

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

Code No: 7272
March 3, 2014

Notice of the 79th 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 79th Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on Monday, March 24, 2014 (JST).

[Exercising Voting Rights by Mail]

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

[Exercising Voting Rights by Electromagnetic Means]

Please read the attached documents on page 72 "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

1. **Date and Time:** Tuesday, March 25, 2014 at 10:00 a.m. (JST)
2. **Location:** Yamaha Motor Communication Plaza, Third Floor, Large Hall
2500 Shingai, Iwata-shi, Shizuoka, Japan

3. Agenda of the Meeting

Items to be reported:

1. Business Report for the 79th Fiscal Year (from January 1, 2013 through December 31, 2013); Consolidated Financial Statements applicable to the 79th Fiscal Year (from January 1, 2013 through December 31, 2013); Report of Independent Auditors on Consolidated Financial Statements; and Report of the Audit & Supervisory Board on Consolidated Financial Statements
2. Non-consolidated Financial Statements applicable to the 79th Fiscal Year (from January 1, 2013 through December 31, 2013).

Items to be resolved:

- | | |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus |
| Proposed Resolution 2 | Election of Twelve Directors |
| Proposed Resolution 3 | Election of One Substitute Audit & Supervisory Board Member |
| Proposed Resolution 4 | Payment of Bonuses to Directors |
| Proposed Resolution 5 | Revision of Amount of Remuneration for 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 the Company's proposed resolutions on which you did not vote, as stipulated in Paragraph 3 of Article 15 of the "Share Handling Regulations."
- (2) Duplicate voting
 - 1) If we recognize that you exercise your voting right via the Internet, etc. more than once on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 1 of Article 15 of the "Share Handling Regulations."
 - 2) If we recognize that you exercise your voting right both in writing and via the Internet, etc. on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 2 of Article 15 of the "Share Handling Regulations." If both votes arrive on the same day, vote via the Internet, etc. will prevail and be treated as the effective vote.
- (3) A person who is to exercise voting rights on behalf of a shareholder as a proxy shall not be entitled to exercise the shareholder's voting rights as a proxy unless the person receives an Exercise of Voting Rights Form from the shareholder and submits it to the Company, as stipulated in Paragraph 4 of Article 15 of the "Share Handling Regulations."

5. Other Matters regarding this Notice

Among the documents which should be provided together with this Notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are made available on the Company's website at <http://global.yamaha-motor.com/jp/>, pursuant to the applicable laws and regulations and Article 19 of the Articles of Incorporation of the Company. Accordingly, these notes are not provided in this Notice.

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

Reference Documents for the 79th Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Recognizing that shareholders' interests represent one of the Company's highest management priorities, the Company has been striving to meet shareholder expectations by working to maximize its corporate value through a diversity of business operations worldwide. The Company aims to provide shareholder returns through comprehensive consideration of the business environment, including business performance, retained earnings, and a balance between aggressive growth investments and stock dividends and loan repayments, while maintaining a minimum dividend payout ratio of 20% of consolidated net income.

The Company has a basic policy of paying dividends from surplus twice a year as an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date.

The Company proposes to pay a year-end dividend of ¥16 per share for the current fiscal year. Added to the interim dividend (¥10 per share), this gives a total dividend for the year of ¥26 per share.

- (1) Type of dividend property:
Cash

- (2) Distribution of dividend property, and the total amount distributed:
16 yen per share of common stock
Total amount: 5,586,820,624 yen

- (3) Effective date of distribution:
March 26, 2014

Proposed Resolution 2 Election of Twelve Directors

All of the ten (10) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

On this occasion, we would like to increase the number of Directors by two (2) in order to promote the implementation of strategies for our priority issues, such as product development, manufacturing and marketing, and to ensure successful results thereof toward the achievement of our medium-term management plan. Accordingly, Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes to elect twelve (12) Directors.

The Director candidates are as follows.

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
1	Hiroyuki Yanagi (November 20, 1954) Candidate for Reappointment	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company</p> <p>April 2003: Director and President of MBK Industrie</p> <p>January 2007: Senior General Manager of SyS Operations, MC Headquarters of the Company</p> <p>March 2007: Executive Officer of the Company</p> <p>March 2009: Senior Executive Officer of the Company</p> <p>November 2009: Senior General Manager of MC Business Section, MC Business Operations of the Company</p> <p>March 2010: President and Representative Director of the Company (to present)</p> <p>March 2010: President and Chief Executive Officer of the Company (to present)</p> <p>January 2012: Chief General Manager of MC Business Operations of the Company (to present)</p> <p>Significant concurrent positions Chairman of Japan Marine Industry Association</p>	44,100

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	Takaaki Kimura (February 14, 1953) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Candidate for Reappointment</div>	<p>April 1976: Joined the Company</p> <p>June 1999: General Manager of R&D Division, AM Operations of the Company</p> <p>April 2002: Senior General Manager of AM Operations of the Company</p> <p>June 2003: Executive Officer of the Company</p> <p>March 2005: Director of the Company</p> <p>March 2007: Senior Executive Officer of the Company</p> <p>January 2009: Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations and Chief General Manager of AM Business Unit of the Company</p> <p>November 2009: Representative Director of the Company (to present)</p> <p>November 2009: Managing Executive Officer of the Company</p> <p>March 2010: Senior Managing Executive Officer of the Company (to present)</p> <p>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</p> <p>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 of the Company</p> <p>March 2013: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations and Chief General Manager of AM Business Unit of the Company</p> <p>April 2013: Chief General Manager of Technology Center, Chief General Manager of Design Center, Chief General Manager of Marine Business Operations and Chief General Manager of AM Business Unit of the Company (to present)</p>	46,700

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
3	Kozo Shinozaki (February 14, 1956) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Candidate for Reappointment</div>	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 January 2011: Senior General Manager of Corporate Planning & Finance Section of the Company January 2013: Executive General Manager of Corporate Planning & Finance Center of the Company (to present) March 2013: Managing Executive Officer of the Company (to present)	18,900
4	Nobuya Hideshima (January 9, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Candidate for Reappointment</div>	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 January 2011: Chief General Manager of Procurement Center and Chief General Manager of Parts Business Unit of the Company March 2011: Director of the Company (to present) March 2013: Managing Executive Officer of the Company (to present) January 2014: Chief General Manager of Engine Unit, Chief General Manager of CS Center and Chief General Manager of Procurement Center of the Company (to present)	19,000

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
5	Masahiro Takizawa (December 23, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	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 January 2011: Chief General Manager of Business Development Operations of the Company March 2011: Director of the Company (to present) March 2013: Managing Executive Officer of the Company (to present) January 2014: Chief General Manager of Business Development Operations and Chief General Manager of NV Business Development Section of the Company (to present)	17,250
6	Hiroyuki Suzuki (November 16, 1953) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	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: Executive General Manager of Manufacturing Center and Chief General Manager in charge of power products business of the Company 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)	20,700

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
7	Yoshiaki Hashimoto (July 4, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	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 March 2012: Director of the Company (to present) January 2013: Executive General Manager of Human Resources & General Affairs Center and Chief General Manager of Product Assurance & Safety Promotion Center of the Company January 2014: Executive General Manager of Human Resources & General Affairs Center of the Company (to present)	14,400

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
8	Masamitsu Sakurai (January 8, 1942) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	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 Japan Co., Ltd. (currently Coca-Cola West Co., Ltd.) June 2005: Representative Director, President and Chief Executive Officer of Ricoh Company, Ltd. July 2006: Director of Coca-Cola West Co., Ltd. April 2007: Chairman of the Board and Representative Director, Chairman of Ricoh Company, Ltd. June 2008: Director of OMRON Corporation March 2011: Director of the Company (to present) April 2011: Chairman of the Board and Director, Chairman of Ricoh Company, Ltd. April 2013: Executive Adviser of Ricoh Company, Ltd. (to present) Significant concurrent positions Representative Director (Chairman) of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION	1,400
9	Tamotsu Adachi (October 12, 1953) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	April 1977: Joined Mitsubishi Corporation January 1988: Joined McKinsey & Company, Inc. Japan June 1995: Partner of McKinsey & Company, Inc. Japan March 1997: Managing Director of Business Development Department, GE Capital Japan March 1999: President and CEO of Japan Lease Auto Co. December 2000: President and CEO of GE Fleet Services Co. May 2003: Managing Director and Japan Representative of Carlyle Japan LLC June 2003: Director of Benesse Corporation (currently Benesse Holdings, Inc.) November 2007: Managing Director and Co-Representative of Carlyle Japan LLC (to present) June 2009: Director of Benesse Corporation (currently Benesse Holdings, Inc.: to present) March 2013: Director of the Company (to present)	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
10	Katsuaki Watanabe (November 15, 1959) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Candidate</div>	<p>April 1982: Joined the Company</p> <p>January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.</p> <p>January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>November 2010: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2011: Senior Executive Officer of the Company (to present)</p> <p>April 2013: Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Manufacturing Center and Chief General Manager of Overseas Market Development Operation Business Unit of the Company</p> <p>January 2014: Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of PF Model Unit, Chief General Manager of Manufacturing Center and Chief General Manager of Overseas Market Development Operation Business Unit of the Company (to present)</p>	12,200
11	Toshizumi Kato (March 24, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Candidate</div>	<p>June 1986: Joined the Company</p> <p>April 2003: Vice President of IM Company of the Company</p> <p>January 2005: Director and President of Yamaha Motor Australia Pty Limited</p> <p>March 2007: President of IM Company of the Company</p> <p>March 2008: Executive Officer of the Company</p> <p>January 2010: Senior General Manager of Sales Operations, MC Business Operations of the Company</p> <p>January 2011: Director and President of Yamaha Motor Corporation, U.S.A. (to present)</p> <p>March 2012: Senior Executive Officer of the Company (to present)</p>	18,600
12	Takuya Nakata (June 8, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Candidate</div>	<p>April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p>October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p>June 2006: Executive Officer of Yamaha Corporation</p> <p>June 2009: Director & Executive Officer of Yamaha Corporation</p> <p>April 2010: President of Yamaha Corporation of America</p> <p>June 2010: Senior Executive Officer of Yamaha Corporation</p> <p>March 2013: Assistant Senior General Manager of Musical Instruments & Audio Products Sale & Marketing Group of Yamaha Corporation</p> <p>June 2013: President and Representative Director of Yamaha Corporation (to present)</p>	0

Notes:

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

Hiroyuki Yanagi	Mr. Yanagi is concurrently serving as Chairman of Japan Marine Industry Association, an association with which the Company has transactions, such as payment of membership fees.
Takaaki Kimura	Mr. Kimura is concurrently serving as Chairman of the YAMAHA MOTOR FOUNDATION FOR SPORTS, a foundation to which the Company makes contributions.
Hiroyuki Suzuki	Mr. Suzuki is concurrently serving as President and Director of India Yamaha Motor Pvt. Ltd. (in which the Company holds 97.1% 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.
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.
Takuya Nakata	Mr. Nakata 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.

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

(1) Reasons for the nomination of candidates for Outside Directors

- 1) The Company believes that Masamitsu Sakurai will provide the Company's management with valuable supervision and advice based on his ample experience of managing global companies and wide range of insights.
- 2) The Company believes that Tamotsu Adachi will provide ample experience and knowledge in international business, formulation of management strategy, and investment activities and make use of them in the management of the Company.
- 3) The Company believes that Takuya Nakata will provide the Company with valuable supervision and advice on the Company's management from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation which is a large shareholder of the Company, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.

(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 Masamitsu Sakurai as an Outside Director of the Company will be three years at the conclusion of this Ordinary General Meeting of Shareholders.

The term of office of Tamotsu Adachi as an Outside Director of the Company will be 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 Act of Japan, with Masamitsu Sakurai and Tamotsu Adachi. Upon approval of their re-election, the liability limitation agreements will be continued. The 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 Act of Japan pursuant to the provisions of Paragraph 1 of Article 427 of the Corporation Act 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 Act of Japan.

In addition, in the event the election of Takuya Nakata has been approved, 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 Act of Japan, with him. The summary of the liability limitation agreement is the same as above.

3. The Company has registered Masamitsu Sakurai and Tamotsu Adachi as Independent Directors/Audit & Supervisory Board Members according to the regulations provided by Tokyo Stock Exchange, Inc. Summary of "Standards for Selecting Independent Outside Officers" is as follows.

(Reference)

In order to objectively judge the independence of outside directors and outside audit & supervisory board members (hereinafter, "Outside Officers"), our company, referring to the standards established by the Tokyo Stock Exchange, Inc. for judging the independence of officers, has established the following "Standards for

Selecting Independent Outside Officers.”

Summary of “Standards for Selecting Independent Outside Officers”

Independent Outside Officers may not be:

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

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

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

4. Abbreviations: MC: Motorcycle, SyS: System Supplier, AM: Automotive, WV: Water Vehicle, CS: Customer Service, CV: Commuter Vehicle, NV: New Venture, SCM: Supply Chain Management, BD: Body, PF: Platform, IM: Intelligent Machinery

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

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

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

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

Notes:

1. The candidate has no special interests in the Company.
2. Masayuki Satake is a candidate for Substitute Audit & Supervisory Board Member (Outside).
3. Notes to candidate for Substitute Audit & Supervisory Board Member (Outside) are as follows.
 - (1) Reasons for the nomination of a candidate for Substitute Audit & Supervisory Board Member (Outside)
The Company believes Masayuki Satake will utilize his ample experience and wide range of insight as a certified public accountant in performing his duty as the Company's Audit & Supervisory Board Member (Outside).
 - (2) Summary of details of the liability limitation agreement with the candidate for Substitute Audit & Supervisory Board Member (Outside)
In order for Audit & Supervisory Board Member (Outside) 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 Act 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 Act of Japan pursuant to the provisions of Paragraph 1 of Article 427 of the Corporation Act 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 Act 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 ¥106 million in total to seven (7) Directors (excluding Outside Directors) of the ten (10) Directors who held office as of the end of this fiscal year.

Proposed Resolution 5 Revision of Amount of Remuneration for Directors

The amount of remuneration for the Company's Directors is comprised of basic compensation (monthly remuneration), compensation linked to each Director's individual performance, a stock compensation plan reflecting the medium- to long-term performance of the Company overall, and Directors' bonuses reflecting the short-term performance of the Company overall. The amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors) as resolved at the 73rd Ordinary General Meeting of Shareholders held on March 26, 2008.

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

The Company proposes to pay, in the coming years, the total amount of Directors' bonuses (annual amount) based within the variation range of 0.5% of the consolidated net income of the previous fiscal year without changing the calculation basis. On this occasion, the Company would like to obtain the approval for the ceiling on the payments. The Company proposes the variation range for Directors' bonuses because the Company believes that it can increase the transparency of the calculation basis as well as the sharing of the value with shareholders by presenting the correlation between Directors' bonuses and the consolidated net income.

Directors excluding Outside Directors are eligible for Directors' bonuses, and if the Proposed Resolution 2 is approved in the original form, the number of such Directors will be nine (9).

(Attached Documents)

Business Report

(From January 1, 2013 to December 31, 2013)

1. Current Conditions of the Yamaha Motor Group

(1) Business Developments and Results

The global economic situation in the fiscal year ended December 31, 2013 (fiscal 2013) was mixed. In the U.S. economy, recovery continued due to improvement in the employment situation and personal consumption. In Europe, the employment and personal income situation remained difficult and personal consumption slumped, despite the appearance of signs of bottoming out of the economy. In emerging markets in Asia, Central and South America, and other regions, a lull in economic growth continued due to the effects of a business slowdown and credit tightening. In Japan, a recovery trend in personal consumption appeared as a result of recovery in stock prices and expectations for corporate earnings recovery and government economic policies.

Regarding the Yamaha Motor Group's main markets, while demand for motorcycles, outboard motors, and all-terrain vehicles (ATVs) in North America showed gradual recovery, demand for motorcycles in Europe fell. In emerging markets, although demand for motorcycles rose in Indonesia and India, it fell in Thailand and Vietnam, where an economic slowdown continued. In Japan, demand for motorcycles, electrically power assisted bicycles, pleasure boats, and other products increased.

Amidst such business conditions, the Group prioritized the following items.

Profit improvement in businesses in developed countries

In motorcycles business, overall sales in developed countries increased compared to the previous year as a result of the introduction of new products, including the new 950cc BOLT cruiser in the U.S., the new 850cc MT-09 sport bike equipped with a 3-cylinder engine in Europe, and the Majesty S, Yamaha's first 155cc sports commuter bike, in Japan.

In marine products business, profit improved substantially as a result of increased sales in the North American market due to the introduction of new products such as the F200F and F150C lightweight, compact large outboard motors and Helm Master, an outboard motor control system.

The Group achieved overall operating profitability in developed countries as a result of these new product introductions and the impact of yen depreciation.

Scale recovery in motorcycles business in emerging markets

First, in product development activities, the Group implemented new product introductions as planned while proceeding with the introduction of models equipped with fuel injection (FI) and furthered development of platform sharing models equipped with next-generation motors for introduction beginning in 2014 and beyond. Next, with regard to sales, In Indonesia and India and other countries, the Group stepped up promotions such as large-scale test ride events and strengthened sales network development and branding activities. In production, the Group furthered preparations for the start-up of the new plant in India (scheduled for October 2014), among other initiatives. The Group introduced models equipped with fuel injection (FI) system with excellent fuel efficiency as major new products: namely, the Xeon RC, Mio GT, X Ride, and Force in Indonesia and the FINO in Thailand. In India, the Group introduced the CYGNUS RAY Z, bolstering the product lineup in the growing scooter segment.

Expansion of other businesses

In the RV business, the Group introduced the new VIKING three-person recreational off-highway vehicle (ROV) and furthered preparations to revive a powerful product lineup. Sales of snowmobiles increased in the North American market, where the Group introduced the new SR VIPER under an OEM arrangement, and in the Russian market, which continues to grow. Sales of electrically power assisted bicycles increased substantially in Japan due to the impact of the introduction of new products equipped with the industry's first triple sensor system as well as the results of efforts to expand customer segments.

The Group also furthered preparations for sales expansion by developing a lightweight, compact drive unit for the European market and expanding business alliances with overseas manufacturers.

In the surface moulder business, Group introduced the Z:TA, Yamaha's first high-speed model, and worked to acquire new customers.

Long-term strategies

As part of its strategic direction of technological expansion from two-wheel to three-wheel and four wheel vehicles and customer expansion, the Group will propose a "growing world of personal mobility" unique to Yamaha from long-term perspective. Specifically, the Group has furthered preparations for the development and introduction in 2014 of the TRICITY three-wheel commuter, a Leaning Multi Wheel (LMW) scooter. The Group also exhibited the MOTIV, a four-wheel vehicle in research and development as a reference exhibition at the Tokyo Motor Show.

The Group will continue its quest to create new products by applying creative concepts, outstanding technologies, and stylish designs unique to Yamaha.

Structural reforms

The Japanese domestic production structure was aggregated and reorganized from 12 factories and 25 units at the end of 2009 into 8 factories and 16 units as of the end of 2013. The Group also furthered reform of the business structure in Europe.

In cost reduction efforts, to achieve the ¥90.0 billion three-year target in the medium-term management plan launched in 2013, the Group engaged in market quality standards at the ASEAN Integrated Development Center and India Integrated Development Center and pursued platform component procurement cost reduction in collaboration with global partners. The establishment of a joint venture with KYB Corporation to prepare for the development and production of suspensions, a key platform component, is a part of strategic collaborative relationship building. In 2013, the Group achieved the cost-reduction target of ¥10.0 billion.

As a result, for fiscal 2013, consolidated net sales were ¥1,410.5 billion (an increase of ¥202.8 billion compared to the previous year).

Sales of all businesses increased as a result of higher sales of motorcycles in Indonesia and India, and sales of outboard motors in North America and the impact of yen depreciation.

Operating income increased to ¥55.1 billion (an increase of ¥36.5 billion compared to the previous year) due to a profit improvement of marine products business, cost reductions in emerging markets and the impact of yen depreciation. Ordinary income was ¥60.1 billion (an increase of ¥32.8 billion), and net income was ¥44.1 billion (an increase of ¥36.6 billion), due in part to the additional recording of deferred tax assets at overseas subsidiaries.

Exchange rates for the year were ¥98 to the U.S. dollar (a depreciation of ¥18 from the previous year) and ¥130 to the euro (a depreciation of ¥27 from the previous year).

The status of each business is as follows.

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

Overall net sales of motorcycles business were ¥928.2 billion (an increase of ¥129.5 billion compared to the previous year), and operating income was ¥8.4 billion (an increase of ¥8.6 billion).

Unit sales in developed countries increased overall as a result of factors such as higher sales in Japan and North America for reasons including the impact of new product introductions and sales improvement in Europe in the second half (July to December). On the other hand, overall unit sales in emerging markets declined slightly. Although unit sales rose in India, where demand for scooters is increasing, and Indonesia, where demand is recovering, they fell in Thailand and Vietnam, where an economic slowdown continues. As a result, although worldwide unit sales of motorcycles decreased slightly, net sales rose due to model mix improvement and the impact of yen depreciation.

Although the Group has factored in the costs of aggressive investment in development and sales promotion in developed countries and structural reform in Europe, overall operating income increased as a result of such factors as cost reductions and the impact of yen depreciation.

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

Overall net sales of marine products business were ¥243.4 billion (an increase of ¥47.0 billion compared to the previous year), and operating income was ¥31.8 billion (an increase of ¥20.9 billion).

In the outboard motor business, overall sales and income rose as a result of higher sales of large models in North America attributable to factors including the impact of new products, sales expansion in Russia and other emerging markets. And profits of personal watercraft business and boat business were improved. Overall sales and income rose as a result of such factors and the impact of yen depreciation.

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

Overall net sales of power products business were ¥126.7 billion (an increase of ¥23.1 billion compared to the previous year), and operating income was ¥5.3 billion (an increase of ¥4.7 billion).

Overall sales and income rose as a result of the introduction of new recreational off-highway vehicles (ROVs), higher sales of snowmobiles and golf cars, the impact of yen depreciation, and other factors.

Industrial machinery and robots [Main products: Surface mounters, industrial robots and electrically powered wheelchairs]

Overall net sales of industrial machinery and robots business were ¥32.3 billion (an increase of ¥1.4 billion compared to the previous year), and operating income was ¥3.1 billion (a decrease of ¥0.8 billion).

Sales of surface mounters increased from the previous fiscal year in the second half and for the full year, despite a decrease in the first half due to the impact of slowing capital investment.

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

Overall net sales of other products business were ¥79.9 billion (an increase of ¥1.6 billion compared to the previous year), and operating income was ¥6.7 billion (an increase of ¥3.1 billion).

Sales of electrically power assisted bicycles and industrial-use unmanned helicopters increased due to the introduction of new products, among other factors. Although sales of automobile engines declined, both sales and income of other products rose overall.

(2) Capital Expenditures

Domestically, investments of ¥19.0 billion were primarily made for production of new models, research and development, and restructuring of the domestic manufacturing system in motorcycles business and marine products business. Overseas, investments of ¥37.8 billion were made for the factors such as production of new models in regions including the ASEAN and Central and South America and enhancement of production capacity in India.

As a result, total capital investments amounted to ¥56.8 billion.

(3) Fund Raising

Nothing to be especially reported.

(4) Key Priorities the Group Must Address

In the current medium-term management plan (for the period from 2013 to 2015), the Company aims to increase its corporate value through sustained growth of business scale, financial strength, and corporate strength, has set targets of consolidated net sales of ¥1,600.0 billion and consolidated operating income of ¥80.0 billion (an operating income ratio of 5%), and is mounting an all-out effort to achieve the targets with its group companies.

In the current business environment, although a trend of yen depreciation against the currencies of other developed countries continues, there is concern about an economic slowdown and currency depreciation in emerging markets. To cope with this change in the business environment, in fiscal 2014, the second year of the medium-term management plan, the Company will reinforce its business strategy while closely watching economic and demand trends in the Group's markets.

Key initiatives are as follows.

■ Motorcycles

To achieve business scale recovery and expansion and realize a stable earnings structure:

- Increase product competitiveness with a strategy of combining high performance, light weight, and fuel efficiency with design.
- Implement cost reductions based on platform development.
- Expand high-quality sales networks trusted by customers.

■ Marine Products

Realize net sales of ¥300.0 billion and a highly profitable business structure by means of an integrated marine products growth strategy.

■ RVs

Restore a powerful product lineup and realize a stable earnings structure through the introduction of new products of recreational off-highway vehicle (ROV) and snowmobile.

■ Implement the medium-term growth strategy for other businesses.

■ Engage in new business development, the long-term strategy.

■ Implement strategies including the brand strategy and global human resources strategy.

Lastly, the Yamaha Motor Group will work to further increase its corporate value by being "an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market". Also, the Group will meet its social responsibilities by promoting CSR activities, including the strict observation of laws, regulations, and corporate ethics. While making advances with our global management, the Group will endeavor to maintain and enhance trusting relationships with the stakeholders by continuing to improve corporate governance.

We would appreciate our shareholders' continued support.

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

Millions of yen, except net income per share

Items	76th Fiscal Year (Jan. 1, 2010 – Dec. 31, 2010)	77th Fiscal Year (Jan. 1, 2011 – Dec. 31, 2011)	78th Fiscal Year (Jan. 1, 2012 – Dec. 31, 2012)	79th Fiscal Year (Jan. 1, 2013 – Dec. 31, 2013)
Net sales	1,294,131	1,276,159	1,207,675	1,410,472
Operating income	51,308	53,405	18,598	55,137
Ordinary income	66,142	63,495	27,267	60,092
Net income	18,300	26,960	7,489	44,057
Net income per share (yen)	55.50	77.23	21.45	126.20
Total assets	978,343	900,420	962,329	1,146,591
Net assets	310,809	309,914	341,561	422,792

(6) Principal Parent Company and Subsidiaries

1) Relations with a parent company

No related items.

2) Principal subsidiaries

Name	Location	Capital	Percentage of ownership (%)	Main business lines
Yamaha Motorcycle Sales Japan Co., Ltd.	Ota-ku, Tokyo	490 million yen	100.0	Marketing of motorcycles, electrically power assisted bicycles
Yamaha Motor Powered Products Co., Ltd.	Kakegawa-shi, Shizuoka	275 million yen	100.0	Manufacture and marketing of golf cars and generators
Yamaha Motor Corporation, U.S.A.	The United States	185,020 thousand U.S. dollars	100.0	Marketing of motorcycles, outboard motors, personal watercraft, ATVs, recreational off-highway vehicles, snowmobiles and generators
Yamaha Motor Manufacturing Corporation of America	The United States	107,790 thousand U.S. dollars	*100.0	Manufacture of personal watercraft, ATVs, recreational off-highway vehicles and golf cars
Yamaha Motor Europe N.V.	The Netherlands	149,759 thousand euros	100.0	Marketing of motorcycles, outboard motors, personal watercraft, ATVs, snowmobiles, and golf cars
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
Yamaha Motor Taiwan Co., Ltd.	Taiwan	2,395,600 thousand new Taiwan dollars	*51.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.5	Manufacture and marketing of motorcycles
India Yamaha Motor Pvt. Ltd.	India	11,500,000 thousand Indian rupees	*97.1	Manufacture and marketing of motorcycles
Yamaha Motor do Brasil Ltda.	Brazil	374,324 thousand Brazilian reals	100.0	Marketing of motorcycles, outboard motors, personal watercraft, and ATVs

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

(7) Main Bases and Facilities for the Group

1) Yamaha Motor Co., Ltd.

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

2) Subsidiaries

Subsidiaries of the Company are as described on page 21 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

(8) Employees

Segments	Number of employees	Annual change
Motorcycles	42,943	(1,043)
Marine products	5,039	+120
Power products	2,091	+243
Industrial machinery and robots	924	+52
Others	2,385	+52
Total	53,382	(576)

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

(9) Principal Lenders and Loan Balances

Lenders	Loan balances
Mizuho Bank, Ltd.	56,416
Sumitomo Mitsui Banking Corporation	55,042
The Shizuoka Bank, Ltd.	36,465
Sumitomo Mitsui Trust Bank, Limited	26,345
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,898
Development Bank of Japan Inc.	11,450

Millions of yen

(10) 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:** 349,803,684 (including 627,395 shares of treasury stock)

(3) **Number of Shareholders:** 29,474

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,619	12.21
State Street Bank & Trust Company	32,381	9.27
Toyota Motor Corporation	12,500	3.58
Mizuho Bank, Ltd.	11,824	3.39
The Master Trust Bank of Japan, Ltd. (trust account)	10,977	3.14
Mitsui & Co., Ltd.	8,586	2.46
Japan Trustee Services Bank, Ltd. (trust account)	8,264	2.37
State Street Bank & Trust Company 505223	8,224	2.36
GIC PRIVATE LIMITED	8,148	2.33
The Shizuoka Bank, Ltd.	6,813	1.95

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	28,657	26,818
Financial institutions	69	85,249
Other domestic companies	256	72,931
Foreigners	437	161,926
Securities companies	55	2,880

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

3. The Company's Subscription Rights to Shares

(1) Outline of the Subscription Rights to Shares Held by the Directors of the Company as of December 31, 2013 (Granted in Consideration of the Performance of Duties)

Issue (Issue date)	Number of subscription rights to shares	Class and number of shares to be issued or transferred upon exercise of the subscription rights to shares	Issue price of subscription rights to shares	Paid-in amount upon exercise of subscription rights to shares	Exercise period	Number of holders
Fourth (June 13, 2008)	70	Common stock: 7,000	535 yen per share	2,205 yen per share	From June 13, 2010 to June 12, 2014	3 directors (excluding Outside Directors)
Fifth (June 16, 2009)	205	Common stock: 20,500	380 yen per share	1,207 yen per share	From June 16, 2011 to June 15, 2015	6 directors (excluding Outside Directors)
Sixth (June 15, 2010)	245	Common stock: 24,500	465.27 yen per share	1,396 yen per share	From June 15, 2012 to June 14, 2016	7 directors (excluding Outside Directors)

Notes: Conditions concerning the exercise of subscription rights to shares

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

(2) Outline of the Subscription Rights to Shares 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 Audit & Supervisory Board Members

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

Name	Position	Responsibilities
Hiroyuki Yanagi	President and Director *	President and Chief Executive Officer, Chief General Manager of MC Business Operations, Chairman of Japan Marine Industry Association
Takaaki Kimura	Director *	Senior Managing Executive Officer, Chief General Manager of Technology Center, Chief General Manager of Design Center, Chief General Manager of Marine Business Operations, Chief General Manager of AM Business Unit
Kozo Shinozaki	Director	Managing Executive Officer, Executive General Manager of Corporate Planning & Finance Center
Nobuya Hideshima	Director	Managing Executive Officer, Chief General Manager of Procurement Center, Chief General Manager of Parts Business Unit
Masahiro Takizawa	Director	Managing Executive Officer, Chief General Manager of Business Development Operations
Hiroyuki Suzuki	Director	Senior Executive Officer, President and Director of India Yamaha Motor Pvt. Ltd.
Yoshiaki Hashimoto	Director	Senior Executive Officer, Executive General Manager of Human Resources & General Affairs Center, Chief General Manager of Product Assurance & Safety Promotion Center
Masamitsu Sakurai	Director	Executive Adviser of Ricoh Company, Ltd. Representative Director (Chairman) of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION
Mitsuru Umemura	Director	Special Corporate Adviser of Yamaha Corporation President of Yamaha Music Foundation
Tamotsu Adachi **	Director	Managing Director and Co-Representative of Carlyle Japan LLC Independent Director of Benesse Holdings, Inc.
Yutaka Kume	Standing Audit & Supervisory Board Member	
Shigeki Hirasawa	Standing Audit & Supervisory Board Member	
Tetsuo Kawawa	Audit & Supervisory Board Member	Attorney Audit & Supervisory Board Member (Outside) of Nisshin Seifun Group Inc.
Isao Endo **	Audit & Supervisory Board Member	Chairman of Roland Berger Japan Professor, Graduate School of Commerce, Waseda University Outside Director of Ryohin Keikaku Co., Ltd.

- Notes:
1. Directors denoted by an asterisk (*) are Representative Directors.
 2. The Directors Masamitsu Sakurai, Mitsuru Umemura, and Tamotsu Adachi are Outside Directors as stipulated in Item 15 of Article 2 of the Corporation Act of Japan.
 3. The Audit & Supervisory Board Members Tetsuo Kawawa and Isao Endo are Audit & Supervisory Board Members (Outside) as stipulated in Item 16 of Article 2 of the Corporation Act of Japan.
 4. The Company has registered Directors Masamitsu Sakurai and Tamotsu Adachi, and Audit & Supervisory Board Members Tetsuo Kawawa and Isao Endo as Independent Directors/Audit & Supervisory Board Members under the regulations provided by Tokyo Stock Exchange, Inc. Summary of “Standards for Selecting Independent Outside Officers” is described on page 12.
 5. Personnel changes during fiscal 2013:
 - 1) The Director and Audit & Supervisory Board Member denoted by double asterisks (**) were newly elected by resolution of the 78th Ordinary General Meeting of Shareholders held on March 26, 2013 and took office as indicated, pursuant to the resolution.
 - 2) Audit & Supervisory Board Member Norihiko Shimizu retired from his position due to resignation at the conclusion of the 78th Ordinary General Meeting of Shareholders held on March 26, 2013.
 6. Abbreviation: MC: Motorcycle, AM: Automotive

(2) Changes of Directors after Fiscal 2013

Changes in responsibilities and significant concurrent positions

(As of January 1, 2014)

Name	After the change	Before the change
Nobuya Hideshima	Managing Executive Officer, Chief General Manager of Engine Unit, Chief General Manager of CS Center, Chief General Manager of Procurement Center	Managing Executive Officer, Chief General Manager of Procurement Center, Chief General Manager of Parts Business Unit
Masahiro Takizawa	Managing Executive Officer, Chief General Manager of Business Development Operations, Chief General Manager of NV Business Development Section	Managing Executive Officer, Chief General Manager of Business Development Operations
Yoshiaki Hashimoto	Senior Executive Officer, Executive General Manager of Human Resources & General Affairs Center	Senior Executive Officer, Executive General Manager of Human Resources & General Affairs Center, Chief General Manager of Product Assurance & Safety Promotion Center

Note: Abbreviation: CS: Customer Service, NV: New Venture

(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, 2013, the Company is served by 22 Executive Officers comprising the aforementioned 7 concurrently serving as Directors and following 15 others.

Name	Position	Responsibilities
Kunihiko Miwa	Senior Executive Officer	Executive General Manager of 2nd Business Unit, MC Business Operations
Katsuaki Watanabe	Senior Executive Officer	Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Manufacturing Center, Chief General Manager of Overseas Market Development Operation Business Unit
Hajime Yamaji	Senior Executive Officer	Director and President of Yamaha Motor Europe N.V.
Ryoichi Sumioka	Senior Executive Officer	Assistant Executive General Manager of Corporate Planning & Finance Center, Chief General Manager of Business Management, MC Business Operations
Toshizumi Kato	Senior Executive Officer	Director and President of Yamaha Motor Corporation, U.S.A.
Yoichiro Kojima	Senior Executive Officer	Director and President of PT. Yamaha Indonesia Motor Manufacturing, Director and President of PT. Yamaha Motor Manufacturing West Java
Hiroshi Yoshii	Executive Officer	Senior General Manager of 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 Product Assurance & Safety Promotion Center, General Manager of Safety Promotion & Traffic System Division, Product Assurance & Safety Promotion Center, General Manager of Communications-Linked BIKEs Promotion Division, Technology Center
Tsuneji Suzuki	Executive Officer	President and Representative Director of Yamaha Motor Powered Products Co., Ltd.
Hiroaki Fujita	Executive Officer	Assistant Executive General Manager of Business Development Operations, Executive General Manager of IM Business Unit, Business Development Operations, General Manager of Quality Assurance Division, IM Business Unit, Business Development Operations
Masaru Ono	Executive Officer	Director and President of Yamaha Motor Vietnam Co., Ltd.
Katsuhito Yamaji	Executive Officer	Assistant Executive General Manager of Manufacturing Center, Senior General Manager of EG Manufacturing Section, Manufacturing Center
Masaki Asano	Executive Officer	Director and President of Yamaha Motor India Sales Pvt. Ltd.

Note: Abbreviation: MC: Motorcycle, IM: Intelligent Machinery, EG: Engine

(4) Changes of Executive Officers after Fiscal 2013

Changes in responsibilities

(As of January 1, 2014)

Name	After the change	Before the change
Katsuaki Watanabe	Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of PF Model Unit, Chief General Manager of Manufacturing Center, Chief General Manager of Overseas Market Development Operation Business Unit	Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Manufacturing Center, Chief General Manager of Overseas Market Development Operation Business Unit
Hajime Yamaji	Senior Executive Officer, Chairman and Director of Yamaha Motor Europe N.V.	Senior Executive Officer, Director and President of Yamaha Motor Europe N.V.
Hiroshi Yoshii	Executive Officer, Senior Manager of Engine Unit	Executive Officer, Senior General Manager of Manufacturing Technology Section, Technology Center
Takahiko Goan	Executive Officer	Executive Officer, Executive General Manager of Overseas Market Development Operation Business Unit
Katsuhito Yamaji	Executive Officer, Chief General Manager of Manufacturing Center	Executive Officer, Assistant Executive General Manager of Manufacturing Center, Senior General Manager of EG Manufacturing Section, Manufacturing Center

Notes: 1. Masanori Kobayashi retired from Executive Officer as of January 1, 2014.

2. Abbreviation: MC: Motorcycle, PF: Platform, EG: Engine

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

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

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

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

2) Amounts of remuneration

Millions of yen

	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (11)	264	110	21	40	436
Of which, Outside Directors (4)	28				28
Audit & Supervisory Board Members (5)	77				77
Of which, Audit & Supervisory Board Members (Outside) (3)	18				18
Total	342	110	21	40	514

Notes: 1. The above Directors' bonuses in Compensation linked to performance state the provision for directors' bonuses for fiscal 2013. A total payment of ¥106 million for Directors' bonuses from within the said provision is suggested in Proposed Resolution 4 (Payment of Bonuses to Directors) to be submitted at the 79th Ordinary General Meeting of Shareholders scheduled for March 25, 2014.

2. The above includes remuneration for one Director and one Audit & Supervisory Board Member who retired as at the conclusion of the 78th Ordinary General Meeting of Shareholders held on March 26, 2013.

3. In addition to the remuneration listed above, ¥46 million was paid to Directors and concurrent employees, as the equivalent of salary to employees.

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

- 1) Significant concurrent positions Outside Directors and Audit & Supervisory Board Members are engaged in at other companies, and relationships between the Company and said other companies

Position	Name	Significant concurrent positions
Outside Directors	Masamitsu Sakurai	<ul style="list-style-type: none"> - Executive Adviser of Ricoh Company, Ltd. - Representative Director (Chairman) of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION <p>There is no special relationship between the Company and the corporations where the significant concurrent positions are held.</p>
	Mitsuru Umemura	<ul style="list-style-type: none"> - Special Corporate Adviser of Yamaha Corporation - President of Yamaha Music Foundation <p>Yamaha Corporation is a shareholder that holds 12.21 % of the Company's shares, and the Company has sale and purchase transactions of products and merchandise with this company.</p>
	Tamotsu Adachi	<ul style="list-style-type: none"> - Managing Director and Co-Representative of Carlyle Japan LLC - Independent Director of Benesse Holdings, Inc. <p>There is no special relationship between the Company and the corporations where the significant concurrent positions are held.</p>
Audit & Supervisory Board Members (Outside)	Tetsuo Kawawa	<ul style="list-style-type: none"> - Attorney - Audit & Supervisory Board Member (Outside) of Nisshin Seifun Group Inc. <p>There is no special relationship between the Company and the corporation where the significant concurrent positions are held.</p>
	Isao Endo	<ul style="list-style-type: none"> - Chairman of Roland Berger Japan - Professor, Graduate School of Commerce, Waseda University - Outside Director of Ryohin Keikaku Co., Ltd. <p>There is no special relationship between the Company and the corporation where the significant concurrent positions are held.</p>

2) Principal activities during fiscal 2013

Position	Name	Principal activities
Outside Directors	Masamitsu Sakurai	Attended 11 out of 14 Board of Directors Meetings held during fiscal 2013. He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Mitsuru Umemura	Attended 13 out of 14 Board of Directors Meetings held during fiscal 2013. He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Tamotsu Adachi	Attended 9 out of 11 Board of Directors Meetings held after assuming the position of Director in March 2013. He stated his opinions based on his ample experience and knowledge in international business and formulation of management strategy.
Audit & Supervisory Board Members (Outside)	Tetsuo Kawawa	Attended 12 out of 14 Board of Directors Meetings, and 12 out of 13 Audit & Supervisory Board Meetings held during fiscal 2013. He stated his opinions based on his extensive experience and knowledge as a lawyer well-versed in corporate legal affairs.
	Isao Endo	Attended 10 out of 11 Board of Directors Meetings, and all 10 Audit & Supervisory Board Meetings held after assuming the position of Audit & Supervisory Board Member in March 2013. He stated his opinions based on his extensive experience and knowledge as a company executive and professor of graduate school.

3) Agreement on limitation of liability

The Company has concluded liability limitation agreements with all Outside Directors and Audit & Supervisory Board Members (Outside) in accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Act of Japan, to limit the liability for damages stipulated in Paragraph 1 of Article 423 of the said Act.

The maximum liability for damages to be borne by the Outside Directors and Audit & Supervisory Board Members (Outside) under the agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.

5. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Remuneration Paid to the Independent Auditor during Fiscal 2013

1) Remuneration Paid to the Independent Auditor during fiscal 2013:	98 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	124 million yen

- Notes:
1. The amount of remuneration for audit under the Corporation Act of Japan and the amount under the Financial Instruments and Exchange Act are not classified differently in the audit contract between the Company and the Independent Auditor, nor would it be practical to do so. Therefore, the above amounts each are totals for their respective categories of remuneration.
 2. Each of the following principal subsidiaries of the Company contracts another certified public accountant or audit corporation (including a person having an equivalent qualification in the foreign country concerned) for auditing (prescribed by the Corporation Act of Japan or the Financial Instruments and Exchange Act (including laws equivalent to aforementioned acts in the foreign country)):
Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America; Yamaha Motor Europe N.V.; PT. Yamaha Indonesia Motor Manufacturing; Yamaha Motor Vietnam Co., Ltd.; Yamaha Motor Taiwan Co., Ltd.; Thai Yamaha Motor Co., Ltd.; India Yamaha Motor Pvt. 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 Act (non-audit services):

- 1) Review of the Yamaha Motor Group Accounting Standard
- 2) Review of the annual report
- 3) Review of the English translation of the Notice 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 Audit & Supervisory Board stipulated in Article 340 of the Corporation Act of Japan, the Company shall, with the approval or upon request from the Audit & Supervisory Board, 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 Acts, Regulations and the Company's Articles of Incorporation

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

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

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

(3) Rules Relating to Risk Control against Loss

- 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 the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

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

- The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening Board of Directors Rules, Decision-making Rules and other important rules.
- Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- After the medium-term 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 Acts, 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. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form organizations and develop rules necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

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

- 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 an Audit & Supervisory Board Member; overseas subsidiaries shall design the governing body in accordance with local laws.
- At least one Director of each subsidiary, in principle, shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- The section supervising financial reporting 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 Audit & Supervisory Board Members

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

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

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

(9) Rules Concerning Directors and Employees Reporting to the Audit & Supervisory Board

Directors and employees shall report the following matters to the Audit & Supervisory Board periodically, or when necessary, at its request:

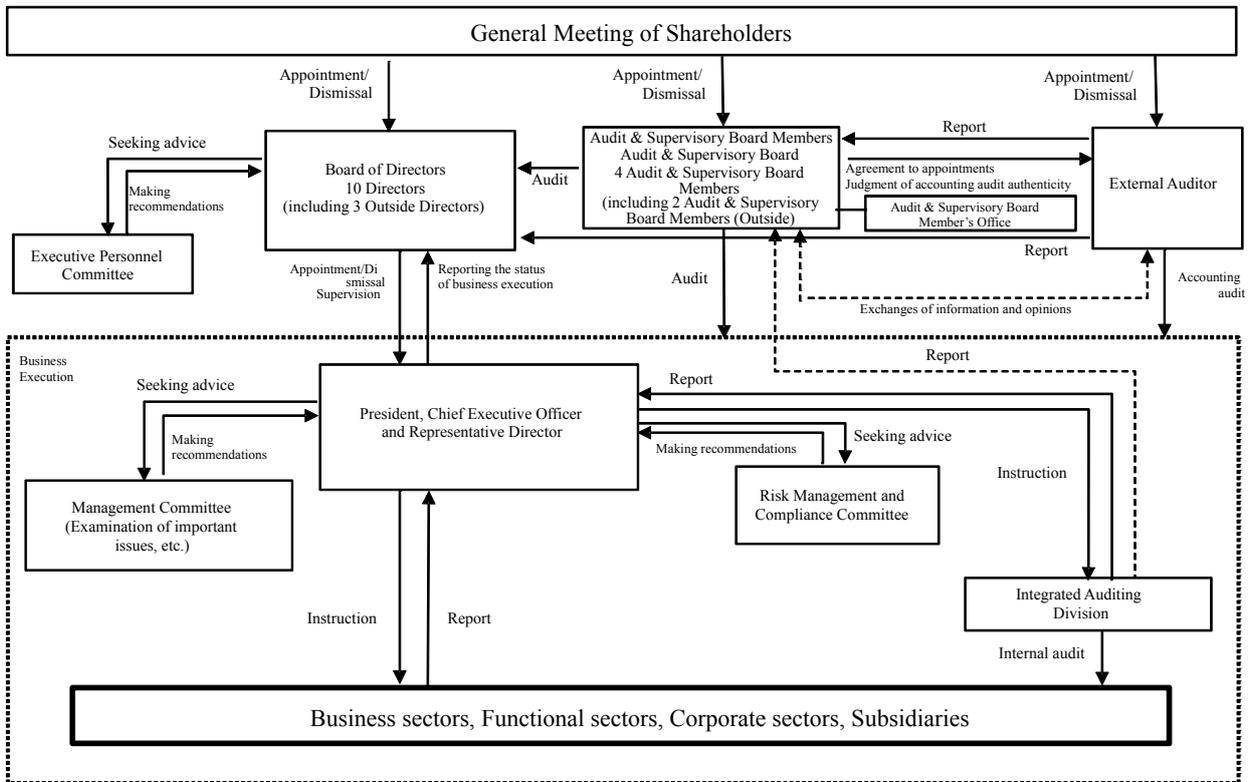
- Establishment and operation of internal control systems, and related subjects
- Results of internal audits conducted by the internal audit section
- Operation of the internal reporting system, and receipt of reports
- Director malpractice and/or acts conducted in violation of the law or the Company's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

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

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

- Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2013)



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 the above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.

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

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

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

1) Efforts to enhance corporate value with a medium-term management plan

On December 18, 2012, the Company released its new medium-term management plan, which is set to commence from 2013.

The new medium-term management plan is an extension of the previous one which targeted a V-shaped recovery and stable profitability, and is intended to aggressively expand our business scale and improve profitability, to increase its corporate value through sustained growth.

The numerical targets are set to work towards consolidated net sales of ¥2,000.0 billion and a consolidated operating income margin of 7.5% by 2017. In the interim, the plan aims for consolidated net sales of ¥1,600.0 billion and a consolidated operating income margin of 5% (¥80.0 billion) by 2015. These are based on the assumption that the U.S. dollar will trade at ¥80 during the period and the euro at ¥105.

Management Strategy

The basic framework of the strategy is to make advancements in engineering, marketing and new businesses to surpass customer's expectations through original concepts unique to Yamaha, as well as continuing to commit to management reforms. Details of management reforms include cost reductions, structural reforms and true globalization.

Business Development Strategies

The Group will categorize the strategies into three layers (existing core businesses, next profit-gaining businesses and new business segments), and invest appropriate management resources into each layer:

1. Target stable growth in current core businesses (motorcycles, marine products, and automobile engine business for technical foundations) by developing new technologies, strengthening product competitiveness, and expanding the markets.
2. Shift towards profit gain phase in segments where foundations were being made for future growth in the businesses of smart power vehicles, power products and industrial machinery & robots.
3. As new business segments, aim towards introducing the new off-road vehicle and new concept mobility into the markets, as well as introducing new technologies for unmanned systems (land/sea/air).

Product Development Strategies

The Group will introduce 250 new models during the three-year period (twice as many as in the previous medium-term plan).

We will strive for engineering that exceeds the expectations of our customers through creative concepts, technologies that achieve unsurpassed performance and function, and refined design that expresses the dynamic beauty that are uniquely Yamaha.

Cost Reduction Strategies

The company will undertake a cost reduction of ¥90.0 billion in the three-year period through two types of framework:

1. With the purpose of changing global manufacturing, the Group will progress with consolidation to platform, changing of drawings based on each market and expand variations based on the basic platform.
2. With the purpose of expanding global procurement and supply, the Group will promote strategic collaborative activities by consolidating our suppliers strengthen manufacturing competence and streamline logistics.

Financial Strategies

The Group will aim to strike a balance between active investments for future growth and returns to shareholders / loan repayments.

In the previous medium-term plan, we prioritized a stronger financial position by setting a ceiling on investments within the level of depreciation expenses. The new medium-term plan eases the ceiling on investments to "depreciation expenses plus 1/2 net income" while striking a balance between returns to shareholders and loan repayments. The total investment amount in the previous medium-term plan was ¥125.0 billion. In the new plan, the planned total investment amount is ¥190.0 billion.

As with our previous plan, returns to shareholders will continue to be set to the dividend payout ratio (consolidated) to 20% or more.

Brand Strategies

To coincide with the start of the new medium-term management plan, the Company has been preparing a new brand message to be used both internally and externally as a common concept of the global group companies. With the purpose of being the "Kando* creating company," the Group will disseminate its new slogan "Revs your Heart" throughout the world. This new slogan represents our enthusiasm for creating exceptional value and experiences that enrich the lives of our customers, and provide Kando experience and values that exceed expectations, empowered by a passion for innovation.

*Kando is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

[Results and Targets of Medium-term Management Plan]

	FY2010 results	FY 2011 results	FY 2012 results	FY 2015 targets	FY 2017 goals
Unit sales of all products (million units)	7.3	7.4	6.5	9.0	12.0
Consolidated net sales (billion yen)	1,294.1	1,276.2	1,207.7	1,600.0	2,000.0
Consolidated operating income (billion yen)	51.3	53.4	18.6	80.0	150.0
Consolidated operating income margin (%)	4.0	4.2	1.5	5.0	7.5
ROE (%)*	6.7	9.6	2.4	10	15
Equity ratio (%)	28	31	32	33	35
Debt-equity ratio (multiples)	1.2	1.0	1.1	1.0	1.0
Cost reduction (billion yen)	—	—	75.0 (three-year period)	90.0 (three-year period)	150.0 (five-year period from 2013)
Exchange rates	\$1 = ¥88 €1 = ¥116	\$1 = ¥80 €1 = ¥111	\$1 = ¥80 €1 = ¥103	\$1 = ¥80 €1 = ¥105	\$1 = ¥80 €1 = ¥105

*ROE = Net income/Shareholders' equity at end of period

Lastly, the Yamaha Motor Group will work to further increase its corporate value to be “an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market.” Also, the Group will meet its social responsibilities by promoting CSR activities, including the strict observation of laws, regulations, and corporate ethics. While making advances with our global management, the Group will endeavor to maintain and further enhance trusting relationships with the stakeholders by continuing to improve corporate governance.

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 Audit & Supervisory Board Members. Looking ahead, the Company shall work to designate more clearly 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 and continued measures (hereinafter the “Plan”) using the gratis issue of subscription rights to shares, according to the details of “Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares” approved at the 78th General Meeting of Shareholders held on March 26, 2013. 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 as described in 3) below, 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' votes. Committee members shall be appointed only from the Company's Outside Directors.

- 2) The Board of Directors shall require parties intending to engage in attempts of the acquisition of 20 percent or more of the Company's shares (hereinafter "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, as described in 4) (1) and (2) 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 shareholder allotment or gratis issue (hereinafter "Gratis Issue") of Subscription Rights to Shares (hereinafter the "Subscription Rights to Shares") 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 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 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 a maximum of 60 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 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). Only in cases where there is a reasonable cause, the period of examination and discussion may be extended for up to 30 days. In such cases, the cause and planned period of extension 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) and (2) below). The Corporate Value Committee must issue an Advisory Resolution if a Takeover Proposal complies with the procedure of the Plan and is found to satisfy all of the following requirements.
- (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; and/or
 - (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;
- (2) 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).
 - 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 Subscription Rights to Shares against any Takeover Proposal which is endorsed by a Confirmation Resolution.
 - 6) If Specific Takeover Attempts are executed without obtaining a Confirmation Resolution, the Board of Directors shall set a reference date for Gratis Issue of Subscription Rights to Shares, and execute this Gratis Issue such that the Company's shareholders as of the reference date receive the Subscription Rights to Shares. 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 Subscription Rights to Shares from taking effect. No cash is to be paid to the specific acquirer in return for this compulsory assignment of the subscription rights to shares.

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

The Plan is adopted and revised 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 78th General Meeting of Shareholders held on March 26, 2013.
- 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 Audit & Supervisory Board Members (Outside) 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 (1) and (2) within 4) of (3) above. 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 78th 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) of (4) 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 Subscription Rights to Shares from being halted.) and the

(TRANSLATION ONLY)

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 Financial Statements**Consolidated Balance Sheets**

Millions of yen

	As of December 31, 2013	(Reference) As of December 31, 2012
ASSETS		
I. Current assets:		
Cash and deposits	119,859	106,462
Notes and accounts receivable-trade	238,102	192,143
Merchandise and finished goods	177,796	153,109
Work-in-process	45,531	40,438
Raw materials and supplies	48,217	39,880
Deferred tax assets	14,043	1,843
Other	69,475	59,995
Allowance for doubtful accounts	(9,512)	(7,074)
Total current assets	703,514	586,797
II. Noncurrent assets:		
1. Property, plant and equipment:		
Buildings and structures, net	88,742	77,076
Machinery, equipment and vehicles, net	86,413	78,851
Land	82,519	78,613
Construction in progress	22,770	21,449
Other, net	20,663	16,951
Total property, plant and equipment	301,109	272,942
2. Intangible assets:		
Leasehold right	5,150	3,073
Other	1,641	867
Total intangible assets	6,791	3,940
3. Investments and other assets:		
Investment securities	67,007	41,010
Long-term loans receivable	43,788	40,560
Deferred tax assets	11,622	6,608
Other	14,268	11,923
Allowance for doubtful accounts	(1,510)	(1,454)
Total investments and other assets	135,176	98,648
Total noncurrent assets	443,077	375,531
Total assets	1,146,591	962,329

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2013	(Reference) As of December 31, 2012
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable-trade	141,710	114,344
Short-term loans payable	170,328	102,476
Current portion of long-term loans payable	73,230	58,158
Income taxes payable	5,467	3,236
Provision for bonuses	10,277	9,230
Provision for product warranties	18,292	19,952
Other provision	1,609	1,102
Other	94,309	82,651
Total current liabilities	515,226	391,153
II. Noncurrent liabilities:		
Long-term loans payable	139,370	166,340
Deferred tax liabilities for land revaluation	6,105	6,107
Provision for retirement benefits	45,321	44,098
Provision for product liabilities	1,102	3,539
Other provisions	255	315
Other	16,416	9,212
Total noncurrent liabilities	208,572	229,614
Total liabilities	723,799	620,767
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,703	85,666
2. Capital surplus	74,619	74,582
3. Retained earnings	288,548	249,724
4. Treasury stock	(691)	(686)
Total shareholders' equity	448,179	409,287
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	12,110	1,843
2. Revaluation reserve for land	10,978	10,982
3. Foreign currency translation adjustment	(87,277)	(114,255)
Total accumulated other comprehensive income	(64,188)	(101,429)
III. Subscription rights to shares	91	109
IV. Minority interests	38,709	33,595
Total net assets	422,792	341,561
Total liabilities and net assets	1,146,591	962,329

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

Consolidated Statements of Income

Millions of yen

	Current Fiscal Year (January 1, 2013– December 31, 2013)	(Reference) Previous Fiscal Year (January 1, 2012– December 31, 2012)
I. Net sales	1,410,472	1,207,675
II. Cost of sales	1,091,706	972,607
Gross profit	318,765	235,068
III. Selling, general and administrative expenses	263,628	216,470
Operating income	55,137	18,598
IV. Non-operating income		
Interest income	6,725	5,935
Dividends income	551	433
Equity in earnings of affiliates	3,526	1,598
Gain on revaluation of sales finance assets	—	574
Sales finance-related income	1,919	3,120
Other	13,497	8,470
Total non-operating income	26,220	20,133
V. Non-operating expenses		
Interest expenses	6,739	6,687
Foreign exchange losses	7,310	1,304
Loss on revaluation of sales finance assets	1,883	—
Other	5,332	3,471
Total non-operating expenses	21,266	11,464
Ordinary income	60,092	27,267
VI. Extraordinary income		
Gain on sales of noncurrent assets	292	244
Gain on change in equity	—	460
Other	8	—
Total extraordinary income	301	705
VII. Extraordinary loss		
Loss on sales of noncurrent assets	372	192
Loss on disposal of noncurrent assets	1,113	811
Impairment loss	1,110	1,127
Loss on sales of investment securities	142	9
Total extraordinary loss	2,739	2,141
Income before income taxes	57,654	25,831
Income taxes — current	20,447	15,986
Income taxes — deferred	(12,265)	(1,971)
Total income taxes	8,182	14,015
Income before minority interests	49,472	11,815
Minority interests in income	5,414	4,326
Net income	44,057	7,489

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

Consolidated Statement of Changes in Net Assets

Current Fiscal Year (From January 1, 2013 through December 31, 2013)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	85,666	74,582	249,724	(686)	409,287
Changes in items during the period					
Issuance of new shares	36	36			73
Reversal of revaluation reserve for land			3		3
Dividends from surplus			(5,237)		(5,237)
Net income			44,057		44,057
Acquisition of treasury stock				(5)	(5)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total of changes in items during the period	36	36	38,824	(5)	38,892
Balance at the end of current period	85,703	74,619	288,548	(691)	448,179

	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 the beginning of current period	1,843	10,982	(114,255)	(101,429)
Changes in items during the period				
Issuance of new shares				
Reversal of revaluation reserve for land				
Dividends from surplus				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity	10,267	(3)	26,977	37,240
Total of changes in items during the period	10,267	(3)	26,977	37,240
Balance at the end of current period	12,110	10,978	(87,277)	(64,188)

	Subscription rights to shares	Minority interests	Total net assets
Balance at the beginning of current period	109	33,595	341,561
Changes in items during the period			
Issuance of new shares			73
Reversal of revaluation reserve for land			3
Dividends from surplus			(5,237)
Net income			44,057
Acquisition of treasury stock			(5)
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	(17)	5,114	42,337
Total of changes in items during the period	(17)	5,114	81,230
Balance at the end of current period	91	38,709	422,792

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

Notes to Consolidated Financial Statements

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

(1) Scope of Consolidation

1) Number of consolidated subsidiaries: 109

2) 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., PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd., Thai Yamaha Motor Co., Ltd., India Yamaha Motor Pvt. Ltd., and Yamaha Motor do Brasil Ltda.

3) Changes to the Scope of Consolidation

Effective from the fiscal year ended December 31, 2013, two newly established companies have been included in the scope of consolidation. On the other hand, two companies were excluded from the scope of consolidation due to an absorption-type merger by the Company.

4) 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 Yamaha Motor Racing S.r.l., 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 the 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: 4

Yamaha Motor Racing S.r.l. and 3 other subsidiaries

Number of affiliates accounted for by the equity method of accounting: 26

Chongqing Jianshe Yamaha Motor Co., Ltd. and 25 other affiliates

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

Effective from the fiscal year ended December 31, 2013, one subsidiary which has increased in significance, one newly invested affiliate and one affiliate for which the Company accepted additional capital increase were included in the scope of application of the equity method of accounting. On the other hand, one affiliate was excluded from the scope of application of the equity method of accounting due to sales of stocks.

3) Names of 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:

Non-consolidated subsidiaries including Yamaha Motor Cambodia Co., Ltd., and affiliates including Y² 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.

(3) Accounting Standards

1) Policies and Methods of Valuation for Significant Assets

(a) Securities

Other securities

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

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

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

(b) Derivatives

Derivatives are carried at fair value.

(c) Inventories

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

2) Depreciation and Amortization of Significant Depreciable Assets

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

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

Changes in accounting policies

Beginning in the fiscal year ended December 31, 2013, the Company and certain domestic subsidiaries have changed the depreciation method for property, plant and equipment from mainly declining-balance method to mainly the straight-line method.

Under the previous medium-term management plan (for the years fiscal 2010 to fiscal 2012), the Group reorganized the domestic production structure in line with demand in developed countries as part of profit structure reform. In fiscal 2012, the final year of the previous medium-term management plan, a measure of success was attained with the originally planned reorganization, and in the current medium-term management plan (for the years fiscal 2013 to fiscal 2015), the Group's policy for investment in domestic production facilities is to focus on maintenance and development of its core operation.

For this reason, domestic production facilities are expected to achieve long-term stable operation over the course of their service lives, and the Company judged that the straight-line method, by which costs are more appropriately aligned with revenue, is reasonable.

As a result of this change, operating income, ordinary income, and income before income taxes for the fiscal year ended December 31, 2013 have each increased by ¥4,040 million.

(b) Intangible assets (excluding leased assets)

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

(c) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

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) Accounting Criteria for Significant Accruals

(a) Allowance for doubtful accounts

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

(b) Provision for bonuses

Provision for bonuses 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 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.

(d) Provision for retirement benefits

Provision for retirement benefits are provided mainly at an amount, deemed generated on December 31, 2013, 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, primarily 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, primarily 10 years, which is shorter than the average remaining years of service of the employees.

(e) 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) Accounting treatment of consumption taxes

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

(b) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(c) Amortization of goodwill

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

2. Changes in Presentation

Consolidated Balance Sheets

- (1) Effective from the fiscal year ended December 31, 2013, "Deferred tax assets," which had been included in "Other" under current assets for the fiscal year ended December 31, 2012, is now separately presented because the amount of the deferred tax assets turned out exceeding one percent of the total assets.
- (2) Effective from the fiscal year ended December 31, 2013, "Deferred tax assets," which had been included in "Other" under investments and other assets for the fiscal year ended December 31, 2012, is now separately presented because the amount of the deferred tax assets turned out exceeding one percent of the total assets.

3. Notes to Consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, plant and equipment	575,945

(2) Pledged Assets

Pledged Assets are as follows:

Notes and accounts receivable-trade	90,347
Current assets - Other	10,873
Buildings and structures	300
Machinery, equipment and vehicles	133
Land	99
Property, plant and equipment - Other	7
Investment securities	54
<u>Long-term loans receivable</u>	<u>20,524</u>
Total	122,340

Secured liabilities are as follows:

Short-term loans payable	20,869
Current portion of long-term loans payable	86
Long-term loans payable	31,183
<u>Noncurrent liabilities - Other</u>	<u>344</u>
Total	52,483

(3) Discounts on Notes Receivable-Trade	1,231
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(4) Contingent Liabilities

1) Guarantee obligations

Guarantee obligations are arising from acts resembling guarantees for the following companies' loans from financial institutions.

Subsidiaries or affiliates:

Amagasaki Woodland of Health Co., Ltd.	222
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2) Other

Although bilateral consultations are being held under the applicable tax treaties to obtain relief from double taxation on transactions between the Company and overseas affiliates, at the present time it is difficult to make a reasonable estimate of any financial effect that may arise from these consultations, and the financial effect, if any, has not been reflected in the consolidated financial statements for the fiscal year ended December 31, 2013.

(5) Revaluation Reserve for Land

Pursuant to the "Act 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
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2) Method of revaluation

Under Item 4 of Article 2 of the Order for Enforcement on Act 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 Act 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 2013 was below its book value by ¥7,464 million.

4. Notes to Consolidated Statement of Changes in Net Assets**(1) Type and Number of Outstanding Shares:**

Capital stock 349,803,684 shares

(2) Dividends

1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 26, 2013	Capital stock	1,745	5.00	Dec. 31, 2012	Mar. 27, 2013
Board of Directors held on Aug. 6, 2013	Capital stock	3,491	10.00	Jun. 30, 2013	Sep. 10, 2013

2) Dividends whose record date falls in FY2013 and whose effective date falls in FY2014

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. 25, 2014	Capital stock	5,586	Retained earnings	16.00	Dec. 31, 2013	Mar. 26, 2014

(3) Subscription rights to shares

Subscription rights to shares at December 31, 2013 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)
Number of subscription rights to shares	755	691	535
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	69,100	53,500

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 Audit & Supervisory Board Members, and heads of the finance & accounting division and the division responsible for managing positions at least once a month. The Company also monitors consolidated subsidiaries in accordance with the internal rules.

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

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

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

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

(2) Fair Values of Financial Instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2013 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	119,859	119,859	—
(2) Notes and accounts receivable-trade Allowance for doubtful accounts (*1)	238,102 (4,925)		
	233,176	233,147	(28)
(3) Investment securities	34,321	34,321	—
(4) Long-term loans receivable Allowance for doubtful accounts (*1)	43,788 (1,482)		
	42,305	49,267	6,961
Total assets	429,663	436,596	6,933
(5) Notes and accounts payable-trade	141,710	141,710	—
(6) Short-term loans payable	170,328	170,328	—
(7) Current portion of long-term loans payable	73,230	73,230	—
(8) Long-term loans payable	139,370	141,076	1,706
Total liabilities	524,639	526,346	1,706
Derivative transactions (*2)	(1,767)	(1,767)	—

(*1) Allowance for doubtful accounts 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 amounts. The figures in parentheses indicate net payables.

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

Assets:

(1) Cash and deposits

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

(2) Notes and accounts receivable-trade

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

(3) 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 accounts equivalent to credit risk are deducted.

The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(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	32,686

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	1,099.84 yen
(2) Net Income per Share	126.20 yen

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

Millions of yen

	As of December 31, 2013	(Reference) As of December 31, 2012
ASSETS		
I. Current assets:		
Cash and deposits	17,516	29,340
Notes receivable-trade	3,150	3,673
Accounts receivable-trade	75,662	57,145
Merchandise and finished goods	30,978	29,802
Work-in-process	14,708	11,992
Raw materials and supplies	13,150	11,772
Advanced payments-trade	1,694	963
Prepaid expenses	606	580
Accounts receivable-other	7,343	6,800
Short-term loans receivable	4,114	9,441
Other	291	148
Allowance for doubtful accounts	(159)	(2,190)
Total current assets	169,059	159,470
II. Noncurrent assets:		
1. Property, plant and equipment:		
Buildings, net	30,810	28,891
Structures, net	4,023	1,870
Machinery and equipment, net	11,713	9,270
Vessels, net	99	71
Vehicles, net	763	240
Tools, furniture and fixtures, net	5,608	3,192
Land	49,545	49,283
Construction in progress	5,238	6,848
Total property, plant and equipment	107,803	99,669
2. Intangible assets:		
Leasehold right	510	510
Other	145	119
Total intangible assets	656	629
3. Investments and other assets:		
Investment securities	34,804	20,496
Stocks of subsidiaries and affiliates	135,311	134,572
Investment in capital	3	3
Investment in capital of subsidiaries and affiliates	21,472	21,472
Long-term loans receivable	—	21
Long-term loans receivable from employees	16	7
Long-term loans receivable from subsidiaries and affiliates	6,547	840
Long-term prepaid expenses	37	40
Other	590	604
Allowance for doubtful accounts	(2,109)	(25)
Total investments and other assets	196,674	178,033
Total noncurrent assets	305,135	278,332
Total assets	474,194	437,803

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

(TRANSLATION ONLY)

	Millions of yen	
	As of December 31, 2013	(Reference) As of December 31, 2012
LIABILITIES		
I. Current liabilities:		
Notes payable-trade	4,804	3,992
Notes payable-facilities	2,969	347
Accounts payable-trade	54,578	45,372
Short-term loans payable	26,329	8,016
Current portion of long-term loans payable	43,450	28,850
Lease obligations	110	106
Accounts payable-other	13,016	11,064
Accounts payable-facilities	6,555	6,702
Accrued expenses	4,269	4,021
Advances received	2,558	1,742
Deposits received	2,429	2,291
Provision for bonuses	5,085	4,685
Provision for directors' bonuses	110	20
Provision for product warranties	8,550	11,754
Asset retirement obligations	42	—
Other	1,681	1,451
Total current liabilities	<u>176,541</u>	<u>130,418</u>
II. Noncurrent liabilities:		
Long-term loans payable	17,500	60,950
Lease obligations	1,042	1,152
Deferred tax liabilities	5,169	854
Deferred tax liabilities for land revaluation	6,105	6,107
Provision for retirement benefits	30,300	31,207
Provision for product liabilities	768	3,295
Provision for motorcycle recycling costs	200	285
Asset retirement obligations	1,044	764
Other	629	632
Total noncurrent liabilities	<u>62,760</u>	<u>105,250</u>
Total liabilities	<u>239,302</u>	<u>235,668</u>
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,703	85,666
2. Capital surplus		
(1) Legal capital surplus	73,978	73,941
(2) Other capital surplus	640	640
Total capital surplus	<u>74,619</u>	<u>74,582</u>
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	337	347
Retained earnings brought forward	51,730	29,256
Total retained earnings	<u>52,068</u>	<u>29,604</u>
4. Treasury stock	(645)	(642)
Total shareholders' equity	<u>211,745</u>	<u>189,211</u>
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	12,076	1,831
2. Revaluation reserve for land	10,978	10,982
Total valuation and translation adjustments	<u>23,054</u>	<u>12,814</u>
III. Subscription rights to shares		
	91	109
Total net assets	<u>234,892</u>	<u>202,134</u>
Total liabilities and net assets	<u>474,194</u>	<u>437,803</u>

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

(TRANSLATION ONLY)

Non-consolidated Statements of Income

Millions of yen

	Current Fiscal Year (January 1, 2013– December 31, 2013)	(Reference) Previous Fiscal Year (January 1, 2012– December 31, 2012)
I. Net sales	536,966	474,589
II. Cost of sales	448,910	428,104
Gross profit	88,056	46,484
III. Selling, general and administrative expenses	65,105	60,403
Operating income (loss)	22,951	(13,918)
IV. Non-operating income		
Interest income	126	277
Dividends income	20,331	29,204
Other	1,568	2,783
Total non-operating income	22,026	32,265
V. Non-operating expenses		
Interest expenses	1,413	1,845
Foreign exchange losses	5,191	901
Loss on revaluation of investment in subsidiaries' and affiliates' stock	6,102	—
Other	523	792
Total non-operating expenses	13,231	3,539
Ordinary income	31,745	14,808
VI. Extraordinary income		
Gain on sales of noncurrent assets	19	77
Gain on sales of investment in affiliates' stock	—	19
Gain on extinguishment of tie-in shares	1,098	—
Total extraordinary income	1,118	97
VII. Extraordinary loss		
Loss on sales of noncurrent assets	263	37
Loss on disposal of noncurrent assets	502	292
Impairment loss	430	60
Total extraordinary loss	1,196	390
Income before income taxes	31,667	14,515
Income taxes — current	3,978	4,242
Income taxes — deferred	(9)	3
Total income taxes	3,969	4,246
Net income	27,698	10,268

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

Non-consolidated Statement of Changes in Net Assets

Current Fiscal Year (From January 1, 2013 through December 31, 2013)

Millions of yen

	Shareholders' equity				Retained earnings
	Capital stock	Capital surplus			Other retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for reduction entry
Balance at the beginning of current period	85,666	73,941	640	74,582	347
Changes in items during the period					
Issuance of new shares	36	36		36	
Reversal of reserve for reduction entry					(9)
Reversal of revaluation reserve for land					
Dividends from surplus					
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	36	36	0	36	(9)
Balance at the end of current period	85,703	73,978	640	74,619	337

	Shareholders' equity			
	Retained earnings		Treasury stock	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at the beginning of current period	29,256	29,604	(642)	189,211
Changes in items during the period				
Issuance of new shares				73
Reversal of reserve for reduction entry	9	0		0
Reversal of revaluation reserve for land	3	3		3
Dividends from surplus	(5,237)	(5,237)		(5,237)
Net income	27,698	27,698		27,698
Acquisition of treasury stock			(3)	(3)
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total of changes in items during the period	22,474	22,464	(3)	22,534
Balance at the end of current period	51,730	52,068	(645)	211,745

(TRANSLATION ONLY)

Millions of yen

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	1,831	10,982	12,814	109	202,134
Changes in items during the period					
Issuance of new shares					73
Reversal of reserve for reduction entry					0
Reversal of revaluation reserve for land					3
Dividends from surplus					(5,237)
Net income					27,698
Acquisition of treasury stock					(3)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	10,244	(3)	10,240	(17)	10,222
Total of changes in items during the period	10,244	(3)	10,240	(17)	32,757
Balance at the end of current period	12,076	10,978	23,054	91	234,892

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

Notes to Non-consolidated Financial Statements

1. Notes regarding Significant Accounting Policies

(1) Asset Valuation

1) Securities

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

Other securities

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

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

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

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

Finished goods and work-in-process are stated at cost, determined 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 by the straight-line method.

Changes in accounting policies

Beginning in the fiscal year ended December 31, 2013, the Company has changed the principal depreciation method for property, plant and equipment from the previously used declining-balance method to the straight-line method.

Under the previous medium-term management plan (for the years fiscal 2010 to fiscal 2012), reorganization centering on the Company of the domestic production structure was made in line with demand in developed countries as part of profit structure reform. In fiscal 2012, the final year of the previous medium-term management plan, a measure of success was attained with the originally planned reorganization, and in the current medium-term management plan (for the years fiscal 2013 to fiscal 2015), the Group's policy for investment in domestic production facilities is to focus on maintenance and development of its core operation.

For this reason, domestic production facilities are expected to achieve long-term stable operation over the course of their service lives, and the Company judged that the straight-line method, by which costs are more appropriately aligned with revenue, is reasonable.

As a result of this change, operating income, ordinary income, and income before income taxes for the fiscal year ended December 31, 2013 have each increased by ¥3,189 million.

2) Intangible assets (excluding leased assets)

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

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

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 accounts

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

2) Provision for bonuses

Provision for bonuses 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 directors' bonuses

Provision for directors' bonuses 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, 2013, 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.

(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 to Non-consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	299,529

(2) Pledged Assets

Stocks of subsidiaries and affiliates	22
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Stocks 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:	71,227
Long-term receivables:	6,623
Short-term payables:	25,270
Long-term payables:	945

(4) Discounts on Notes Receivable-Trade	1,096
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(5) Contingent Liabilities

1) Guarantee obligations

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

Subsidiaries and Affiliates:	
Yamaha Motor Europe N.V.	62,763
India Yamaha Motor Pvt. Ltd.	8,501
Amagasaki Woodland of Health Co., Ltd.	222
<u>Yamaha Motor Argentina S.A.</u>	<u>136</u>
Total	71,624

Guarantee obligations described above include ¥222 million arising from acts resembling guarantees.

2) Other

Although bilateral consultations are being held under the applicable tax treaties to obtain relief from double taxation on transactions between the Company and overseas affiliates, at the present time it is difficult to make a reasonable estimate of any financial effect that may arise from these consultations, and the financial effect, if any, has not been reflected in the non-consolidated financial statements for the fiscal year ended December 31, 2013.

(6) Revaluation Reserve for Land

Pursuant to the "Act 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
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2) Method of revaluation

Under Item 4 of Article 2 of the Order For Enforcement on Act 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 Act 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 2013 was below its book value by ¥7,464 million.

3. Notes to Non-consolidated Statements of Income

Transactions with Subsidiaries and Affiliates

	Millions of yen
Net Sales	401,060
Purchases	135,264
Non-operating income	20,797
Non-operating expenses	75

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

Number of shares in treasury stock at December 31, 2013

	Shares
Capital stock	627,395

5. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss carried forward for tax purposes	49,865
Loss on valuation of securities	26,940
Excess of depreciation	13,904
Provision for retirement benefits	10,544
Provision for product warranties	3,146
Provision for bonuses	1,891
Other	5,270
Gross deferred tax assets	111,563
Valuation allowance	(111,563)
Total deferred tax assets	0
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(4,756)
Reserve for reduction entry	(340)
Other	(72)
Total deferred tax liabilities	(5,169)
Net deferred tax liabilities	(5,169)

6. Notes to Leased Noncurrent Assets

	Millions of yen
(1) Amount Equivalent to Acquisition Costs of Leased Property at December 31, 2013	144
(2) Amount Equivalent to Accumulated Depreciation of Leased Property at December 31, 2013	128
(3) Amount Equivalent to Future Minimum Lease Payments Subsequent to December 31, 2013	15

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, 2013.

7. Notes to Transactions with Related Parties

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with related parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal year
Subsidiary	Yamaha Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	34,359	Accounts receivable-trade	8,263
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	96,686	Accounts receivable-trade	6,296
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	65,342	Accounts receivable-trade	7,915
				Debt guarantee (Note 2)	62,763	-	-
Subsidiary	Yamaha Motor Argentina S.A. (Argentina)	Indirect ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	12,027	Accounts receivable-trade	5,752
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 97.0%	Manufacture and sale of products of the Company	Debt guarantee (Note 2)	8,501	-	-
		Indirect ownership 0.1%					

- Notes: 1. Trade conditions such as prices are determined by taking actual market prices into account and are based on general terms of transactions.
2. Debt guarantee is related to loans from financial institutions of subsidiaries.

8. Notes to Per Share Information

(1) Net Assets per Share	672.44 yen
(2) Net Income per Share	79.33 yen

Independent Auditor's Report

February 6, 2014

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tamiya
Certified Public Accountant
Designated and Engagement Partner

Takahiro Takiguchi
Certified Public Accountant
Designated and Engagement Partner

Masahiko Tsukahara
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Yamaha Motor Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2013 through December 31, 2013.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yamaha Motor Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2013 in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 1. Notes regarding Basic Items of Significance in Drawing up Consolidated Financial Statements (3) Accounting Standards 2) Depreciation and Amortization of Significant Depreciable Assets to the consolidated financial statements, which indicates that the Company and its domestic consolidated subsidiaries have changed their accounting method for the depreciation of property, plant and equipment from mainly the declining-balance method to mainly the straight-line method, effective from the fiscal year ended December 31, 2013. Our opinion is not qualified in respect of this matter.

Conflicts of Interest

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

Independent Auditor's Report

February 6, 2014

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tamiya
Certified Public Accountant
Designated and Engagement Partner

Takahiro Takiguchi
Certified Public Accountant
Designated and Engagement Partner

Masahiko Tsukahara
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 79th fiscal year from January 1, 2013 through December 31, 2013.

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Yamaha Motor Co., Ltd. applicable to the 79th fiscal year ended December 31, 2013 in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 1. Notes regarding Significant Accounting Policies (2) Depreciation and Amortization of Assets to the financial statements, which indicates that the Company has changed its accounting method for the depreciation of property, plant and equipment from the declining-balance method to the straight-line method, effective from the fiscal year ended December 31, 2013. Our opinion is not qualified in respect of this matter.

Conflicts of Interest

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

Copy of Audit Report of the Audit & Supervisory Board

Audit Report

February 10, 2014

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 79th business year, from January 1, 2013 through December 31, 2013, based on audit reports from each Audit & Supervisory Board Member, prepared this Audit Report of the Audit & Supervisory Board. Our audit opinion is as follows.

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

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

Each Audit & Supervisory Board Member, in accordance with the Audit & Supervisory Board Members standard of audit, established by the Audit & Supervisory Board, as well as other relevant audit policy, executed assigned responsibilities, 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 Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary, perused important documents, including those subject to executive approval, and examined the conditions of assets and business at the head office and other major business office. In addition, concerning the resolution adopted by the Board of Directors about designing the system which assures that the execution of Directors' duties comply with laws and regulations and the Articles of Incorporation and designing the other system for assuring the proper business operations of the company, as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Act of Japan, and the internal control system, designed in accordance with the Board of Directors' resolution, each Audit & Supervisory Board Member periodically received reports of the status of establishing and operating these systems from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary. The contents of the basic policy set forth in Item 3(a) of Article 118 of the Ordinance for Enforcement of the Corporation Act of Japan stated in the business reports and each approach set forth in (b) of the same item are reviewed based on the status of deliberations of the Board of Directors and other management entities. With regard to the Company's subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other employees of the subsidiaries, and received reports from them when necessary. Based on the methods described above, the Audit & Supervisory Board reviewed the business report and its supplementary schedules for the business year.

Further, each Audit & Supervisory Board Member has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Audit & Supervisory Board Member received a notice from the accounting auditor that "the system for securing appropriate execution of duties" (in each items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them when necessary. Based on the methods described above, the Audit & Supervisory Board 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

(TRANSLATION ONLY)

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

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

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

(3) Results of the audit of consolidated financial statements

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

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

Yutaka Kume
Standing Audit & Supervisory Board Member

Shigeki Hirasawa
Standing Audit & Supervisory Board Member

Tetsuo Kawawa
Audit & Supervisory Board Member (Outside)

Isao Endo
Audit & Supervisory Board Member (Outside)

Procedures for Exercising Voting Rights by Electromagnetic Means

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

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

- 1) Voting rights via the Internet may only be exercised by using the site (<http://www.web54.net>) designated by the Company for the purpose via computers and smartphones.
Please be advised that voting rights cannot be exercised by accessing the 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 Monday, March 24, 2014 (JST), 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) 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:	Sumitomo Mitsui Trust Bank, Limited, Transfer Agency Web Support Desk Phone: +81-120-652-031 (toll-free within Japan) Hours: 9:00 - 21:00 (JST)
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2. To Institutional Investors

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