unemployment rate and other indicators during the latter half of the year. In Europe, the effects of the sovereign debt crisis extended to the real economy, and an economic slowdown became evident. Emerging nations in Asia, Central and South America, and other regions continued to achieve stable growth but also were affected by the deterioration in the European economies. The Japanese economy suffered a temporary decline due to the Great East Japan Earthquake, after which a trend toward recovery was seen; however, improvement has slowed because of the effects of the global economic slowdown, yen appreciation, and other factors.

Reviewing the Company's main markets, although demand for motorcycles and outboard motors bottomed out in the United States, demand for all-terrain vehicles (ATVs) continued to fall. In Europe, demand for motorcycles continued to decline mainly in Italy and Spain. On the other hand, emerging nations in Asia, Central and South America, and other regions saw ongoing expansion of demand for motorcycles and outboard motors. In Japan, there was a year-on-year increase in demand for generators, fishing boats and utility boats, and electrically power assisted bicycles due in part to post-earthquake reconstruction demand.

Against this backdrop, the Group engaged mainly in the following matters in the second year of the medium-term management plan (from fiscal 2010 to fiscal 2012).

- The motorcycle business in emerging nations

  In the ASEAN region, the Group strove to enhance product competitiveness by preparing to introduce models equipped with fuel injection systems and reducing costs. In addition, we promoted the "3S" policy that comprehensively increases customer satisfaction in three areas: "Sales," "Spare parts" and "Service."

  In India, the Group strengthened product competitiveness by introducing new models in the deluxe segment (150cc), and our market share of that segment grew. In addition, we pursued expansion of sales network to further increase sales, and boosted the number of units produced by expanding exports.

  The Group also pressed ahead steadily with product development in preparation for market releases in fiscal 2012 and subsequent years.

- Outboard motors

  In order to establish solid competitive advantage in the market, the Group continued making efforts to enhance product competitiveness. In addition, we actively expanded sales in emerging markets, such as Russia and Brazil, and further promoted the boat builder alliance strategy in developed markets.

- New growth sectors

  New sales companies were established to strengthen the surface mounter business in Europe and the United States. The Group also actively pursued future business expansion through measures including overseas market development for electrically power assisted bicycles and electric motorcycles, reorganization of the production structure in China for generators and multi-purpose engines, and preparation for entry into the Australian market for unmanned industrial helicopters.

- Structural reforms

  The Group moved ahead with reorganization of the production structure, completing the integration of motorcycle body and engine assembly in Japan, and shifting production of ATVs to the United States. Furthermore, we have implemented cost reduction activities for procurement of parts in Japan, the ASEAN region, India and China, achieving 86% of the 75,000 million yen target.

With regard to net sales for fiscal 2011, sales fell slightly year on year in the first three quarters (January to September) as higher sales of motorcycles and outboard motors in emerging nations were unable to offset the negative impact of yen appreciation and the earthquake. In the fourth quarter (October to December), although sales of outboard motors and other products grew, net sales decreased by 5.3% from the previous fourth quarter to 290,400 million yen due to further appreciation of the yen and the flooding in Thailand. Consequently, net sales for fiscal 2011 amounted to 1,276,200 million yen, a 1.4% decrease from the previous fiscal year.

On the income front, in the first three quarters (January to September), positive factors such as higher sales, cost reductions through structural reforms, and reversal of accrual for product liabilities, effectively absorbed negative factors such as yen appreciation, rising cost of raw materials, and the impact of the earthquake. As a result, all the income figures showed a significant year-on-year increase. However, an operating loss of 7,300 million yen was posted in the fourth quarter (October to December), due to further yen appreciation, the impact of flooding in Thailand, decline in demand in Europe and North America, and other factors. As a result, operating income amounted to 53,400 million yen (4.1% increase from the previous fiscal year) and ordinary income amounted to 63,500 million yen (4.0% decrease from the previous fiscal year), while net income amounted to 27,000 million yen (47.3% increase from the previous fiscal year).

In addition, improvements progressed on the financial side, with an equity ratio of 31.2%, and the gross debt-equity ratio reaching 1.0 times, resulting in achievement of our targets for the medium-term management plan one year ahead of schedule.

The exchange rates for the year were 80 yen to the U.S. dollar (an appreciation of 8 yen from the previous fiscal year) and 111 yen to the euro (an appreciation of 5 yen).

Business segment	Sales		Sales as a percentage of net sales (%)	Overseas sales as a percentage of net sales (%)	Operating income (Millions of yen)
	Amount (Millions of yen)	Annual change (%)			
Motorcycles	887,556	(2.9)	69.5	95.8	27,573
Marine products	178,929	7.1	14.0	86.9	7,076
Power products	100,257	(2.6)	7.9	86.8	7,473
Industrial machinery and robots	34,326	(1.2)	2.7	54.0	6,263
Other products	75,089	0.1	5.9	24.2	5,018
Total	1,276,159	(1.4)	100.0	88.5	53,405

[Motorcycles]

Although unit sales in emerging markets including Vietnam, India, and Central and South America increased, unit sales in Indonesia and Thailand declined due to the impact on production from the flooding in Thailand. As a result, unit sales in emerging markets slightly increased by 0.8% from the previous fiscal year, to 6.61 million units. Unit sales in developed markets decreased by 7.3% from the previous fiscal year, to 0.37 million units, reflecting a decrease in unit sales in Europe owing to the impact of the economic crisis despite increases in unit sales in the United States, where unit sales recovered due to market stock adjustment in the previous year, and in Japan, due to post-earthquake reconstruction demand. As a result, total unit sales were on a par with the previous fiscal year at 6.98 million units, a 0.3% increase from the previous fiscal year. Total motorcycle sales decreased by 2.9% from the previous fiscal year, to 887,600 million yen due to the effect of yen appreciation, and operating income decreased by 43.2% from the previous fiscal year, to 27,600 million yen owing to the impact of yen appreciation, the flooding in Thailand, and an increase in research and development expenses.

[Marine products]

Unit sales of outboard motors increased by 11.4% from the previous fiscal year, to 0.3 million units, due to growing demand in Central and South America and in Russia, the bottoming out of demand in the United States, and other factors. Unit sales of personal watercraft also rose, boosted by factors including a recovery of demand in the United States. Consequently, despite the effect of the yen appreciation, marine product sales increased by 7.1% from the previous fiscal year, to 178,900 million yen, and operating income increased by 846.1% from the previous fiscal year, to 7,100 million yen.

[Power products]

Unit sales of ATVs decreased by 6.9% from the previous fiscal year, to 0.08 million units, due to continuing decline in demand in North America. Post-earthquake reconstruction demand in Japan and other factors led to higher unit sales for generators. Sales of power products decreased by 2.6% from the previous fiscal year, to 100,300 million yen due in part to the impact of the yen appreciation; however, operating income reached 7,500 million yen, compared with an operating loss of 11,300 million yen for the previous fiscal year, as a result of reversal of accrual for product liabilities, cost reductions, and other factors.

[Industrial machinery and robots]

Unit sales of surface mounters declined in China where capital investment was down due to the global economic slowdown. Sales of industrial machinery and robots decreased by 1.2% from the previous fiscal year, to 34,300 million yen, and operating income decreased by 9.9% from the previous fiscal year, to 6,300 million yen.

[Other products]

Strong demand drove up unit sales of electrically power assisted bicycles; however, unit sales of automotive engines declined due to the effects of the earthquake. As a result, sales of other products increased by 0.1% from the previous fiscal year, to 75,100 million yen, and operating income decreased by 20.6% from the previous fiscal year, to 5,000 million yen.

In fiscal 2011, “Industrial machinery and robots,” which was previously included in “Other products,” is reported in a separate reporting segment as this business segment has grown to significant volume. In addition, figures for the previous fiscal year have been recalculated based on the segment categories for fiscal 2011 for comparison with the previous fiscal year.

(2) Capital Expenditures

Domestically, investments of 13,200 million yen were made for research and development primarily in the motorcycles business and the marine products businesses, restructuring of the domestic manufacturing system, and acquisition of land and buildings to expand the scale of the industrial machinery and robots business.
Overseas, investments of 31,800 million yen were made for introduction of new models and enhancement of production capacity in the motorcycles business primarily in the Asian and Central and South American regions.
As a result, total capital investment amounted to 45,000 million yen.

(3) Fund Raising

Nothing to be especially reported.

(4) Key Priorities the Group Must Address

Although economic growth will continue in emerging nations in the future, there is also a possibility of global economic stagnation due to such factors as the persistence of record high levels of yen appreciation and the prolonged economic crisis in Europe. As such, a challenging economic environment is expected to persist.
As a business response to the extraordinarily strong yen conditions, the Company will strive to expand the scale of business and enhance profitability by strengthening overall business competitiveness. The measures for this purpose are as follows.

1) Enhancing product competitiveness
   Number of new models released: 1.5 times the 2011 level in 2014
   Research and development expenses: 65.0 billion yen in 2011; 71.0 billion yen in 2012
   Capital expenditures: 45.0 billion yen in 2011; 69.0 billion yen in 2012
2) Reduction of operation costs
   Domestic production: Overseas procurement of parts – 30% or more
   Overseas production: Expansion of global models
3) Globalization of business functions, enhancement of market response capabilities, and reduction of head office cost burden
   Head office: Technical strategy, development of basic technology
   Overseas: Product development (ASEAN Integrated Development Center, etc.)
4) Further rationalization of business structure in developed countries

Under the current medium-term management plan (from fiscal 2010 to fiscal 2012), the Company is striving to stabilize earnings following a V-shaped recovery. In the next medium-term management plan (from fiscal 2013 to fiscal 2015), we will strive to improve corporate value through sustained growth while increasing the “business scale,” and boosting our “financial strength” and “corporate strength.” In terms of unit sales, we aim to exceed 10 million units for our main products such as motorcycles and outboard motors. (In fiscal 2011, unit sales reached 7.42 million units).

The Group will strive to enhance its corporate value, aspiring to be an excellent engineering and manufacturing enterprise with a prominent presence in the global market. At the same time, the Group is committed to fulfilling its social responsibilities by implementing CSR activities, including strict compliance with corporate ethics, as well as laws and regulations.
In addition, the Group will continuously work to strengthen and establish corporate governance, and build a relationship of trust with all of its stakeholders through transparent management.

We would appreciate our shareholders’ continued support.

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

Millions of yen, except net income/loss per share

Items	74th Fiscal Year (Jan. 1, 2008–Dec. 31, 2008)	75th Fiscal Year (Jan. 1, 2009–Dec. 31, 2009)	76th Fiscal Year (Jan. 1, 2010–Dec. 31, 2010)	77th Fiscal Year (Jan. 1, 2011–Dec. 31, 2011)
Net sales	1,603,881	1,153,642	1,294,131	1,276,159
Ordinary income (loss)	58,872	(68,340)	66,142	63,495
Net income (loss)	1,851	(216,148)	18,300	26,960
Net income (loss) per share (yen)	6.47	(755.92)	55.50	77.23
Total assets	1,163,173	987,077	978,343	900,420
Net assets	428,483	249,266	310,809	309,914

Notes:
1. In the 74th fiscal year, the Group saw both sales and profits decrease, due to a substantial drop in net sales and ordinary income particularly in Europe and the U.S., affected by the high prices of crude oil and raw materials and the financial crisis caused by the subprime mortgage problem in the U.S. Net income declined markedly owing to factors including the Company’s recording of an extraordinary impairment loss on securities as an extraordinary loss.
2. The 75th fiscal year saw a significant decrease in profits due to a downturn in the global economy and resultant abrupt decline in demand especially in Europe and the U.S. To address the rapid worsening of management environment, the Group implemented emergency countermeasures including product shipment adjustments to curtail market stocks in the U.S. and Europe as well as significant production cutbacks at the Japanese factories, reduction of cost and expenses, along with 50% year-on-year reduction in capital expenditures. However, the Group recorded a significant net loss, due primarily to recording of business structure improvement expenses under extraordinary loss, including impairment loss on fixed assets for production facilities.
3. The 76th fiscal year saw a considerable improvement in revenues and return to profitability, in spite of the strong yen and the soaring cost of raw materials, thanks to the reduction in depreciation expenses and personnel expenses under the business structural reform, lower costs, and marginal profit improvement due to the recovery in the domestic production scale for motorcycles and outboard motors, in addition to increased sales resulting from a continuing trend toward economic expansion in emerging nations, primarily in Asia, and the bottoming out of the marine market.
4. Performance in the 77th fiscal year (consolidated financial year under review) is described in Section 1-(1) above, “Business Developments and Results.”

(6) Principal Parent Company and Subsidiaries

1) Relations with a parent company
No related items.

2) Principal subsidiaries

Names	Capital	Percentage of ownership (%)	Main business lines
Yamaha Motorcycle Sales Japan Co., Ltd.	490 million yen	100.0	Marketing of motorcycles, electrically power assisted bicycles
Yamaha Motor Powered Products Co., Ltd.	275 million yen	100.0	Manufacture and marketing of ATVs, golf cars, and generators
Yamaha Motor Corporation, U.S.A. (U.S.A.)	185,020 thousand U.S. dollars	100.0	Import and marketing of motorcycles, outboard motors, personal watercraft, ATVs, side-by-side vehicles, and snowmobiles
Yamaha Motor Manufacturing Corporation of America (U.S.A.)	107,790 thousand U.S. dollars	*100.0	Manufacture of personal watercraft, ATVs, side-by-side vehicles and golf cars
Yamaha Motor Europe N.V. (The Netherlands)	149,759 thousand euros	100.0	Import and marketing of motorcycles, outboard motors, personal watercraft, ATVs, side-by-side vehicles, snowmobiles, and golf cars
MBK Industrie (France)	45,000 thousand euros	*100.0	Manufacture of motorcycles and outboard motors
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
Thai Yamaha Motor Co., Ltd. (Thailand)	1,820,312 thousand Thai bahts	91.2	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd. (Taiwan)	2,250,000 thousand new Taiwan dollars	51.0	Manufacture and marketing of motorcycles
Yamaha Motor do Brasil Ltda. (Brazil)	374,324 thousand Brazilian reals	100.0	Import and marketing of motorcycles, outboard motors, ATVs and generators

Notes: 1. Percentages with * are the Company's indirect ownership.
2. The Company has a total of 107 consolidated subsidiaries, including 11 principal subsidiaries listed above and 31 companies accounted for by the equity method of accounting.
In the fiscal year ended December 31, 2011, the Company's consolidated net sales were 1,276,159 million yen and consolidated net income was 26,960 million yen.

(7) Main Business Lines

Segments	Major products
Motorcycles	Motorcycles, knockdown parts for overseas production and intermediate parts for all business segments
Marine products	Outboard motors, personal watercraft, pleasure boats, FRP swimming pools, fishing boats, utility boats and diesel engines
Power products	All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Industrial machinery and robots	Surface mounters, industrial robots and electrically powered wheelchairs
Other products	Automotive engines, automotive components, electrically power assisted bicycles and unmanned industrial helicopters

(8) Main Bases and Facilities for the Group

1) Yamaha Motor Co., Ltd.

Head Quarter	Iwata City, Shizuoka Prefecture

Category	Name (location)
Factories	Iwata Factory (Iwata City, Shizuoka Prefecture) Toyooka Factory (Iwata City, Shizuoka Prefecture) Hamakita Factory (Hamakita-ku, Hamamatsu City, Shizuoka Prefecture) Nakaze Factory (Hamakita-ku, Hamamatsu City, Shizuoka Prefecture) Hamamatsu South Factory (Minami-ku, Hamamatsu City, Shizuoka Prefecture) Soude Factory (Naka-ku, Hamamatsu City, Shizuoka Prefecture) Fukuroi Factory (Fukuroi City, Shizuoka Prefecture) Fukuroi South Factory (Fukuroi City, Shizuoka Prefecture) Morimachi Factory (Morimachi, Shuchi-gun, Shizuoka Prefecture) Arai Factory (Araimachi, Kosai City, Shizuoka Prefecture)

2) Subsidiaries

Category	Name (location)
Domestic	Yamaha Motorcycle Sales Japan Co., Ltd. (Ota-ku, Tokyo) Yamaha Motor Powered Products Co., Ltd. (Kakegawa City, Shizuoka Prefecture)
Overseas	Yamaha Motor Corporation, U.S.A. (U.S.A.) Yamaha Motor Manufacturing Corporation of America (U.S.A.) Yamaha Motor Europe N.V. (The Netherlands) MBK Industrie (France) PT. Yamaha Indonesia Motor Manufacturing (Indonesia) Yamaha Motor Vietnam Co., Ltd. (Vietnam) Thai Yamaha Motor Co., Ltd. (Thailand) Yamaha Motor Taiwan Co., Ltd. (Taiwan) Yamaha Motor do Brasil Ltda. (Brazil)

(9) Employees

Segments	Number of employees	Annual change
Motorcycles	44,952	+2,247
Marine products	4,656	+303
Power products	1,919	+132
Industrial machinery and robots	725	+33
Other products	2,425	(222)
Total	54,677	+2,493

Notes: 1. The figures above represent the number of workers employed full time and exclude temporary employees.
2. With regard to the figures showing annual change, the numbers of employees for the previous fiscal year have been recalculated based on the segment categories for the fiscal year under review.

(10) Principal Lenders and Loan Balances

Millions of yen

Lenders	Loan balances
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,635
Sumitomo Mitsui Banking Corporation	25,509
The Sumitomo Trust and Banking Co., Ltd.	20,302
The Chuo Mitsui Trust and Banking Company, Limited	20,000
The Shizuoka Bank, Ltd.	18,993
Development Bank of Japan Inc.	17,150
Mizuho Corporate Bank, Ltd.	14,236

(11) Other Important Matters Relating to the Present Situation of the Group

Nothing to be especially reported.

2. The Company's Stocks

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

(2) Number of Shares Outstanding: 349,757,784 (including 623,882 shares of treasury stock)

(3) Number of Shareholders: 32,259

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,271	12.11
State Street Bank & Trust Company	30,474	8.73
Toyota Motor Corporation	12,500	3.58
Japan Trustee Services Bank, Ltd. (trust account)	11,406	3.27
Mizuho Bank, Ltd.	10,938	3.13
Mitsui & Co., Ltd.	8,586	2.46
The Master Trust Bank of Japan, Ltd. (trust account)	8,263	2.37
The Shizuoka Bank, Ltd.	6,813	1.95
The Bank of New York, Treaty JASDEC Account	6,037	1.73
National Mutual Insurance Federation of Agricultural Cooperatives	5,911	1.69

Note: Percentage of ownership is calculated excluding treasury stock.

■Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	31,443	28,457
Financial institutions	75	94,169
Other domestic companies	295	72,581
Foreigners	377	152,556
Securities companies	69	1,995

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

3. The Company's Stock Acquisition Rights

(1) Outline of the Stock Acquisition Rights Held by the Directors of the Company as of December 31, 2011 (Granted in Consideration of the Performance of Duties)

Issue (Issue date)	Number of stock acquisition rights	Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Issue price of stock acquisition rights	Paid-in amount upon exercise of stock acquisition rights	Exercise period	Number of holders
Forth (June 13, 2008)	120	Common stock: 12,000	535 yen per share	2,205 yen per share	From June 13, 2010 to June 12, 2014	5 directors (excluding Outside Directors)
Fifth (June 16, 2009)	250	Common stock: 25,000	380 yen per share	1,207 yen per share	From June 16, 2011 to June 15, 2015	7 directors (excluding Outside Directors)
Sixth (June 15, 2010)	305	Common stock: 30,500	465.27 yen per share	1,396 yen per share	From June 15, 2012 to June 14, 2016	8 directors (excluding Outside Directors)

Notes: Conditions concerning the exercise of stock acquisition rights

1. Individuals to whom stock acquisition rights are allocated ("Stock Acquisition Rights Holders") may not exercise the stock acquisition rights when they lose Director or Executive Officer status due to removal from office, dismissal or any other reason stipulated in the "Stock Acquisition Rights Allocation Agreement" to be concluded between the Company and Stock Acquisition Rights Holders in accordance with the Board of Directors' resolution on the stock acquisition rights issuance.
2. Heirs of Stock Acquisition Rights Holders may not exercise the stock acquisition rights.
3. Other conditions shall be provided in the "Stock Acquisition Rights Allocation Agreement" to be concluded between the Company and Stock Acquisition Rights Holders.

(2) Outline of the Stock Acquisition Rights Granted to the Employees of the Company and Officers and Employees of Subsidiaries in Consideration of Their Performance of Duties During the Fiscal Year under Review

No related items.

4. Directors and Corporate Auditors

(1) Names, Positions, and Responsibilities of Directors and Corporate Auditors

Names	Positions	Responsibilities
Hiroyuki Yanagi	President and Director *	President and Chief Executive Officer
Takaaki Kimura	Director *	Senior Managing Executive Officer, Chief General Manager of Marine Business Operations, Chief General Manager of Product Assurance & Safety Promotion Center, and Chief General Manager in charge of AM Business Unit
Toyoo Ohtsubo	Director	Managing Executive Officer, Chief General Manager of Technology Center
Yoshiteru Takahashi	Director	Managing Executive Officer, Chief General Manager of MC Business Operations and Chief General Manager of Overseas Market Development Operation Business Unit
Hiroyuki Suzuki	Director	Senior Executive Officer, President and Director of India Yamaha Motor Pvt. Ltd.
Kozo Shinozaki	Director	Senior Executive Officer, Senior General Manager of Corporate Planning & Finance Section
Nobuya Hideshima **	Director	Senior Executive Officer, Chief General Manager of Procurement Center, and Chief General Manager of Parts Business Unit
Masahiro Takizawa **	Director	Senior Executive Officer, Chief General Manager of Business Development Operations
Yuko Kawamoto	Director	Professor, Graduate School of Finance, Accounting and Law, Waseda University Outside Director of Osaka Securities Exchange Co., Ltd. Outside Director of Monex Group, Inc. Outside Corporate Auditor of Tokio Marine Holdings, Inc. Outside Director of ITOCHU Corporation
Masamitsu Sakurai **	Director	Chairman of the Board and Director, Chairman of RICOH COMPANY, LTD. Director of COCA-COLA WEST COMPANY, LIMITED Outside Director of OMRON Corporation Administrative Director of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION
Mitsuru Umemura **	Director	President and Representative Director of Yamaha Corporation
Yutaka Kume **	Standing Corporate Auditor	
Shigeki Hirasawa **	Standing Corporate Auditor	
Norihiko Shimizu	Corporate Auditor	Visiting Professor, International Business Strategy of Hitotsubashi University Outside Corporate Auditor of Fast Retailing Co., Ltd.
Tetsuo Kawawa	Corporate Auditor	Attorney Outside Corporate Auditor of Nisshin Seifun Group Inc.

Notes: 1. Directors denoted by an asterisk (*) are Representative Directors.

2. The Directors Yuko Kawamoto, Masamitsu Sakurai, and Mitsuru Umemura are Outside Directors as stipulated in Item 15 of Article 2 of the Corporation Law of Japan.

3. The Corporate Auditors Norihiko Shimizu and Tetsuo Kawawa are Outside Corporate Auditors as stipulated in Item 16 of Article 2 of the Corporation Law of Japan.

4. The Company has registered Yuko Kawamoto, Masamitsu Sakurai, Norihiko Shimizu, and Tetsuo Kawawa with the Tokyo Stock Exchange, Inc. as independent directors/corporate auditors under the regulation of the said stock exchange.

5. Personnel changes during fiscal 2011:

1) The Directors and the Corporate Auditors denoted by double asterisks (**) were newly elected by resolution of the 76th Ordinary General Meeting of Shareholders held on March 24, 2011 and took office as indicated, pursuant to the resolution.

2) Corporate Auditor Tsutomu Mabuchi resigned as of the conclusion of the 76th Ordinary General Meeting of Shareholders held on March 24, 2011.

6. Abbreviation: AM: Automotive, MC: Motorcycle

(2) Changes of Directors after Fiscal 2011

Changes in responsibilities and significant concurrent positions

(As of January 1, 2012)

Names	After the change	Before the change
Hiroyuki Yanagi *	President and Chief Executive Officer, and Chief General Manager of MC Business Operations	President and Chief Executive Officer
Takaaki Kimura *	Senior Managing Executive Officer, Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager of Design Center, and Chief General Manager of AM Business Unit	Senior Managing Executive Officer, Chief General Manager of Marine Business Operations, Chief General Manager of Product Assurance & Safety Promotion Center, and Chief General Manager of AM Business Unit
Toyoo Ohtsubo	Managing Executive Officer	Managing Executive Officer, Chief General Manager of Technology Center
Yoshiteru Takahashi	Managing Executive Officer	Managing Executive Officer, Chief General Manager of MC Business Operations, and Chief General Manager of Overseas Market Development Operation Business Unit

Notes: 1. Directors denoted by an asterisk (*) are Representative Directors.
2. Abbreviation: MC: Motorcycle, AM: Automotive

(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, 2011, the Company is served by 24 Executive Officers comprising the aforementioned 8 concurrently serving as Directors and following 16 others.

Names	Positions	Responsibilities and significant concurrent positions
Yoshiaki Hashimoto	Senior Executive Officer	Senior General Manager of Human Resources & General Affairs Section, and Chief General Manager of Business Development Managing Unit
Kunihiko Miwa	Senior Executive Officer	Senior General Manager of Engineering Section, MC Business Operations
Katsuaki Watanabe	Senior Executive Officer	Chief General Manager of Manufacturing Center
Nobuaki Shiraishi	Executive Officer	Executive General Manager of RV Business Unit, MC Business Operations
Tadakazu Ishibashi	Executive Officer	Executive General Manager of Product Assurance & Safety Promotion Center, General Manager of Safety Promotion & Traffic System Division, Product Assurance & Safety Promotion Center, and Executive General Manager of Business Development Managing Unit
Soichi Sasagawa	Executive Officer	President and Representative Director of Yamaha Motor Powered Products Co., Ltd.
Hajime Yamaji	Executive Officer	Director and President of Yamaha Motor Europe N.V.
Toshizumi Kato	Executive Officer	Director and President of Yamaha Motor Corporation, U.S.A.
Hiroshi Yoshii	Executive Officer	Senior General Manager of Manufacturing Technology Section, Technology Center, and General Manager of Mold Technology Division, Manufacturing Technology Section, Technology Center
Takahiko Goan	Executive Officer	Executive General Manager of Overseas Market Development Operation Business Unit
Masato Adachi	Executive Officer	Executive General Manager of Boat Business Unit, Marine Business Operations
Masanori Kobayashi	Executive Officer	Executive General Manager of SPV Business Unit, Business Development Operations, and General Manager of Technical Administration Division, SPV Business Unit, Business Development Operations
Yoichiro Kojima	Executive Officer	Executive General Manager of ME Business Unit, Marine Business Operations
Tsuneji Suzuki	Executive Officer	Director and President of PT. Yamaha Indonesia Motor Manufacturing, and Director and President of PT. Yamaha Motor Manufacturing West Java
Ryoichi Sumioka	Executive Officer	Executive General Manager of 1st Business Unit, MC Business Operations
Hiroaki Fujita	Executive Officer	Executive General Manager of IM Business Unit, Business Development Operations, General Manager of Quality Assurance Division, IM Business Unit, Business Development Operations, and President and Representative Director of i-PULSE Co., Ltd.

Note: Abbreviation: MC: Motorcycle, RV: Recreational Vehicle, SPV: Smart Power Vehicle, ME: Marine Engine, IM: Intelligent Machinery

(4) Changes of Executive Officers after Fiscal 2011

Changes in responsibilities and significant concurrent positions

(As of January 1, 2012)

Names	After the change	Before the change
Yoshiaki Hashimoto	Senior Executive Officer, Senior General Manager of Human Resources & General Affairs Section, and Chief General Manager in charge of Product Assurance & Safety Promotion Center	Senior Executive Officer, Senior General Manager of Human Resources & General Affairs Section, and Chief General Manager of Business Development Managing Unit
Kunihiko Miwa	Senior Executive Officer, Executive General Manager of 2nd Business Unit, MC Business Operations	Senior Executive Officer, Senior General Manager of Engineering Section, MC Business Operations
Nobuaki Shiraishi	Executive Officer	Executive Officer, Executive General Manager of RV Business Unit, MC Business Operations
Tadakazu Ishibashi	Executive Officer	Executive Officer, Executive General Manager of Product Assurance & Safety Promotion Center, General Manager of Safety Promotion & Traffic System Division, Product Assurance & Safety Promotion Center, and Executive General Manager of Business Development Managing Unit
Masanori Kobayashi	Executive Officer, Executive General Manager of Product Assurance & Safety Promotion Center, General Manager of Safety Promotion & Traffic System Division, Product Assurance & Safety Promotion Center, and General Manager of Communications-Linked BIKEs Promotion Division, Technology Center	Executive Officer, Executive General Manager of SPV Business Unit, Business Development Operations, and General Manager of Technical Administration Division, SPV Business Unit, Business Development Operations
Ryoichi Sumioka	Executive Officer, Executive General Manager of 3rd Business Unit, MC Business Operations, and Chief General Manager in charge of Overseas Market Development Operation Business Unit	Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations

Note: Abbreviation: MC: Motorcycle, RV: Recreational Vehicle, SPV: Smart Power Vehicle

(5) Remuneration for Directors and Corporate Auditors

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 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 stock acquisition rights offered as stock options (Stock options have been integrated into stock compensation plan from the 77th fiscal year).

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 Corporate Auditors.

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 (15)	218	65	2	44	330
Of which, Outside Directors (6)	(28)				(28)
Corporate Auditors (7)	68				68
Of which, Outside Corporate Auditors (3)	(19)				(19)
Total	287	65	2	44	399

Notes: 1. The above Directors' bonuses in Compensation linked to performance state the provision for bonuses for Directors for fiscal 2011. A total payment of 52 million yen for Directors' bonuses from within the said provision is suggested in Proposed Resolution 4 (Payment of Bonuses to Directors) to be submitted at the 77th Ordinary General Meeting of Shareholders scheduled for March 23, 2012.

2. The above includes remuneration for the four Directors and three Corporate Auditors who retired as at the conclusion of the 76th Ordinary General Meeting of Shareholders held on March 24, 2011.

3. In addition to the remuneration listed above, 61 million yen was paid to Directors and concurrent employees, as the equivalent of salary to employees.

(6) Matters Relating to Outside Directors and Outside Corporate Auditors

1) Significant concurrent positions Outside Directors and Corporate Auditors are engaged in at other companies, and relationships between the Company and said other companies

Positions	Names	Significant concurrent positions
Directors	Yuko Kawamoto	- Professor, Graduate School of Finance, Accounting and Law, Waseda University - Outside Director of Osaka Securities Exchange Co., Ltd. - Outside Director of Monex Group, Inc. - Outside Corporate Auditor of Tokio Marine Holdings, Inc. - Outside Director of ITOCHU Corporation There is no special relationship between the Company and the companies where the significant concurrent positions are held.
	Masamitsu Sakurai	- Chairman of the Board and Director, Chairman of RICOH COMPANY, LTD. - Director of COCA-COLA WEST COMPANY, LIMITED - Outside Director of OMRON Corporation - Administrative Director of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION There is no special relationship between the Company and the companies where the significant concurrent positions are held.
	Mitsuru Umemura	- President and Representative Director of Yamaha Corporation Yamaha Corporation is a shareholder that holds 12.11 % of the Company’s shares, and the Company has sale and purchase transactions of products and merchandise with this company.
Corporate Auditors	Norihiko Shimizu	- Visiting Professor, International Business Strategy of Hitotsubashi University - Outside Corporate Auditor of Fast Retailing Co., Ltd. There is no special relationship between the Company and the companies where the significant concurrent positions are held.
	Tetsuo Kawawa	- Attorney - Outside Corporate Auditor of Nisshin Seifun Group Inc. There is no special relationship between the Company and the company where the significant concurrent position is held.

2) Main activities during fiscal 2011

Categories	Names	Main activities
Outside Director	Yuko Kawamoto	Attended all 12 Meetings of the Board of Directors held during fiscal 2011. She stated her opinions based on her wide-ranging experience and knowledge as a management consultant and in research activities for finance.
Outside Director	Masamitsu Sakurai	Attended all 9 Meetings of the Board of Directors held since assuming the position of Outside Director in March 2011. He stated his opinions based on his knowledge acquired as a vastly-experienced manager of listed companies.
Outside Director	Mitsuru Umemura	Attended 8 Meetings of the 9 Meetings of the Board of Directors held since assuming the position of Outside Director in March 2011. He stated his opinions based on his extensive knowledge acquired as a manager of a listed company.
Outside Corporate Auditor	Norihiko Shimizu	Attended 11 Meetings of the 12 Meetings of the Board of Directors, and 11 Meetings of the 12 Meetings of the Board of Corporate Auditors held during fiscal 2011. He stated his opinions based on his extensive experience and knowledge from his research on international corporate strategies.
Outside Corporate Auditor	Tetsuo Kawawa	Attended 11 Meetings of the 12 Meetings of the Board of Directors, and 11 Meetings of the 12 Meetings of the Board of Corporate Auditors held during fiscal 2011. He stated his opinions based on his extensive experience and knowledge as a lawyer well-versed in corporate legal affairs.

3) Agreement on limitation of liability

The Company has concluded liability limitation agreements with all Outside Directors and Outside Corporate Auditors in accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Law of Japan, to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the said Law.

The maximum liability for damages to be borne by the Outside Directors and Outside Corporate Auditors under the agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Law of Japan.

5. Independent Auditor

(1) Contracted Independent Auditor

Ernst & Young ShinNihon LLC

(2) Remuneration Paid to the Independent Auditor during Fiscal 2011

1) Remuneration Paid to the Independent Auditor during fiscal 2011:	98	million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	127	million yen

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

Each of the following important subsidiaries of the Company contracts another certified public accountant or audit corporation (or a person having an equivalent qualification in the foreign country concerned) for auditing (or equivalent service prescribed by a law equivalent to the Corporation Law of Japan or the Financial Instruments and Exchange Law in the foreign country): Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America; Yamaha Motor Europe N.V.; MBK Industrie; PT. Yamaha Indonesia Motor Manufacturing; Thai Yamaha Motor Co., Ltd.; Yamaha Motor Vietnam Co., Ltd.; Yamaha Motor Taiwan 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 which are not prescribed in Paragraph 1 of Article 2 of the Certified Public Accountants Law (non-audit services):

1) Research for the establishment of subsidiaries
2) Review of the Yamaha Motor Group Accounting Standard
3) Review of the annual report
4) Review of the English translation of the notice of convocation of the ordinary general meeting of shareholders

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

In addition to the dismissal of an independent auditor by the Board of Corporate Auditors stipulated in Article 340 of the Corporation Law of Japan, the Company shall, with the approval or upon request from the Board of Corporate Auditors, propose an agenda to dismiss or not to reappoint an independent auditor to a general meeting of shareholders, if it is deemed difficult for the independent auditor to perform his or her duties.

6. Systems to Ensure Proper Business Operations

(1) Systems to Ensure the Directors Compliance with Laws, 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.
- Corporate Auditors, in accordance with the criteria and methodology established by the Board of Corporate Auditors, 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. It 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) Disposition of Documentation and Other 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

- A Risk Management Compliance Committee shall be established to formulate measures for integrated risk control, and promote such measures.
- 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 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 management 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 Laws, Regulations and the Company's Articles of Incorporation

- A Risk Management Compliance Committee shall be established to deliberate and offer opinions concerning compliance measures.
- The Company shall enhance its Code of Ethics, and provide ethics and compliance training appropriate to each position in the Company.
- 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.
- 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.
- 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.

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

- Internal 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 under the direct control of the President and Chief Executive Officer.
- Each domestic subsidiary, in principle, shall have a Board of Directors and a Corporate Auditor; overseas subsidiaries shall design 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 shall provide subsidiaries with guidance and education to ensure appropriateness of financial information.
- The section supervising risk management shall provide subsidiaries with guidance and education in respect of risk management activities.
- 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

- 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.
- 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 the following matters to the Board of Corporate Auditors periodically, or when necessary, at its 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
- Director malpractice and/or acts conducted in violation of the law or the Company's Articles of Incorporation
- Incidents that could cause the Company considerable damage

(10) Other Systems to Ensure Effective Auditing by Corporate Auditors

- The Representative Directors shall meet with the Corporate Auditors periodically to exchange opinions.
- Corporate Auditors shall attend important meetings of bodies including the Management Committee, Risk Management Compliance Committee, and Executive Committee.
- The internal audit section shall explain its internal audit plan to Corporate Auditors in advance.
- The minutes of the Management Committee meeting and any other meetings as the Corporate Auditors may specify shall be made available for their perusal. The Corporate Auditors 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 Board of Corporate Auditors.

7. 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 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 disclose 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 management plan
   In the medium-term management plan (from fiscal 2010 to fiscal 2012), the Company is going to accelerate structural reforms that have been pushed ahead since fiscal 2010, promptly establish a profit structure, and address the following significant issues to realize future growth scenario:

   1. In businesses in the developed countries, the Company will assume more severe future demand, further lower the target number of production units at break-even point, and reduce fixed costs by restructuring the global production structure and retrenching of staff size. Moreover, it will reduce procurement cost by means such as an expansion of overseas procurement. By these measures to reform, the Company will improve the profitability.

   2. In the motorcycle business in the emerging countries where growth is expected, the Company will strengthen the competitiveness of products that respond to customers' needs, and provide low price

and attractive products in the Asian markets where the demand expansion is anticipated. The Company will increase the procurement of equipment parts from local manufacturers and aim for the expansion of the business by raised competitiveness resulting from the further cost-down achieved by such measures.

3. The Company will promote the measures to promptly commercialize the next-generation environmental technology. In addition to the development of environment-conscious low-fuel-consumption engines for motorcycles and outboard motors and efforts to launch electric-powered motorcycles in markets, it will expand the sales of electrically power assisted bicycles, whose demand growth is expected, to overseas.

2) Efforts to increase corporate value by strengthening corporate governance
The Company recognizes that corporate governance is an important tool to "ensure disciplined management and maximize long-term corporate value." Based on this recognition, the Company has been striving to speed up management decision-making; make the accountability of Directors regarding business results clearer; and develop a transparent system of director selection and remuneration. Specifically, in addition to introducing an Executive Officer system, the Company elects multiple Outside Directors. While striving on one hand to separate the roles of business execution and business supervision, the Company has shortened the term of office of Directors from two years to one year in order to assure accountability of Directors to the shareholders. The Company has also established the "Executive Personnel Committee" as a voluntary committee comprised of several full-time Directors and several Outside Directors. This committee aims to increase suitability and transparency through discussions about nominating candidates for Director and Executive Officer and determining remuneration systems and remuneration amounts for these officers. Such discussions of this committee have already formed the basis of the change to a remuneration system that is highly correlated to performance and the abolition of retirement benefits for Directors and Corporate Auditors. Looking ahead, the Company shall work to more clearly designate the role of the Board of Directors as "approval of core policy of the Group and supervision of the execution of duties" and the role of executive officers as "management of the Yamaha Motor Group and execution of duties," and it shall build a system of management to match this demarcation of duties.

(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 measures (hereinafter "the Plan") using the gratis issue of stock acquisition rights, according to the details of "Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares" approved at the 75th General Meeting of Shareholders held on March 25, 2010. An overview of the Plan is as follows:

1) The Board of Directors shall, by its resolution, set up a Corporate Value Committee. The Corporate Value Committee shall examine the takeover proposal forwarded by the Board of Directors and determine whether to issue an advisory resolution, and also determine other matters forwarded by the Board of Directors. The Corporate Value Committee resolutions shall pass with the majority of all committee members' vote. Committee members shall be appointed only from within the Company's Outside Directors.
2) The Board of Directors shall require parties intending to engage in specific takeover attempts, prior to commencing such takeover attempts, to submit the following written proposal, and to make the Company issue a Confirmation Resolution. Accordingly, parties proposing specific takeover attempts shall, prior to commencing such takeover attempts, submit the following written proposal to obtain a Confirmation Resolution from the Company: information regarding the persons proposing the specific takeover attempts, including their group companies and related parties; the purpose of the proposed takeover bid; proposed post-takeover management policy and business plan; basis and method of takeover price calculation; proof of takeover fund availability; potential impact of the takeover on the interests of the Company's stakeholders; and other necessary information which the Company reasonably requires, ad described in (4) 1) to 7) below. A proposal that fulfills these requirements shall be hereafter referred to as a "Takeover Proposal," and any party who makes such a proposal shall be hereafter referred to as a "Takeover Proposer." "Confirmation Resolution" shall mean a resolution passed by the Board of Directors to disallow a Gratis Issue of Stock Acquisition Rights (hereinafter the "Stock Acquisition Rights") for which an advisory resolution by the Corporate Value Committee as described below has

been received.

In the interest of the prompt management of the Plan, when the Company encounters a proposal that it is unable to acknowledge as a Takeover Proposal due to the lack of necessary information, it may require, if necessary, the party conducting the proposal relating to the acquisition of the Company's shares to provide information. In this case, basically, a period of 60 business days, calculated from the day the first information provision request to the proposer is made, shall be set for the maximum limit to make the information provision request to the proposer and the proposer to make a response (hereinafter "Information Provision Request Period"). It shall be 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. In cases where a request for extension is made with reasonable cause, the Company may extend the Information Provision Request Period as necessary provided that the period of extension does not exceed 30 business days.

3) The Board of Directors shall promptly forward the received Takeover Proposal to the Corporate Value Committee to request the committee's recommendation. The Corporate Value Committee shall examine the Takeover Proposal and discuss on whether to issue a resolution advising the Board of Directors to adopt a Confirmation Resolution for the Takeover Proposal (hereinafter "Advisory Resolution"). The content of the Corporate Value Committee's resolution shall be disclosed. The Corporate Value Committee shall be granted 60 business days from the day of receipt of a Takeover Proposal by the Board of Directors or the day of expiration of the Information Provision Request Period, whichever is earlier (or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company's shares by a cash-only takeover bid in Japanese yen). This period shall not be extended without reasonable cause (in cases where the period is extended, the cause shall be disclosed).

4) The Corporate Value Committee shall examine and discuss the Advisory Resolution in good faith. This deliberation is conducted from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests (including the aspects listed in items 1) to 7) below). The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal is found to satisfy all of the following requirements and, even if a Takeover Proposal does not satisfy some of the following 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.

(1) None of the following categories are applicable to the Takeover Proposal:

(i) It is a share buyout, in which the Takeover Proposer demands that the Company or related parties buy back purchased shares at high prices;

(ii) It is structured to further the interests of the Takeover Proposer or its group companies, as well as other related parties, at the expense of the Company, such as by temporarily controlling the Company's management in order to transfer the Company's major assets;

(iii) It makes the Company's assets subject to use as collateral guarantee, or use for the repayment of debts of the Takeover Proposer, its group companies, or other related parties;

(iv) It seeks to obtain a temporary high return at the expense of the Company's sustainable growth, such as by temporarily controlling the Company's management in order to reduce assets and funds necessary for the Company's future business and product development; by using profits from disposing of such assets and funds in order to obtain high temporary dividends, and/or by selling the Company's shares at peak prices in an attempt to drive up the Company's share price; and/or

(v) It realizes the interests of the Takeover Proposer, its group companies or other related parties by unfairly damaging the important management resources that are the source of the Company's corporate value (highly unique technology and know-how, knowledge and information of specific market sectors, deep relationships of trust with trading partners cultivated over many years, and high quality human resources in specialist fields; through the party conducting the specific takeover attempt acquiring control of the Company;

(2) The mechanism and content of the Takeover Proposal comply with all relevant laws and regulations;

(3) The mechanism and content of the Takeover Proposal do not threaten to actually or essentially compel shareholders of the Company to sell their shares, such as is consistent with a coercive two-tier tender offer (meaning a tender offer that does not seek to acquire all shares in the initial acquisition, and sets unfavorable or unclear acquisition terms for the second stage);

(4) Any and all information required, and which is not fallacious, to properly examine the Takeover Proposal is offered, as necessary, to the Company upon its request, and the Takeover Proposer responds in good faith to the procedures prescribed in the Plan;

(5) A specified period for the Company to examine the Takeover Proposal (including the examination and proposal of alternate plans to the Company's shareholders) is secured (60 business days for

examination and discussion of the Takeover Proposal from the time it is received, or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company's shares by a cash-only takeover bid in Japanese yen. If there is reasonable cause to exceed the period, the applicable number of business days).

(6) The Takeover Proposal does not contain any provisions that can be deemed insufficient or inappropriate in light of the Company's corporate value and shareholders' common interests; and,

(7) The Takeover Proposal can reasonably be deemed to protect and increase the Company's corporate value and shareholders' common interests.

5) The Board of Directors shall adopt the Confirmation Resolution based on the Advisory Resolution of the Corporate Value Committee. If the Corporate Value Committee issues an Advisory Resolution, the Board of Directors is obliged to promptly adopt a Confirmation Resolution, unless it finds particular grounds to rule that adopting such a Confirmation Resolution obviously violates the Directors' duty of care. The Board of Directors shall not be empowered to execute a Gratis Issue of Stock Acquisition Rights against any Takeover Proposal which is endorsed by a Confirmation Resolution.

6) If a specific takeover attempt is executed without obtaining a Confirmation Resolution, the Board of Directors shall set a reference date for Gratis Issue of Stock Acquisition Rights, and execute this Gratis Issue such that the Company's shareholders as of the reference date receive the Stock Acquisition Rights. However, if it becomes clear that a specific acquirer's shareholding ratio does not reach 20 percent by a specific date, prior to the reference date for Gratis Issue and set forth by the Board of Directors (including cases where the Board of Directors finds that special circumstances similar to this arise), the Board may suspend the Gratis Issue, and stop the Stock Acquisition Rights from taking effect. No cash is to be paid to the specific acquirer in return for this compulsory assignment of the stock acquisition rights.

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

The Plan is adopted to protect and increase the Company's corporate value and the shareholders' common interests. To improve the rationality of the Plan, a special scheme shall be implemented as follows.

1) The Plan was approved by the Company's shareholders at the 75th General Meeting of Shareholders held on March 25, 2010.

2) The terms of office of the Company's Directors is one year and non-coinciding terms of office or no extra weighting occurs from ordinary resolutions for cases of dismissal. It is therefore possible for the Plan to be abandoned by resolution of the Board of Directors by election or dismissal of Directors based on a one-time ordinary resolution of a general meeting of shareholders. This means that the intention of the shareholders will be reflected in this point as well.

3) To guarantee the neutrality of judgments in the Plan, the Corporate Value Committee, which is comprised only of Outside Directors and Outside Corporate Auditors who do not engage in the execution of the Company's business and whose independence from the Company's management is secured, conducts an examination of the details of the Takeover Proposal and, while upholding a legal duty to the Company as officers of the Company, discusses in good faith the Takeover Proposal from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests.
Furthermore, if the Corporate Value Committee issues an Advisory Resolution to advise the Board of Directors to adopt a Confirmation Resolution, the Board of Directors must follow the Advisory Resolution and adopt a Confirmation Resolution; provided that there are no special grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care.

4) The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal is found to satisfy all of the requirements described in 4) (1) to (7) of (3) above and, even if a Takeover Proposal does not satisfy some of those 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. This scheme is adopted to increase objectivity.

5) The effective term for the shareholders' meeting approval upon adoption is set as three years from the 75th General Meeting of Shareholders. During the effective term, the Board of Directors may determine the contents of the Plan on a yearly basis, within the scope authorized by the Shareholders' Meeting Approval upon adoption, and it is possible that the term will change to reflect changes in relevant laws and other circumstances surrounding the Company. On the day when three years have elapsed, the Board of Directors will once again confirm the intention of shareholders, which shall include a review of incidental conditions, and ask the shareholders for their judgment. However, as described in (2) above, it is possible to abandon the Plan at anytime within the three year period by resolution of the Board of Directors through election or dismissal of Directors by ordinary resolution of the General Meeting of

Shareholders.

6) The Plan completely satisfies the applicable legal requirements (the requirements that must be satisfied in order to prevent the issue of the Stock Acquisition Rights from being halted.) and the requirements for rationality (to ensure the understanding of the stakeholders such as shareholders and investors) as prescribed in “Guidelines With Respect To Anti Takeover Policy For Securing And Enhancing Corporate Value and Shareholders’ Common Interests” made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005. Also, the plan conforms to the opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008.

Consolidated Balance Sheets

Millions of yen

	As of December 31, 2011	(Reference) As of December 31, 2010
ASSETS		
I. Current assets:		
Cash and deposits	133,707	205,362
Notes and accounts receivable-trade	166,531	183,711
Merchandise and finished goods	134,215	136,308
Work-in-process	39,971	37,423
Raw materials and supplies	39,372	39,903
Other	53,705	43,822
Allowance for doubtful receivables	(6,297)	(7,503)
Total current assets	561,205	639,028
II. Noncurrent assets:		
1. Property, plant and equipment:		
Buildings and structures, net	75,072	83,630
Machinery, equipment and vehicles, net	65,140	65,610
Land	75,726	72,486
Construction in progress	17,936	12,658
Other, net	14,554	15,935
Total property, plant and equipment	248,430	250,320
2. Intangible assets:		
Leasehold rights	2,705	3,144
Other	764	1,102
Total intangible fixed assets	3,469	4,247
3. Investments and other assets:		
Investment securities	35,549	35,316
Long-term loans receivable	36,017	37,034
Other	17,344	13,868
Allowance for doubtful receivables	(1,596)	(1,473)
Total investments and other assets	87,314	84,745
Total noncurrent assets	339,214	339,314
Total assets	900,420	978,343

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

Millions of yen

	As of December 31, 2011	(Reference) As of December 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable-trade	121,974	125,809
Short-term loans payable	42,919	35,455
Current portion of long-term loans payable	69,398	57,576
Income taxes payable	2,853	8,282
Provision for bonuses	9,292	8,800
Provision for product warranties	25,112	28,356
Other provision	1,137	1,083
Other	93,727	99,765
Total current liabilities	366,415	365,131
II. Noncurrent liabilities:		
Long-term loans payable	162,403	229,410
Deferred tax liabilities for land revaluation	6,143	7,009
Provision for retirement benefits	39,611	35,423
Provision for product liabilities	6,261	20,882
Other provisions	1,329	1,529
Other	8,341	8,147
Total noncurrent liabilities	224,090	302,401
Total liabilities	590,505	667,533
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,666	85,666
2. Capital surplus	74,582	98,147
3. Retained earnings	249,478	199,190
4. Treasury stock	(683)	(681)
Total shareholders' equity	409,044	382,323
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	(1,470)	2,719
2. Revaluation reserve for land	11,050	10,186
3. Foreign currency translation adjustment	(137,860)	(120,977)
Total accumulated other comprehensive income	(128,280)	(108,070)
III. Subscription rights to shares	109	102
IV. Minority interests	29,042	36,454
Total net assets	309,914	310,809
Total liabilities and net assets	900,420	978,343

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

(Additional information)

The Company has applied the Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan Statement No. 25; June 30, 2010). The amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the fiscal year ended December 31, 2010 are stated at the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments."

(TRANSLATION ONLY)

Consolidated Statements of Income

Millions of yen

	Current Fiscal Year (January 1, 2011– December 31, 2011)	(Reference) Previous Fiscal Year (January 1, 2010– December 31, 2010)
I. Net sales	1,276,159	1,294,131
II. Cost of sales	1,000,113	998,565
Gross profit	276,046	295,565
III. Selling, general and administrative expenses	222,640	244,256
Operating income	53,405	51,308
IV. Non-operating income		
Interest income	8,324	8,734
Dividends income	525	676
Equity in earnings of affiliates	3,218	2,516
Gain on revaluation of sales finance assets	344	—
Foreign exchange gains	—	4,072
Other	11,408	13,071
Total non-operating income	23,821	29,071
V. Non-operating expenses		
Interest expenses	6,814	8,023
Loss on revaluation of sales finance assets	—	321
Foreign exchange losses	3,138	—
Other	3,779	5,892
Total non-operating expenses	13,732	14,238
Ordinary income	63,495	66,142
VI. Extraordinary income		
Gain on sales of noncurrent assets	323	544
Gain on sales of investment securities	—	34
Gain on transfer of business	—	106
Total extraordinary income	323	685
VII. Extraordinary loss		
Loss on sales of noncurrent assets	149	175
Loss on disposal of noncurrent assets	735	1,038
Impairment loss	776	6,628
Loss on sales of investment securities	81	3
Loss on cancellation of lease contracts	—	34
Loss on adjustment for changes of accounting standard for asset retirement obligations	552	—
Loss on disaster	316	—
Total extraordinary losses	2,610	7,879
Income before income taxes	61,207	58,947
Income taxes — current	26,477	31,671
Income taxes — deferred	396	126
Total income taxes	26,873	31,798
Income before minority interests	34,333	—
Minority interests in income	7,372	8,849
Net income	26,960	18,300

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

Consolidated Statement of Changes in Net Assets

Current Fiscal Year (From January 1, 2011 through December 31, 2011)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2010	85,666	98,147	199,190	(681)	382,323
Changes in items during the period					
Deficit disposition		(23,565)	23,565		0
Reversal of revaluation reserve on land			1		1
Net income			26,960		26,960
Increase of consolidated subsidiaries			(251)		(251)
Decrease in subsidiaries and affiliates accounted for by the equity method			11		11
Acquisition of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total of changes in items during the period	0	(23,565)	50,288	(2)	26,720
Balance at December 31, 2011	85,666	74,582	249,478	(683)	409,044

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at December 31, 2010	2,719	10,186	(120,977)	(108,070)
Changes in items during the period				
Deficit disposition				
Reversal of revaluation reserve on land				
Net income				
Increase of consolidated subsidiaries				
Decrease in subsidiaries and affiliates accounted for by the equity method				
Acquisition of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity	(4,190)	863	(16,883)	(20,209)
Total of changes in items during the period	(4,190)	863	(16,883)	(20,209)
Balance at December 31, 2011	(1,470)	11,050	(137,860)	(128,280)

	Subscription rights to shares	Minority interests	Total net assets
Balance at December 31, 2010	102	36,454	310,809
Changes in items during the period			
Deficit disposition			0
Reversal of revaluation reserve on land			1
Net income			26,960
Increase of consolidated subsidiaries			(251)
Decrease in subsidiaries and affiliates accounted for by the equity method			11
Acquisition of treasury stock			(2)
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	6	(7,412)	(27,615)
Total of changes in items during the period	6	(7,412)	(895)
Balance at December 31, 2011	109	29,042	309,914

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

(Reference)

Consolidated Statement of Changes in Net Assets

Previous Fiscal Year (From January 1, 2010 through December 31, 2010)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2009	48,342	60,824	180,880	(677)	289,369
Changes in items during the period					
Issuance of new stocks	37,323	37,323			74,647
Reversal of revaluation reserve on land			21		21
Net income			18,300		18,300
Increase of consolidated subsidiaries			(12)		(12)
Acquisition of treasury stock				(3)	(3)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total of changes in items during the period	37,323	37,323	18,309	(3)	92,953
Balance at December 31, 2010	85,666	98,147	199,190	(681)	382,323

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total valuation and translation adjustments
Balance at December 31, 2009	4,039	10,208	(91,220)	(76,971)
Changes in items during the period				
Issuance of new stocks				
Reversal of revaluation reserve on land				
Net income				
Increase of consolidated subsidiaries				
Acquisition of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity	(1,320)	(21)	(29,757)	(31,099)
Total of changes in items during the period	(1,320)	(21)	(29,757)	(31,099)
Balance at December 31, 2010	2,719	10,186	(120,977)	(108,070)

	Subscription rights to shares	Minority interests	Total net assets
Balance at December 31, 2009	72	36,796	249,266
Changes in items during the period			
Issuance of new stocks			74,647
Reversal of revaluation reserve on land			21
Net income			18,300
Increase of consolidated subsidiaries			(12)
Acquisition of treasury stock			(3)
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	30	(342)	(31,410)
Total of changes in items during the period	30	(342)	61,543
Balance at December 31, 2010	102	36,454	310,809

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: 107

2) Names of principal consolidated 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., MBK Industrie, PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Vietnam Co., Ltd., Thai Yamaha Motor Co., Ltd., Yamaha Motor Taiwan Co., Ltd., and Yamaha Motor do Brasil Ltda.

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

Total assets, net sales, net income or loss, retained earnings and other financial indexes of non-consolidated subsidiaries, including HL Yamaha Motor Research Centre Sdn. Bhd., were not significant in the aggregate to the Company's consolidated financial statements. Therefore, these companies were excluded from the Company's scope of consolidation.

(2) Scope of Application of Equity Method of Accounting

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

Number of non-consolidated subsidiaries accounted for by the equity method of accounting: 6
HL Yamaha Motor Research Centre Sdn. Bhd. and 5 other subsidiaries
Number of affiliates accounted for by the equity method of accounting: 25
Chongqing Jianshe Yamaha Motor Co., Ltd. and 24 other affiliates

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

Four non-consolidated subsidiaries including Yamaha Motor Cambodia Co., Ltd., and an affiliate, Y^2 Marine Manufacturing Co., Ltd., were individually insignificant to the Company's consolidated net income or loss, consolidated retained earnings and other consolidated financial indexes, and were not significant in the aggregate. Therefore, the Company's investments in these companies were stated at cost, instead of being accounted for by the equity method of accounting.

(Changes in accounting policies)
Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan ("ASBJ") Statement No. 16; March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force No. 24; March 10, 2008), and has made necessary revisions on the consolidated financial statements.
The application of the said accounting standard, etc. has no significant impact on the statement of income.

(3) Accounting Standards

1) Asset Valuation

(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 Assets

(a) Property, plant and equipment (excluding leased assets)
Depreciation of property, plant and equipment is computed primarily by the declining-balance method.

(b) Intangible assets (excluding leased assets)
Amortization of intangible assets is computed by the straight-line method.
Amortization of capitalized software for internal use is computed by the straight-line method over the software's estimated useful life (five years).

(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.
Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

3) Significant Accruals
(a) Allowance for doubtful receivables
In order to evaluate accounts receivable-trade, and loans and other equivalents, an allowance for doubtful receivables 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 are 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 bonuses for Directors
Provision for bonuses for Directors are stated at an estimated amount of the bonuses to be paid to Directors, based on their services for the current fiscal period.

(d) Provision for product warranties

Provision for product warranties are 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.

(e) Provision for retirement benefits

Provision for retirement benefits are provided mainly at an amount, deemed generated on December 31, 2011, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

Prior service cost is being 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 gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees.

(f) Provision for product liabilities

Provision for product liabilities are 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 Items of Significance in Drawing up Consolidated Financial Statements

(a) 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. Changes in Financial Accounting Method

(1) Changes to the Scope of Consolidation

Effective from the fiscal year ended December 31, 2011, Motor Center BCN S.A., which was a non-consolidated subsidiary accounted for by the equity method of accounting, and PT. Melco Indonesia and Yamaha Motor Electronics do Brasil Ltda., which were non-consolidated subsidiaries, have been included in the scope of consolidation in view of their increased significance. Additionally, Yamaha Motor Espana Marketing, S.L., which was newly established in the fiscal year ended December 31, 2011, has been included in the scope of consolidation.

On the other hand, Besq. Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation due to an absorption-type merger with Toyo Seiki Co., Ltd.*, which was also a consolidated subsidiary, as the surviving company.

*Toyo Seiki Co., Ltd. changed its name to TOYOBESQ CO., LTD. on January 1, 2011.

(2) Changes to the Scope of Application of the Equity Method of Accounting

Effective from the fiscal year ended December 31, 2011, Motor Center BCN S.A., which was a non-consolidated subsidiary accounted for by the equity method of accounting, has been changed to a consolidated subsidiary in view of its increased significance. Additionally, Onahama Marina Co., Ltd., which was an affiliate accounted for by the equity method of accounting, was excluded from the scope of application of the equity method of accounting due to its liquidation.

(3) Change in Accounting Policies and Procedures

Application of "Accounting Standard for Asset Retirement Obligations"

Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008).

The application of the said accounting standard, etc. has no significant impact on the statement of income.

(4) Changes in Presentation

Consolidated Statements of Income

Effective from the fiscal year ended December 31, 2011, the Company has applied the Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5; March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008). As a result, an account of "Income before minority interests" is presented in the Consolidated Statements of Income.

3. Notes to Consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, plant and equipment	509,550

(2) Pledged Assets

Pledged Assets are as follows:	
Notes and accounts receivable - trade	56,296
Merchandise and finished goods	1,217
Work-in-process	1,022
Raw materials and supplies	2,477
Current assets - Other	11,888
Buildings and structures	322
Machinery, equipment and vehicles	7,943
Land	95
Construction in progress	833
Property, plant and equipment - Other	286
Investment securities	50
Long-term loans receivable	21,101
Investments and other assets - Other	5,730
Total	109,265

Secured liabilities are as follows:	
Short-term loans payable	11,794
Current portion of long-term loans payable	3,256
Long-term loans payable	33,558
Noncurrent liabilities - Other	397
Total	49,006

(3) Discounts on Notes Receivable-Trade 2,414

(4) Guarantee Obligations

Guarantees are given for the following companies' loans from financial institutions.

Subsidiaries or affiliates:	
Amagasaki Woodland of Health Co., Ltd.	268
Other companies:	
Enrum Marina Muroran Inc.	49
Marina Kawage Co., Ltd.	5
Total	323

Guarantee obligations described above include 274 million yen arising from acts resembling guarantees.

(5) Revaluation Reserve for Land

Pursuant to the "Law Concerning the Revaluation of Land" (No. 24, enacted on March 31, 1999), land used for the Company's business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as "Deferred tax liabilities for land revaluation" and the remaining balance has been presented under net assets as "Revaluation Reserve for Land" in the accompanying consolidated balance sheets.

1) Date of revaluation March 31, 2000

2) Method of revaluation
Under Item 4 of Article 2 of the Order for Enforcement on Law on Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

3) Fair value of the land used for business after revaluation
The fair value of the land used for business after revaluation at the end of fiscal 2011 was below its book value by 6,787 million yen.

4. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and Number of Outstanding Shares:

Capital stock 349,757,784 shares

(2) Dividends

1) Amount of dividends paid
No related items.

2) Dividends whose record date falls in FY2011 and whose effective date falls in FY2012

Resolution	Type of share	Total amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 23, 2012	Capital stock	5,411	Retained earnings	15.50	Dec. 31, 2011	Mar. 26, 2012

(3) Subscription rights to shares

Subscription rights to shares at December 31, 2011 are as follows.

	Fourth subscription rights to shares (issued on June 13, 2008)	Fifth subscription rights to shares (issued on June 16, 2009)	Sixth subscription rights to shares (issued on June 15, 2010) (Note)
Number of subscription rights to shares	755	1,120	565
Class of shares to be issued or transferred upon exercise of subscription rights to shares	Capital stock	Capital stock	Capital stock
Number of shares to be issued or transferred upon exercise of subscription rights to shares	75,500	112,000	56,500

Note: The exercise period of the sixth subscription rights to shares is from June 15, 2012 to June 14, 2016. The first day of the exercise period has not yet arrived as of December 31, 2011.

5. 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, 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, 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, they are continuously 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 are 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, the Company and some of its consolidated subsidiaries use interest rate swap transactions to reduce risk of fluctuations in interest paid on their 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 Corporate Auditors, and heads of the finance & accounting division and the division responsible for managing positions at least twice 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, 2011 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	133,707	133,707	—
(2) Notes and accounts receivable-trade	166,531		
Allowance for doubtful receivables (*1)	(5,114)		
	161,416	161,387	(28)
(3) Investment securities	15,483	15,483	—
(4) Long-term loans receivable	36,017		
Allowance for doubtful receivables (*1)	(1,565)		
	34,452	40,927	6,474
Total assets	345,060	351,506	6,445
(5) Notes and accounts payable-trade	121,974	121,974	—
(6) Short-term loans payable	42,919	42,919	—
(7) Current portion of long-term loans payable	69,398	69,398	—
(8) Long-term loans payable	162,403	165,022	2,619
Total liabilities	396,695	399,314	2,619
Derivative transactions (*2)	(1,069)	(1,069)	—

(*1) Allowance for doubtful receivables are deducted from notes and accounts receivable-trade and long-term loans receivable.

(*2) Receivables and payables, which were derived from derivative transactions, are presented in net amount. 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 receivables 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) Investment securities

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

(4) Long-term loans receivable

For long-term loans receivable 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 with fixed rates, the fair values are measured at their present values from which an allowance for doubtful receivables 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:

(5) Notes and accounts payable-trade, (6) Short-term loans payable, (7) 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.

(8) 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	20,065

The foregoing items are not included in “(3) Investment securities,” because there is no market price, and it is deemed difficult to measure the fair values.

6. Notes to Per Share Information

(1) Net Assets per Share 804.26 yen

(2) Net Income per Share 77.23 yen

(TRANSLATION ONLY)

Non-consolidated Balance Sheets

Millions of yen

	As of December 31, 2011	(Reference) As of December 31, 2010
ASSETS		
I. Current assets:		
Cash and deposits	31,333	96,397
Notes receivable-trade	3,513	4,293
Accounts receivable-trade	55,162	43,497
Merchandise and finished goods	26,922	32,130
Work-in-process	12,665	13,272
Raw materials and supplies	11,272	11,503
Advanced payments	113	463
Prepaid expenses	470	442
Other receivables	11,163	8,643
Dividends receivable from subsidiaries and affiliates	18,671	—
Short-term loans receivable	61,480	39,156
Other	158	498
Allowance for doubtful receivables	(2,081)	(1,783)
Total current assets	230,847	248,516
II. Noncurrent assets:		
1. Property, plant and equipment:		
Buildings, net	30,310	32,823
Structures, net	1,710	1,780
Machinery and equipment, net	8,890	8,110
Boats, net	59	59
Vehicles, net	270	227
Tools, furniture and fixtures, net	3,690	3,029
Land	49,495	48,290
Construction in progress	4,235	2,781
Total tangible fixed assets	98,663	97,104
2. Intangible assets:		
Leasehold rights	514	514
Other	126	138
Total intangible assets	641	653
3. Investments and other assets:		
Investment securities	16,154	17,172
Investment in subsidiaries' and affiliates' stock	121,904	126,745
Investment in partnership	3	3
Investment in subsidiaries and affiliates	21,472	21,472
Long-term loans receivable	21	21
Long-term loans to employees	13	17
Long-term loans to subsidiaries and affiliates	1,144	1,443
Long-term prepaid expenses	43	45
Security deposits	691	824
Other	2	3
Allowance for doubtful receivables	(47)	(74)
Total investments and other assets	161,402	167,674
Total noncurrent assets	260,707	265,432
Total assets	491,554	513,948

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

Millions of yen

	As of December 31, 2011	(Reference) As of December 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes payable-trade	4,684	4,781
Notes payable-construction	327	259
Accounts payable-trade	54,333	49,803
Short-term loans payable	5,489	6,284
Current portion of long-term loans payable	35,350	47,850
Lease obligations	103	32
Other payables	10,920	11,833
Accounts payable-construction	5,574	3,596
Provision for expenses	4,123	3,884
Deferred tax liabilities	—	34
Advances received	1,678	1,994
Deposits received	1,956	1,594
Provision for bonuses	4,600	4,175
Provision for bonuses for Directors	65	—
Provision for product warranties	16,570	18,458
Asset retirement obligations	48	—
Other	469	448
Total current liabilities	146,296	155,033
II. Noncurrent liabilities:		
Long-term loans payable	104,800	140,150
Lease obligations	1,259	1,055
Deferred tax liabilities	379	869
Deferred tax liabilities on unrealized revaluation gain on land	6,143	7,009
Provision for retirement benefits	29,490	26,224
Provision for retirement benefits for Directors and Corporate Auditors	—	31
Provision for product liabilities	4,075	8,959
Provision for motorcycle recycling costs	1,282	1,228
Allowance for investment loss	702	109
Asset retirement obligations	751	—
Other	659	672
Total noncurrent liabilities	149,542	186,310
Total liabilities	295,839	341,343
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,666	85,666
2. Capital surplus		
(1) Capital reserve	73,941	97,756
(2) Other capital reserve	640	391
Total capital surplus	74,582	98,147
3. Retained earnings		
(1) Legal reserve	—	3,775
(2) Other retained earnings		
Reserve for special depreciation	15	22
Reserve for advanced depreciation	350	327
Retained earnings brought forward	26,059	(27,690)
Total retained earnings	26,425	(23,565)
4. Treasury stock	(641)	(640)
Total shareholders' equity	186,032	159,608
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	(1,477)	2,706
2. Revaluation reserve for land	11,050	10,186
Total valuation and translation adjustments	9,573	12,893
III. Subscription rights to shares	109	102
Total net assets	195,715	172,604
Total liabilities and net assets	491,554	513,948

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

Non-consolidated Statements of Income

Millions of yen

	Current Fiscal Year (January 1, 2011– December 31, 2011)	(Reference) Previous Fiscal Year (January 1, 2010– December 31, 2010)
I. Net sales	463,292	470,134
II. Cost of sales	416,786	407,578
Gross profit	46,505	62,556
III. Selling, general and administrative expenses	65,196	71,300
Operating loss	(18,690)	(8,743)
IV. Non-operating income		
Interest income	637	272
Dividends income	46,707	64,884
Foreign exchange gains	—	2,581
Other	2,358	3,359
Total non-operating income	49,703	71,097
V. Non-operating expenses		
Interest expenses	2,636	2,813
Foreign exchange losses	1,212	—
Loss on revaluation of investment securities	18	480
Loss on revaluation of investment in subsidiaries' and affiliates' stock	3,409	13,808
Other	1,191	1,519
Total non-operating expenses	8,467	18,621
Ordinary income	22,545	43,731
VI. Extraordinary income		
Gain on sales of noncurrent assets	113	148
Gain on sales of investment securities	—	28
Gain on sales of investment in affiliates' stock	10,646	—
Gain on transfer of business	—	106
Gain on liquidation of subsidiaries	—	39
Total extraordinary profits	10,759	322
VII. Extraordinary loss		
Loss on sales of noncurrent assets	35	8
Loss on disposal of noncurrent assets	407	300
Impairment loss	52	196
Loss on sales of investment securities	—	3
Loss on adjustment for changes of accounting standard for asset retirement obligations	533	—
Loss on disaster	266	—
Total extraordinary losses	1,296	508
Income before income taxes	32,008	43,545
Income taxes — current	5,679	7,732
Income taxes — deferred	(94)	(275)
Total income taxes	5,585	7,457
Net income	26,423	36,088

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

Non-consolidated Statement of Changes in Net Assets

Current Fiscal Year (From January 1, 2011 through December 31, 2011)

Millions of yen

	Shareholders' equity					
		Capital surplus			Retained earnings	
						Other retained earnings
	Capital stock	Capital reserve	Other capital reserve	Total capital surplus	Legal reserve	Reserve for special depreciation
Balance at December 31, 2010	85,666	97,756	391	98,147	3,775	22
Changes in items during the period						
Reversal of capital reserve		(23,814)	23,814	0		
Deficit disposition			(23,565)	(23,565)		
Reversal of legal reserve					(3,775)	
Reversal of reserve for special depreciation						(6)
Provision of reserve for advanced depreciation						
Reversal of reserve for advanced depreciation						
Reversal of revaluation reserve for land						
Net income						
Acquisition of treasury stock						
Disposal of treasury stock			0	0		
Net changes of items other than shareholders' equity						
Total of changes in items during the period	0	(23,814)	248	(23,565)	(3,775)	(6)
Balance at December 31, 2011	85,666	73,941	640	74,582	—	15

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				
	Reserve for advanced depreciation	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2010	327	(27,690)	(23,565)	(640)	159,608
Changes in items during the period					
Reversal of capital reserve					0
Deficit disposition		23,565	23,565		0
Reversal of legal reserve		3,775	0		0
Reversal of reserve for special depreciation		6	0		0
Provision of reserve for advanced depreciation	25	(25)	0		0
Reversal of reserve for advanced depreciation	(2)	2	0		0
Reversal of revaluation reserve for land		1	1		1
Net income		26,423	26,423		26,423
Acquisition of treasury stock				(1)	(1)
Disposal of treasury stock				0	0
Net changes of items other than shareholders' equity					
Total of changes in items during the period	22	53,750	49,990	(0)	26,424
Balance at December 31, 2011	350	26,059	26,425	(641)	186,032

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 December 31, 2010	2,706	10,186	12,893	102	172,604
Changes in items during the period					
Reversal of capital reserve					0
Deficit disposition					0
Reversal of legal reserve					0
Reversal of reserve for special depreciation					0
Provision of reserve for advanced depreciation					0
Reversal of reserve for advanced depreciation					0
Reversal of revaluation reserve for land					1
Net income					26,423
Acquisition of treasury stock					(1)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	(4,184)	863	(3,320)	6	(3,314)
Total of changes in items during the period	(4,184)	863	(3,320)	6	23,110
Balance at December 31, 2011	(1,477)	11,050	9,573	109	195,715

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

(Reference)

Non-consolidated Statement of Changes in Net Assets

Previous Fiscal Year (From January 1, 2010 through December 31, 2010)

Millions of yen

	Shareholders' equity					
		Capital surplus			Retained earnings	
						Other retained earnings
	Capital stock	Capital reserve	Other capital reserve	Total capital surplus	Legal reserve	Reserve for special depreciation
Balance at December 31, 2009	48,342	60,432	391	60,824	3,775	30
Changes in items during the period						
Issuance of new stocks	37,323	37,323		37,323		
Reversal of reserve for special depreciation						(8)
Reversal of reserve for advanced depreciation						
Reversal of revaluation reserve for land						
Net income						
Acquisition of treasury stock						
Disposal of treasury stock			0	0		
Net changes of items other than shareholders' equity						
Total of changes in items during the period	37,323	37,323	0	37,323	0	(8)
Balance at December 31, 2010	85,666	97,756	391	98,147	3,775	22

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				
	Reserve for advanced depreciation	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2009	330	(63,812)	(59,675)	(638)	48,852
Changes in items during the period					
Issuance of new stocks					74,647
Reversal of reserve for special depreciation		8	0		0
Reversal of reserve for advanced depreciation	(3)	3	0		0
Reversal of revaluation reserve for land		21	21		21
Net income		36,088	36,088		36,088
Acquisition of treasury stock				(2)	(2)
Disposal of treasury stock				0	0
Net changes of items other than shareholders' equity					
Total of changes in items during the period	(3)	36,121	36,110	(1)	110,756
Balance at December 31, 2010	327	(27,690)	(23,565)	(640)	159,608

	Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at December 31, 2009	4,029	10,208	14,237	72	63,162
Changes in items during the period					
Issuance of new stocks					74,647
Reversal of reserve for special depreciation					0
Reversal of reserve for advanced depreciation					0
Reversal of revaluation reserve for land					21
Net income					36,088
Acquisition of treasury stock					(2)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	(1,322)	(21)	(1,344)	30	(1,313)
Total of changes in items during the period	(1,322)	(21)	(1,344)	30	109,442
Balance at December 31, 2010	2,706	10,186	12,893	102	172,604

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

Investment in 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 primarily 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 primarily by the declining-balance method.

2) Intangible assets (excluding leased assets)

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

Capitalized software for internal use is amortized by the straight-line method over its estimated useful life (five years).

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.

Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

(3) Significant Accruals

1) Allowance for doubtful receivables

In order to evaluate accounts receivable-trade, and loans and other equivalents, an allowance for doubtful receivables 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 are 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 bonuses for Directors
Provision for bonuses for Directors are stated at an estimated amount of the bonuses to be paid to Directors, based on their services for the current fiscal period.

4) Provision for product warranties
Provision for product warranties are 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.

5) Provision for retirement benefits
Provision for retirement benefits are provided mainly at an amount, deemed generated on December 31, 2011, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.
Prior service cost is being 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 gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees.

6) Provision for product liabilities
Provision for product liabilities are 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.

7) Provision for motorcycle recycling costs
Provision for motorcycle recycling costs are provided at an estimated amount based on actual sales.

8) Allowance for investment loss
In order to prepare against possible losses resulting from the Company's investments in its subsidiaries and affiliates, an allowance for investment loss is provided based on the amount deemed necessary in relation to financial conditions at the subsidiaries and affiliates.

(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.

2. Notes regarding Changes in Accounting Policies

Application of "Accounting Standard for Asset Retirement Obligations"

Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008).
The application of the said accounting standard, etc. has no significant impact on the statement of income.

3. Changes in Presentation

Non-consolidated Balance Sheets

"Dividends receivable from subsidiaries and affiliates" (2,357 million yen as of December 31, 2010), which had been included in "Other receivables" under current assets for the fiscal year ended December 31, 2010, is now separately presented under current assets because the amount of the contribution turned out exceeding one percent of the total assets.

4. Notes to Non-consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	302,610

(2) Pledged Assets

Shares of subsidiaries and affiliates	22

Shares of subsidiaries and affiliates are pledged as collateral for loans from financial institutions made by the subsidiaries and affiliates.

(3) Receivables from and Payables to Subsidiaries and Affiliates

Short-term receivables:	124,806
Long-term receivables:	1,225
Short-term payables:	18,865
Long-term payables:	1,018

(4) Discounts on Notes Receivable-Trade	4,354

(5) Guarantee Obligations

Guarantees are given for the following companies' loans from financial institutions.

Subsidiaries and Affiliates:	
Yamaha Motor Corporation, U.S.A.	23,322
Yamaha Motor Australia Pty Limited	8,601
India Yamaha Motor Pvt. Ltd.	4,810
Amagasaki Woodland of Health Co., Ltd.	268
Other companies:	
Enrum Marina Muroran Inc.	49
Marina Kawage Co., Ltd.	5
Total	37,056

Guarantee obligations described above include 274 million yen arising from acts resembling guarantees.

(6) Revaluation Reserve for Land

Pursuant to the "Law Concerning the Revaluation of Land" (No. 24, enacted on March 31, 1999), land used for the Company's business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as "Deferred tax liabilities for land revaluation" and the remaining balance has been presented under net assets as " Revaluation Reserve for Land" in the accompanying non-consolidated balance sheets.

1) Date of revaluation March 31, 2000

2) Method of revaluation

Under Item 4 of Article 2 of the Order For Enforcement on Law on Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

3) Fair value of the land used for business after revaluation

The fair value of the land used for business after revaluation at the end of fiscal 2011 was below its book value by 6,787 million yen.

5. Notes to Non-consolidated Statements of Income

Transactions with Subsidiaries and Affiliates

	Millions of yen
Sales	332,556
Purchases	123,998
Non-operating income	60,506
Non-operating expenses	141

6. Notes to Non-consolidated Statement of Changes in Net Assets

Number of shares in treasury stock at December 31, 2011

	Shares
Capital stock	623, 882

7. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Losses carried forward for tax purposes	43,051
Loss on valuation of securities	24,817
Excess of depreciation for noncurrent assets	15,360
Provision for retirement benefits	10,262
Provision for product warranties	6,371
Provision for bonuses	1,826
Other payables and provision for expenses	1,697
Provision for product liabilities	1,418
Other	5,136
Gross deferral tax assets	109,942
Valuation allowance	(109,942)
Total deferred tax assets	0
Deferred tax liabilities:	
Reserve for advanced depreciation	(362)
Other	(16)
Total deferred tax liabilities	(379)
Net deferred tax assets	(379)

8. Notes to Leased Noncurrent Assets

Millions of yen

(1) Amount Equivalent to Acquisition Costs of Leased Property at December 31, 2011

520

(2) Amount Equivalent to Accumulated Depreciation of Leased Property at December 31, 2011

394

(3) Amount Equivalent to Future Minimum Lease Payments Subsequent to December 31, 2011

126

Acquisition costs of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for property, plant and equipment at December 31, 2011.

9. Notes to Transactions with Related Parties

Millions of yen

Type	Names of company, etc.	Ownership of voting rights, etc.	Relationship with affiliated parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal term
Subsidiary	Yamaha Motor Corporation, U.S.A.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	69,099	Accounts receivable-trade	5,037
				Debt guarantee (Note 2)	23,322	-	-
				Lending of funds (Note 3)	10,450	Short-term loans receivable	30,318
				Sale of shares of subsidiaries and affiliates (Note 4)			
				Proceeds from sale	12,574	-	-
				Gain on sale	10,646	-	-
Subsidiary	Yamaha Motor Europe N.V.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	58,715	Accounts receivable-trade	6,542
				Lending of funds (Note 3)	26,250	Short-term loans receivable	18,127
Subsidiary	Yamaha Motor Australia Pty Limited	Direct ownership 100.0%	Sale of products of the Company, etc.	Debt guarantee (Note 2)	8,601	-	-

Notes:
1. Trade conditions such as prices are determined by taking into account actual market prices and based on general terms of transactions.
2. Debt guarantee is related to loans from financial institutions of subsidiaries.
3. The interest rate on the funds loaned is set in a reasonable manner, taking market rates into account. Additionally, the average balance is used for the amount of transactions.
4. The Company sold all of its shares held in Yamaha Motor Canada Limited. Sale value of the shares was determined by reference to the valuation made by an independent third party.

10. Notes to Per Share Information

(1) Net Assets per Share 560.26 yen

(2) Net Income per Share 75.68 yen

(TRANSLATION ONLY)

Copy of Audit Report of the Accounting Auditor for Consolidated Financial Statements

Report of Independent Auditors

February 8, 2012

To the Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Kazuhiro Fujita (Seal)
Certified Public Accountant
Designated and Engagement Partner

Takahiro Takiguchi (Seal)
Certified Public Accountant
Designated and Engagement Partner

Masahiko Tsukahara (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Corporation Law of Japan, we have audited the consolidated balance sheets, the consolidated statements 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, 2011 through December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our 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, 2011 in conformity with accounting principles generally accepted in Japan.

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

(TRANSLATION ONLY)

Copy of Audit Report of the Accounting Auditor for Non-Consolidated Financial Statements

Report of Independent Auditors

February 8, 2012

To the Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Kazuhiro Fujita (Seal)
Certified Public Accountant
Designated and Engagement Partner

Takahiro Takiguchi (Seal)
Certified Public Accountant
Designated and Engagement Partner

Masahiko Tsukahara (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law of Japan, we have audited the balance sheets, the statements 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 77th fiscal year from January 1, 2011 through December 31, 2011. These financial statements and the related supplementary schedules are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our 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 77th fiscal year ended December 31, 2011 in conformity with accounting principles generally accepted in Japan.

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

(TRANSLATION ONLY)

Copy of Audit Report of the Board of Corporate Auditors

Audit Report

February 14, 2012

We at the Board of Corporate Auditors, having discussed the Directors' performance of duties during the 77th business year, from January 1, 2011 through December 31, 2011, based on audit reports from each Corporate Auditor, prepared this Audit Report of the Board of Corporate Auditors. Our audit opinion is as follows.

1. Methods and Contents of the Audit Implemented by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established its audit policy, assigned responsibilities to each Corporate Auditor in carrying out the policy, and received reports from each Corporate Auditor on audit implementation and results. In addition, the Board of Corporate Auditors, when necessary, requested reports and received explanations from Directors, other executives and accounting auditors concerning the execution of their duties.

Each corporate auditor, in accordance with the Corporate Auditors standard of audit, established by the Board of Corporate Auditors, as well as other relevant audit policy, executed assigned responsibilities, and communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment. At the same time, each Corporate Auditor 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. In addition, each Corporate Auditor has reviewed the contents of the Board of Directors' resolutions on a system which assures that the execution of Directors' duties comply with laws and regulations and the Articles of Incorporation, and monitored improvements to the system for assuring the propriety of operations of a corporation, as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Law of Japan. Each Corporate Auditor also verified that improvements had been made to the internal control system, in accordance with the Board of Directors' resolutions. The contents of the basic policy set forth in Item 3(a) of Article 118 of the Ordinance for Enforcement of the Corporation Law 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. With regard to the Company's subsidiaries, each Corporate Auditor communicated and exchanged information with Directors, Corporate Auditors, and other employees of the subsidiaries, and received reports from them when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed the business report and its supplementary schedules for the business year.

Further, each Corporate Auditor 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 Corporate Auditor 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 when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed 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, as well as 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 Law 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 Corporate Auditors.

(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 Board of Corporate Auditors
Yamaha Motor Co., Ltd.

Yutaka Kume
Standing Corporate Auditor

Shigeki Hirasawa
Standing Corporate Auditor

Norihiko Shimizu
Outside Corporate Auditor

Tetsuo Kawawa
Outside Corporate Auditor

(TRANSLATION ONLY)

Procedures for Exercising Voting Rights via the Internet

1. To the Individual Shareholders via the Internet

Regarding the exercise of voting rights via the Internet, please note the following.

1) Voting rights may only be exercised via the Internet by using the site (http://www.web54.net) designated by the Company for the purpose.
Please be advised that voting rights cannot be exercised by accessing the site from cellular phones.

2) 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.

3) If you choose to exercise your voting right via the Internet, you are requested to do so before 5:30 pm on March 22 (Thursday), 2012, one day prior to the date of the Ordinary General Meeting of Shareholders, in order to allow sufficient time to tabulate the results of the vote in advance of the meeting.

4) If we recognize that you exercise your voting right via the Internet 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.”

5) If we recognize that you exercise your voting right both in writing and via the Internet 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, the Internet vote will prevail and be treated as the effective vote.

6) Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

●For inquiries regarding the exercise of voting rights via the Internet, please contact:

The Chuo Mitsui Trust & Banking Company Limited, Transfer Agency Web Support Desk
Phone: +81-120-65-2031 (toll-free within Japan)
Hours: 9:00 - 21:00, closed on Saturdays, Sundays and national holidays

2. To Institutional Investors

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