

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

Code No: 7272
March 4, 2015

Notice of the 80th 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 80th Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on Wednesday, March 25, 2015 (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:** Thursday, March 26, 2015 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 80th Fiscal Year (from January 1, 2014 through December 31, 2014); Consolidated Financial Statements applicable to the 80th Fiscal Year (from January 1, 2014 through December 31, 2014); 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 80th Fiscal Year (from January 1, 2014 through December 31, 2014).

Items to be resolved:

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

4. Predetermined Terms of the Convening

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

5. Other Matters regarding this Notice

Among the documents which should be provided together with this Notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are made available on the Company's website at <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. The Consolidated Financial Statements and Non-consolidated Financial Statements that are provided in the Attached Documents of this Notice are part of the consolidated financial statements and non-consolidated statements that were audited by the Independent Auditors and Audit & Supervisory Board Members for preparation of their accounting audit report and audit report.

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

Reference Documents for the 80th Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Information regarding a year-end dividend

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. Under the current medium-term management plan, 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 proposes to pay a year-end dividend of ¥25.50 per share for the current fiscal year. Added to the interim dividend (¥14.50 per share), this gives a total dividend for the year of ¥40 per share.

- (1) Type of dividend property:
Cash

- (2) Distribution of dividend property, and the total amount distributed:
25.50 yen per share of common stock
Total amount: 8,905,034,240 yen

- (3) Effective date of distribution:
March 27, 2015

Proposed Resolution 2 Election of Eleven Directors

All of the twelve (12) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes to elect eleven (11) 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</p> <p>January 2015: Chief General Manager of Manufacturing Center and Chief General Manager of PF Model Unit of the Company (to present)</p> <p>[Significant concurrent positions] Chairman of Japan Marine Industry Association</p>	50,700

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
2	<p data-bbox="295 1064 526 1131">Takaaki Kimura (February 14, 1953)</p> <div data-bbox="300 1160 518 1238" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="555 257 1236 1921"> April 1976: Joined the Company June 1999: General Manager of R&D Division, AM Operations of the Company April 2002: Senior General Manager of AM Operations of the Company June 2003: Executive Officer of the Company March 2005: Director of the Company March 2007: Senior Executive Officer of the Company January 2009: Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations and Chief General Manager of AM Business Unit of the Company November 2009: Representative Director of the Company (to present) November 2009: Managing Executive Officer of the Company March 2010: Senior Managing Executive Officer of the Company January 2011: Chief General Manager of Marine Business Operations, Chief General Manager of Product Assurance & Safety Promotion Center and Chief General Manager of AM Business Unit of the Company January 2012: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager of Design Center and Chief General Manager of AM Business Unit of the Company 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 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 March 2014: Executive Vice President of the Company (to present) July 2014: 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 (to present) </p>	52,100

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
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)	22,200
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)	22,200

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: 0 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 January 2015: Chief General Manager in charge of New Business and Technology Development and Chief General Manager of NV Business Development Section of the Company (to present)	21,750

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
6	Katsuaki Watanabe (November 15, 1959) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	April 1982: Joined the Company January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company March 2010: Executive Officer of the Company November 2010: Chief General Manager of Manufacturing Center of the Company March 2011: Senior Executive Officer of the Company (to present) 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 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 March 2014: Director of the Company (to present) January 2015: Chief General Manager of MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Overseas Market Development Operation Business Unit of the Company (to present)	14,500
7	Toshizumi Kato (March 24, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	June 1986: Joined the Company April 2003: Vice President of IM Company of the Company January 2005: Director and President of Yamaha Motor Australia Pty Limited March 2007: President of IM Company of the Company March 2008: Executive Officer of the Company January 2010: Senior General Manager of Sales Operations, MC Business Operations of the Company January 2011: Director and President of Yamaha Motor Corporation, U.S.A. March 2012: Senior Executive Officer of the Company (to present) March 2014: Director of the Company (to present) January 2015: Chief General Manager of Vehicle & Solution Business Operations and Senior General Manager of Financial Service Business Development Section of the Company (to present)	21,000

(TRANSLATION ONLY)

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	Yoichiro Kojima (May 16, 1958) <div data-bbox="303 548 526 604" style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div>	April 1981: Joined the Company October 2001: Director and President of Yamaha Motor Canada Limited July 2006: General Manager of Sales Division, ME Company of the Company January 2009: Executive General Manager of ME Business Unit, Marine Business Operations of the Company March 2010: Executive Officer of the Company March 2012: Senior Executive Officer of the Company (to present) January 2013: Director and President of PT. Yamaha Indonesia Motor Manufacturing (to present)	23,200

[Candidates for Outside Directors]

The Outside Director candidates are as follows.

The Company, referring to the standards established by the Tokyo Stock Exchange, Inc. for judging the independence of Independent Directors/Audit & Supervisory Board Members, has established the following “Standards for Selecting Independent Outside Officers.”

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

<p>Independent Outside Officers may not be:</p> <ol style="list-style-type: none"> 1. <u>Employees or former employees of the company</u> 2. <u>Major shareholders</u> 3. <u>Individuals in a “major customer” relationship with our corporate group</u> 4. <u>Individuals from companies that have accepted a director from Yamaha Motor Group</u> 5. <u>Individuals with some other type of vested interest in the Group</u> 6. <u>Individuals who might have a conflict of interest with our general shareholders</u> 7. <u>In office more than 8 years</u> <p>Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.</p> <p>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</p>
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Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
9	Tamotsu Adachi (October 12, 1953)	<p>April 1977: Joined Mitsubishi Corporation</p> <p>January 1988: Joined McKinsey & Company, Inc. Japan</p> <p>June 1995: Partner of McKinsey & Company, Inc. Japan</p> <p>March 1997: Managing Director of Business Development Department, GE Capital Japan</p> <p>March 1999: President and CEO of Japan Lease Auto Co.</p> <p>December 2000: President and CEO of GE Fleet Services Co.</p> <p>May 2003: Managing Director and Japan Representative of Carlyle Japan LLC</p> <p>June 2003: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.)</p> <p>November 2007: Managing Director and Co-Representative of Carlyle Japan LLC (to present)</p> <p>June 2009: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.: to present)</p> <p>March 2013: Outside Director of the Company (to present)</p>	20,000
	Candidate for Outside Director		
	Candidate for Independent Directors/Audit & Supervisory Board Members		
	Candidate for Reappointment		
		<p>- Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 12 out of 13 meetings (92.3%)</p> <p>- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Tamotsu Adachi as an Outside Director in the belief that he will provide the Company’s management with valuable advice and supervision based on his ample experience in international business, formulation of management strategy, and investment activities and wide range of insights.</p>	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
10	<p data-bbox="327 566 502 629">Takuya Nakata (June 8, 1958)</p> <div data-bbox="300 645 523 734" style="border: 1px solid black; padding: 2px; margin: 5px 0;">Candidate for Outside Director</div> <div data-bbox="300 750 523 840" style="border: 1px solid black; padding: 2px; margin: 5px 0;">Candidate for Reappointment</div>	<p data-bbox="550 293 1236 902"> April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation) October 2005: General Manager of PA/ DMI Division of Yamaha Corporation June 2006: Executive Officer of Yamaha Corporation June 2009: Director & Executive Officer of Yamaha Corporation April 2010: President of Yamaha Corporation of America June 2010: Senior Executive Officer of Yamaha Corporation March 2013: Assistant Senior General Manager of Musical Instruments & Audio Products Sale & Marketing Group of Yamaha Corporation June 2013: President and Representative Director of Yamaha Corporation (to present) March 2014: Outside Director of the Company (to present) </p> <p data-bbox="550 920 1428 1335"> - Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings (after he assumed the office on March 25, 2014): 9 out of 10 meetings (90.0%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation, which is a large shareholder of the Company, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies. </p>	1,400

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
11	Atsushi Niimi (July 30, 1947)	<p>April 1971: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)</p> <p>June 2000: Director of Toyota Motor Corporation</p> <p>June 2003: Managing Officer of Toyota Motor Corporation</p> <p>June 2004: Director of Toyota Motor Corporation</p> <p>June 2005: Senior Managing Director of Toyota Motor Corporation</p> <p>June 2009: Executive Vice President, Member of the Board of Toyota Motor Corporation, Outside Member of the Audit & Supervisory Board of JTEKT Corporation</p> <p>June 2013: Chairman & Representative Director of JTEKT Corporation</p> <p>[Significant concurrent positions] Chairman of the Chubu Association of Corporate Executives</p>	0
	Candidate for Outside Director		
	Candidate for Independent Directors/Audit & Supervisory Board Members		
	New Candidate		
		- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Atsushi Niimi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience of managing global companies and wide range of insights.	

Notes:

1. Special interests between the Company and the candidates

Hiroyuki Yanagi	Mr. Yanagi is concurrently serving as Chairman of Japan Marine Industry Association, an association with which the Company has transactions, such as payment of membership fees.
Takaaki Kimura	Mr. Kimura is concurrently serving as Chairman of the YAMAHA MOTOR FOUNDATION FOR SPORTS, a foundation to which the Company makes contributions.
Yoichiro Kojima	Mr. Kojima is concurrently serving as Director and President of PT. Yamaha Indonesia Motor Manufacturing (in which the Company holds 85% of voting rights), a company with which the Company has sale and purchase transactions of products and merchandise.
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.
Atsushi Niimi	Mr. Niimi is concurrently serving as Chairman & Representative Director of JTEKT Corporation, a company from which the Company procures parts for products.

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

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

3. Independent Directors/Audit & Supervisory Board Members

The Company has registered Tamotsu Adachi as Independent Directors/Audit & Supervisory Board Members according to the regulations provided by the Tokyo Stock Exchange, Inc. Atsushi Niimi has also been registered as Independent Directors/Audit & Supervisory Board Members to the Tokyo Stock Exchange subject to the approval of this proposal. Summary of "Standards for Selecting Independent Outside Officers" is described on page 10.

4. Special matters relating to candidates for Outside Directors

- Benesse Corporation, a subsidiary of Benesse Holdings, Inc., where Tamotsu Adachi has been serving as an Outside Director since June 2009, received a recommendation from the Ministry of Economy,

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

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

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

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

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

Proposed Resolution 3 Election of Three Audit & Supervisory Board Members

The Audit & Supervisory Board Members Yutaka Kume and Shigeki Hirasawa will complete their respective terms of office and Audit & Supervisory Board Member Tetsuo Kawawa will resign at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes to elect three (3) Audit & Supervisory Board Members. This proposal is submitted with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board Member candidates are as follows.

Candidate No.	Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
1	Hiroshi Ito (October 8, 1957) <div style="border: 1px solid black; padding: 2px;">New Candidate</div>	April 1980: Joined the Company January 2011: Director and President of Yamaha Motor Manufacturing Corporation of America January 2015: Chief General Manager in charge of planning of Corporate Planning Division, Corporate Planning & Finance Center of the Company (to present)	1,606
2	Kenji Hironaga (August 5, 1958) <div style="border: 1px solid black; padding: 2px;">New Candidate</div>	April 1982: Joined the Company February 2010: General Manager of Human Resources Development Division of Human Resources & General Affairs Section of the Company September 2014: Chief General Manager in charge of planning of Audit & Supervisory Board Member's Office of the Company (to present)	3,264
3	Tomomi Yatsu (May 30, 1960) <div style="border: 1px solid black; padding: 2px;">Candidate for Audit & Supervisory Board Member (Outside)</div> <div style="border: 1px solid black; padding: 2px;">Candidate for Independent Directors/Audit & Supervisory Board Members</div> <div style="border: 1px solid black; padding: 2px;">New Candidate</div>	April 1983: Joined Tokyo Electron Limited October 1986: Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC) September 1990: Registered as a Certified Public Accountant November 2001: Registered as an Attorney : Joined New Tokyo Law Office (currently Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise) April 2007: Partner of Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise (to present) June 2009: Outside Audit & Supervisory Board Member of CALBEE, Inc. (to present) June 2010: Outside Audit & Supervisory Board Member of Taiko Pharmaceutical Co., Ltd. March 2012: Outside Statutory Auditor of Kokuyo Co., Ltd. (to present)	0
<p>- Reasons for the nomination of a candidate for Audit & Supervisory Board Member (Outside):</p> <p>The Company requests shareholders to elect Tomomi Yatsu as an Audit & Supervisory Board Member (Outside) in the belief that she will utilize her significant expertise as a certified public accountant and attorney as well as her knowledge and experience as an outside auditor of a business corporation in performing her duty as the Company's Audit & Supervisory Board Member (Outside).</p>			

Notes:

1. Special interests between the Company and the candidates

The candidates have no special interests in the Company.

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

In the event the proposal for election of Tomomi Yatsu is approved, the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with her for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.

3. Independent Directors/Audit & Supervisory Board Members

The Company has registered Tomomi Yatsu as Independent Directors/Audit & Supervisory Board Members according to the regulations provided by the Tokyo Stock Exchange, Inc. subject to the approval of this proposal. Summary of “Standards for Selecting Independent Outside Officers” is described on page 10.

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

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

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

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

Notes:

- Matters relating to candidates
Masayuki Satake is a candidate for Substitute Audit & Supervisory Board Member (Outside).
- Special interests between the Company and the candidate
The candidate has no special interests in the Company.
- Reasons for the nomination of a candidate for Substitute Audit & Supervisory Board Member (Outside)
The Company requests shareholders to elect Masayuki Satake as a Substitute Audit & Supervisory Board Member (Outside) in the belief that he will utilize his ample experience and wide range of insight as a certified public accountant in performing his duty as the Company's Audit & Supervisory Board Member (Outside).
- Summary of details of the liability limitation agreement with the candidate for Substitute Audit & Supervisory Board Member (Outside)
In the event Masayuki Satake assumes the office of Audit & Supervisory Board Member (Outside), the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with him for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.
- Independent Directors/Audit & Supervisory Board Members
The Company will register Masayuki Satake as Independent Directors/Audit & Supervisory Board Members according to the regulations provided by the Tokyo Stock Exchange, Inc., upon assumption of office. Summary of "Standards for Selecting Independent Outside Officers" is described on page 10.

(Attached Documents)

Business Report

(From January 1, 2014 to December 31, 2014)

1. Current Conditions of the Yamaha Motor Group

(1) Business Developments and Results

In the fiscal year ended December 31, 2014 (fiscal 2014), the global economy faced a sense of uncertainty. These doubts were particularly felt throughout the economies of developed countries despite a general recovery trend emerging, and the lull in economic growth in emerging markets persisted.

In the U.S. economy, gradual recovery continued due to improvements in employment and personal income. In Europe, recovery slowed in the second half of the year due to factors including the return of the debt crisis in Greece and currency instability in Russia. In Japan, although the yen further depreciated and stock prices remained high owing to the effects of the government's monetary easing policy, consumer spending fell as a result of the hike in the consumption tax. In emerging markets, although India experienced a recovery, a market where growth is expected, a lull in economic growth continued in ASEAN, China, South America, and other regions.

Moreover, the appreciation and depreciation of various currencies became clear. The U.S. dollar, euro, and other currencies of developed countries remained strong against the yen, and the so-called depreciation of the yen continued even further. On the other hand, the Indonesian rupiah, Brazilian real, and other emerging-market currencies remained weak against the U.S. dollar, and, as a result, import costs increased and inflation rose in these countries.

Amid such business conditions, the Group prioritized the following four items.

Introduction of unique new products

In the global market, the Group introduced a range of unique new products incorporating creativity, technologies, and designs that reflect the unique style of Yamaha. The Group completed the introduction of 63% of 250 new products under the current medium-term management plan (for the period from 2013 to 2015) in 2013 and 2014, and anticipates 100% completion in 2015. All of these products have been well received by customers, and Yamaha has increased its presence in the market.

Changes in engineering, manufacturing and marketing

A new development method involving the development of engine, frame, functional parts, and appearance parts platforms has progressed and market introduction of new platform products has begun. In addition, market introduction of new products, planned and developed with a view to expand from ASEAN to the global market, has also begun.

Building a foundation for realizing both product appeal and low cost through procurement cost reductions, achieved through platform development and production and logistics cost reductions resulting from theoretical-value-based production, has progressed.

Progressing with structural reforms

The domestic plant restructuring plan to aggregate and reorganize the production structure from 12 factories and 25 units at the end of 2009 to 6 factories and 13 units at the end of 2015 has reached the final stage. The business organization in Europe has progressed from "One Company" (organizational and operational integration) to "One Entity" (integration into a single corporate enterprise).

Implementation of future growth strategies

Strategies for future growth progressed, including establishment of new companies and preparation for plant construction, with the aim of expanding the motorcycle business into Pakistan and Nigeria, expanding the financing business in North America and other countries, and developing other new businesses.

As a result of reinforcing business strategies on the basis of the four initiatives discussed above, sales and profit from all business segments increased in fiscal 2014.

Consolidated net sales were ¥1,521.2 billion (an increase of ¥110.7 billion, or 7.9%, year on year). Sales in all business segments rose due to factors including an increase in sales resulting from expansion of the product lineup, an increase in sales of high-priced products, and the impact of yen depreciation resulting from the strength of currencies from developed countries.

Operating income increased to ¥87.2 billion (an increase of ¥32.1 billion, or 58.2%, year on year), reaching the target of ¥80.0 billion for 2015 in the current medium-term management plan (for the period from 2013 to 2015) ahead of schedule. From a global perspective, profit rose in developed countries as higher sales and the impact of yen depreciation more than offset increases in development expenses and other items. Profit also increased in emerging markets as higher sales and the impact of cost reductions exceeded increases in purchasing costs owing to currency depreciation, among other factors.

Ordinary income was ¥97.3 billion (an increase of ¥37.2 billion, or 61.9%, year on year), and net income was ¥68.5 billion (an increase of ¥24.4 billion, or 55.4%, year on year).

Exchange rates for the fiscal year were ¥106 to the U.S. dollar (a depreciation of ¥8 from the previous fiscal year) and ¥140 to the euro (a depreciation of ¥10 from the previous fiscal 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 the motorcycle business rose ¥49.4 billion, or 5.3%, year on year, to ¥977.6 billion, and operating income rose ¥14.6 billion, or 174.0%, year on year, to ¥22.9 billion.

Unit sales in developed countries grew 13%, owing to the bottoming out of demand and a sales increase from new product introductions. In emerging markets, unit sales rose 23% in India as a result of an increase in total demand and new product introductions. In ASEAN markets, sales fell 9% on a decrease in total demand and 2014 was model switch timing. Many new model launches are expected in 2015. Overall unit sales in the motorcycle business fell 4%, to 5.8 million units.

Key new product introductions included the MT-09 and MT-07, additions to the MT series, a product line unique to Yamaha; the R1 and R25, additions to the R series of motorcycles that draw on the Yamaha tradition of racing technology; the Nozza Grande, Grand Filano, and Mio 125 ASEAN commuter bikes equipped with the Blue Core next-generation air-cooled engine; and the Cygnus α scooter and FZS FI sports bike for the Indian market.

Overall net sales rose on increased sales in developed countries, India, and other markets, which exceeded a sales decline in ASEAN markets. Operating income rose as the increase in net sales, cost reductions, and the impact of yen depreciation more than offset the impact of depreciation of emerging market currencies and higher development costs.

Leaning Multi Wheel (LMW)

As one of new vehicles “expanding the world of mobility” unique to Yamaha, the TRICITY three-wheel scooter was launched in the Thai, Europe, and Japanese markets. 17,000 scooters were sold during the first year after launch, and sales projections were met, especially in developed countries. We will continue to create new images of our brand and expand our customer base.

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

Overall net sales of the marine products business rose ¥33.0 billion, or 13.6%, year on year, to ¥276.4 billion, and operating income rose ¥14.0 billion, or 44.1%, year on year, to ¥45.8 billion. Strong brand power stemming from overall business strength, reliability, networks, and other assets has resulted in a highly profitable business model.

In North America, the increase in sales of large motors was striking, the result of a continuing recovery in overall demand in the lake, river, and ocean markets and a progressing product shift from inboard motors to outboard motors. Sales rose in emerging markets as well.

Key new product launches included the F175 large motor, the F115 mid-size motor, the F4/5/6 small motors made in Thailand, and FX and FZS personal watercraft adopted new technologies.

Sales and profit increased as a result of factors including higher sales of large outboard motors, cost reductions, and the impact of yen depreciation as well as the introduction of new personal watercraft and boats.

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 the power products business rose ¥15.5 billion, or 12.2%, year on year, to ¥142.2 billion, and operating income rose ¥1.3 billion, or 23.9%, year on year, to ¥6.5 billion.

Overall sales and profit rose on higher sales of recreational off-highway vehicles (ROVs) due to the introduction of the VIKING VI, the second product in the VIKING lineup. As well as expanded lineup of snowmobiles and golf cars.

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

Overall net sales of the industrial machinery and robots business rose ¥6.7 billion, or 20.7%, year on year, to ¥38.9 billion, and operating income rose ¥2.0 billion, or 63.8%, year on year, to ¥5.0 billion.

Sales of surface mounters increased in China, Asia, and Europe due to a recovery in capital investment and the introduction of new medium-speed and high-speed mounters. In addition, the Company prepared a strategy for full-scale entry into the high-speed mounter market from a transfer of assets from Hitachi High-Tech Group.

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

Overall net sales of the other products business rose ¥6.2 billion, or 7.7%, year on year, to ¥86.1 billion, and operating income rose ¥0.3 billion, or 5.2%, year on year, to ¥7.0 billion.

Sales of electrically power assisted bicycles rose, owing to an expanded lineup of models equipped with the triple sensor system and an increase in E-kit (electrically power assisted bicycle system kit) exports to Europe. In addition, the Company introduced the Green Core next-generation smart power drive unit and the E-VINO electric scooter, which offers both performance and low cost.

Sales of automobile engines also increased, leading to overall increases in both sales and profit.

(2) Capital Expenditures

The Group made investments of ¥65.9 billion in total during fiscal 2014.

In the motorcycle business, investments of ¥41.4 billion were made for new products in domestic and overseas, enhancement of production capacity in India, and restructuring of the domestic manufacturing system.

In the marine products business, investments of ¥11.4 billion were made for new products, research and development, and restructuring of the domestic manufacturing system. In the power products business, investments of ¥6.2 billion were made for the factors such as new products of recreational off-highway vehicles (ROVs). In the industrial machinery and robots business, investments of ¥0.7 billion were made for new products and research and development. In other products business, investments of ¥6.2 billion were made for factors such as automobile engine production facilities, research and development of smart power vehicles.

(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 has addressed various issues to increase its corporate value through sustainable growth of business scale, financial strength, and corporate strength, aiming to achieve consolidated net sales of ¥1,600.0 billion and an operating income ratio of 5% (consolidated operating income of ¥80.0 billion).

In fiscal 2014, the Company achieved the operating income target in the current medium-term management plan ahead of schedule by reinforcing its business strategies.

In fiscal 2015, the Company will maximize results from initiatives undertaken in the current medium-term management plan, further increase sales and profit, and prepare to advance to the next medium-term management plan (for the period from 2016 to 2018).

First, the Company will address the following business priorities to further increase sales and profit:

- Motorcycles: Achieve net sales exceeding ¥1,000.0 billion and an operating income ratio at the 5% level.
- Marine products: Achieve net sales of ¥300.0 billion and an operating income ratio at the 20% level.
- Recreational vehicles: Achieve net sales of ¥100.0 billion and restore the business to growth and profitability
- Intelligent Machinery: Implement a full-scale strategy for the high-speed moulder market and open up new business fields.
- Smart Power Vehicles: Expand the smart power business.
- Customer service: Create a new business foundation with Time Commitment Service.

Second, in the next medium-term management plan, the Company will address growth strategy, *Monozukuri** of Yamaha, and management structure reforms as key priorities under a management policy of “Taking corporate value to the next level while growing into an even more unique and distinctive company.”

*Engineering, manufacturing, and marketing

With respect to the growth strategy in particular, the Company will focus on four themes.

Growth Strategy
<p>“Expand the world of mobility” Expand technology, market and customer</p>
<p>“Challenge to marine ¥3 trillion market” Expand business by combination of engine, rigging and boat</p>
<p>“Challenge to uniqueness and diversification” Create new business models, acquire new customers</p>
<p>“Innovation in fundamental technology” Robotics, Hu-MAX, engines and others</p>

The Yamaha Motor Group will meet its social responsibilities by strictly observing laws, regulations and corporate ethics. We will work to further enhance trusting relationships with its stakeholders by continuing to address human resources strategy, brand strategy and to improve corporate governance, while practicing global management.

We would appreciate our shareholders’ continued support.

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

Items	Millions of yen, except net income per share			
	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)	80th Fiscal Year (Jan. 1, 2014 – Dec. 31, 2014)
Net sales	1,276,159	1,207,675	1,410,472	1,521,207
Operating income	53,405	18,598	55,137	87,249
Ordinary income	63,495	27,267	60,092	97,279
Net income	26,960	7,489	44,057	68,452
Net income per share (yen)	77.23	21.45	126.20	196.06
Total assets	900,420	962,329	1,146,591	1,310,040
Net assets	309,914	341,561	422,792	503,224

(Reference) Forecast for the 81st fiscal year (January 1, 2015 through December 31, 2015)

The Company forecasts continued sales and profit increases in all business segments for its consolidated financial results for the fiscal year ending December 31, 2015.

The Company forecasts higher sales through an expansion of the product line-up and an increase in high-priced products, and profit increase through factors such as higher sales and the impact of cost reductions.

Particularly, in the motorcycle business, the Company aims for an operating income ratio approaching the 5% level from profitability in developed countries and profit improvement in emerging markets; and in the marine products business, the Company aims for an operating income ratio approaching the 20% level resulting from higher sales of high-priced products and other factors.

As a result, the Company expects to restore its consolidated financial results to the level before the financial crisis (before the fiscal year ended December 31, 2007). The Company forecasts sales and profits approaching record-high levels, and shareholders' equity exceeding ¥500.0 billion and net income per share above ¥200, and expects to maintain ROE of 15%.

	Billions of yen	
	Forecast	Year-on-year changes
Net sales	1,700.0	+178.8, 11.8%
Operating income	120.0	+32.8, 37.5%
Ordinary income	123.0	+25.7, 26.4%
Net income	76.0	+7.5, 11.0%

(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
India Yamaha Motor Pvt. Ltd.	India	13,333,591 thousand Indian rupees	*85.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.7	Manufacture and marketing of motorcycles, and outboard motors
Yamaha Motor do Brasil Ltda.	Brazil	374,324 thousand Brazilian reals	100.0	Marketing of motorcycles, outboard motors, and personal watercraft

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 23 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

(8) Employees

Segments	Number of employees	Annual change
Motorcycles	41,948	(995)
Marine products	5,119	+80
Power products	2,251	+160
Industrial machinery and robots	875	(49)
Others	2,469	+84
Total	52,662	(720)

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

Millions of yen

Lenders	Loan balances
Mizuho Bank, Ltd.	83,516
Sumitomo Mitsui Banking Corporation	58,585
The Shizuoka Bank, Ltd.	39,359
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,486
Sumitomo Mitsui Trust Bank, Limited	26,956

2. The Company's Stocks

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

(2) **Number of Shares Outstanding:** 349,847,184 (including 630,155 shares of treasury shares)

(3) **Number of Shareholders:** 30,416

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,619	12.20
State Street Bank & Trust Company	34,744	9.95
The Master Trust Bank of Japan, Ltd. (trust account)	16,585	4.75
Toyota Motor Corporation	12,500	3.58
Japan Trustee Services Bank, Ltd. (trust account)	12,389	3.55
Mizuho Bank, Ltd.	11,824	3.39
Mitsui & Co., Ltd.	8,586	2.46
The Shizuoka Bank, Ltd.	6,813	1.95
Japan Trustee Services Bank, Ltd. (trust account 9)	5,368	1.54
Yamaha Motor Employee Shareholding Association	3,564	1.02

Note: Percentage of ownership is calculated excluding treasury shares.

■ Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	29,491	25,184
Financial institutions	80	102,793
Other domestic companies	266	73,174
Foreigners	520	143,278
Securities companies	59	5,415

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

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, 2014 (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
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)	230	Common stock: 23,000	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

Position	Name	Responsibilities	Significant concurrent positions
President, Chief Executive Officer and Representative Director	Hiroyuki Yanagi	Chief General Manager of MC Business Operations	Chairman of Japan Marine Industry Association
Executive Vice President and Representative Director	Takaaki Kimura	Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager of Design Center, Chief General Manager of AM Business Unit	
Director and Managing Executive Officer	Kozo Shinozaki	Executive General Manager of Corporate Planning & Finance Center, Chief General Manager in charge of Developed Countries Motorcycles Reform	
Director and Managing Executive Officer	Nobuya Hideshima	Chief General Manager of Engine Unit, Chief General Manager of CS Center, Chief General Manager of Procurement Center	
Director and Managing Executive Officer	Masahiro Takizawa	Chief General Manager of Business Development Operations, Chief General Manager of NV Business Development Section	
Director and Senior Executive Officer	Hiroyuki Suzuki	President and Director of Yamaha Motor India Pvt. Ltd. Chairman and Director of India Yamaha Motor Pvt. Ltd.	
Director and Senior Executive Officer	Yoshiaki Hashimoto	Executive General Manager of Human Resources & General Affairs Center	
Director and Senior Executive Officer	Katsuaki Watanabe *	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	

(TRANSLATION ONLY)

Position	Name	Responsibilities	Significant concurrent positions
Director and Senior Executive Officer	Toshizumi Kato *	Director and President of Yamaha Motor Corporation, U.S.A.	
Outside Director	Masamitsu Sakurai		Executive Adviser of Ricoh Company, Ltd. Representative Director (Chairman) of THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION
Outside Director	Tamotsu Adachi		Managing Director and Co-Representative of Carlyle Japan LLC Independent Director of Benesse Holdings, Inc.
Outside Director	Takuya Nakata *		President and Representative Director of Yamaha Corporation
Standing Audit & Supervisory Board Member	Yutaka Kume		
Standing Audit & Supervisory Board Member	Shigeki Hirasawa		
Audit & Supervisory Board Member (Outside)	Tetsuo Kawawa		Attorney Audit & Supervisory Board Member (Outside) of Nisshin Seifun Group Inc.
Audit & Supervisory Board Member (Outside)	Isao Endo		Chairman of Roland Berger Japan Professor, Graduate School of Commerce, Waseda University Outside Director of Ryohin Keikaku Co., Ltd. Independent Director of Sompo Japan Nipponkoa Holdings, Inc. Director (Outside) of Nisshin Steel Co., Ltd.

- Notes: 1. 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 10.
2. Personnel changes during fiscal 2014:
Directors denoted by an asterisk (*) were newly elected by resolution of the 79th Ordinary General Meeting of Shareholders held on March 25, 2014 and took office as indicated, pursuant to the resolution.
3. Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 12.20% of the Company’s shares, and the Company has transactions etc. of products and merchandise with the said company.
4. Excluding 3. above, there are no special relationship between the Company and the significant concurrent positions of Outside Directors and Audit & Supervisory Board Members (Outside).
5. Abbreviations: MC: Motorcycle, AM: Automotive, CS: Customer Service, NV: New Venture, PF: Platform

(2) Changes of Directors after Fiscal 2014

Changes in responsibilities

(As of January 1, 2015)

Name	After the change	Before the change
Hiroyuki Yanagi	Chief General Manager of Manufacturing Center, Chief General Manager of PF Model Unit,	Chief General Manager of MC Business Operations
Masahiro Takizawa	Chief General Manager in charge of New Business and Technology Development, Chief General Manager of NV Business Development Section	Chief General Manager of Business Development Operations, Chief General Manager of NV Business Development Section
Hiroyuki Suzuki	Assistant to President	President and Director of Yamaha Motor India Pvt. Ltd. Chairman and Director of India Yamaha Motor Pvt. Ltd.
Katsuaki Watanabe	Chief General Manager of MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Overseas Market Development Operation Business Unit	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
Toshizumi Kato	Chief General Manager of Vehicle & Solution Business Operations, Senior General Manager of Financial Service Business Development Section	Director and President of Yamaha Motor Corporation, U.S.A.

Note: Abbreviations: PF: Platform, MC: Motorcycle, 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, 2014, the Company is served by 25 Executive Officers comprising the aforementioned 9 concurrently serving as Directors and following 16 others.

Position	Name	Responsibilities
Senior Executive Officer	Kunihiko Miwa	Executive General Manager of 2nd Business Unit, MC Business Operations
Senior Executive Officer	Hajime Yamaji	Chairman and Director of Yamaha Motor Europe N.V.
Senior Executive Officer	Ryoichi Sumioka	Assistant Executive General Manager of Corporate Planning & Finance Center, Chief General Manager of Business Management, MC Business Operations
Senior Executive Officer	Yoichiro Kojima	Director and President of PT. Yamaha Indonesia Motor Manufacturing
Executive Officer	Masato Adachi	Executive General Manager of Boat Business Unit, Marine Business Operations
Executive Officer	Tsuneji Suzuki	President and Representative Director of Yamaha Motor Powered Products Co., Ltd.
Executive Officer	Hiroaki Fujita	Yamaha Motor India Pvt. Ltd.
Executive Officer	Masaru Ono	Director and President of Yamaha Motor Vietnam Co., Ltd.
Executive Officer	Katsuhito Yamaji	Chief General Manager of Manufacturing Center
Executive Officer	Masaki Asano	Director and President of Yamaha Motor India Sales Pvt. Ltd.
Executive Officer	Yoshitaka Noda	Senior General Manager of Component Section, Engine Unit
Executive Officer	Masahiro Inoue	Chief General Manager of Procurement Center
Executive Officer	Kazuhiro Kuwata	Director and President of Yamaha Motor Europe N.V.
Executive Officer	Makoto Shimamoto	Senior General Manager of PF Model Development Section, PF Model Unit
Executive Officer	Yoshihiro Hidaka	Executive General Manager of 3rd Business Unit, MC Business Operations
Executive Officer	Tatsumi Okawa	Executive General Manager of ME Business Unit, Marine Business Operations

Note: Abbreviations: MC: Motorcycle, PF: Platform, ME: Marine Engine

(4) Changes of Executive Officers after Fiscal 2014

Changes in responsibilities

(As of January 1, 2015)

Name	After the change	Before the change
Kunihiko Miwa	Assistant to President	Executive General Manager of 2nd Business Unit, MC Business Operations
Hajime Yamaji	Assistant to President	Chairman and Director of Yamaha Motor Europe N.V.
Masato Adachi	Deputy Chief General Manager of Marine Business Operations	Executive General Manager of Boat Business Unit, Marine Business Operations
Hiroaki Fujita	Director and President of Yamaha Motor India Pvt. Ltd.	Yamaha Motor India Pvt. Ltd.
Masahiro Inoue	Chief General Manager of Procurement Center, General Manager of GSN Promotion Division, Procurement Center	Chief General Manager of Procurement Center
Makoto Shimamoto	Chief General Manager of PF Model Unit, Senior General Manager of PF Model Development Section, PF Model Unit	Senior General Manager of PF Model Development Section, PF Model Unit
Yoshihiro Hidaka	Executive General Manager of 2nd Business Unit, MC Business Operations	Executive General Manager of 3rd Business Unit, MC Business Operations
Tatsumi Okawa	Director and President of Yamaha Motor Corporation, U.S.A.	Executive General Manager of ME Business Unit, Marine Business Operations

Note: Abbreviations: MC: Motorcycle, GSN: Global Supplier Network, PF: Platform, ME: Marine Engine

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

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

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

Directors' bonuses shall not exceed 0.5% of the consolidated 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 resolved at the Board of Directors Meeting after the deliberation of the Executive Personnel Committee comprised of Representative Directors and Outside Directors.

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

2) Amounts of remuneration

Millions of yen

	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (13)	309	247	31	45	633
Of which, Outside Directors (4)	28				28
Audit & Supervisory Board Members (4)	77				77
Of which, Audit & Supervisory Board Members (Outside) (2)	18				18
Total	387	247	31	45	711

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

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

3. The above includes remuneration for one Director who retired as at the conclusion of the 79th Ordinary General Meeting of Shareholders held on March 25, 2014.

4. 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) Principal activities during fiscal 2014

Position	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Outside Directors	Masamitsu Sakurai	12 out of 13 meetings (92.3%)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Tamotsu Adachi	12 out of 13 meetings (92.3%)	-	He stated his opinions based on his ample experience and knowledge in international business and formulation of management strategy.
	Takuya Nakata	9 out of 10 meetings (90.0%)*	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
Audit & Supervisory Board Members (Outside)	Tetsuo Kawawa	10 out of 13 meetings (76.9%)	9 out of 12 meetings (75.0%)	He stated his opinions based on his extensive experience and knowledge as a lawyer well-versed in corporate legal affairs.
	Isao Endo	13 out of 13 meetings (100.0%)	12 out of 12 meetings (100.0%)	He stated his opinions based on his extensive experience and knowledge as a company executive and professor of graduate school.

Note: An asterisk (*) indicates conditions after assuming the office on March 25, 2014.

2) 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 2014

1) Remuneration Paid to the Independent Auditor during fiscal 2014:	98 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	125 million yen

Note: 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.

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.; India Yamaha Motor Pvt. Ltd.; Thai Yamaha Motor Co., Ltd.; and Yamaha Motor do Brasil Ltda.

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

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

- 1) Review of the annual report
- 2) Support on the skill acquisition concerning computer assisted internal audit techniques
- 3) Assistance for the provision of guidance concerning accounting to overseas affiliates
- 4) 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. An internal auditing function shall be established in major subsidiaries as well, and shall conduct audits of sections and subsidiaries collaborating with the internal auditing sector of the Company.
- Each domestic subsidiary, in principle, shall have a Board of Directors and an Audit & Supervisory Board Member; overseas subsidiaries shall design the governing body in accordance with local laws.
- At least one Director of each subsidiary, in principle, shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- The section supervising financial reporting 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

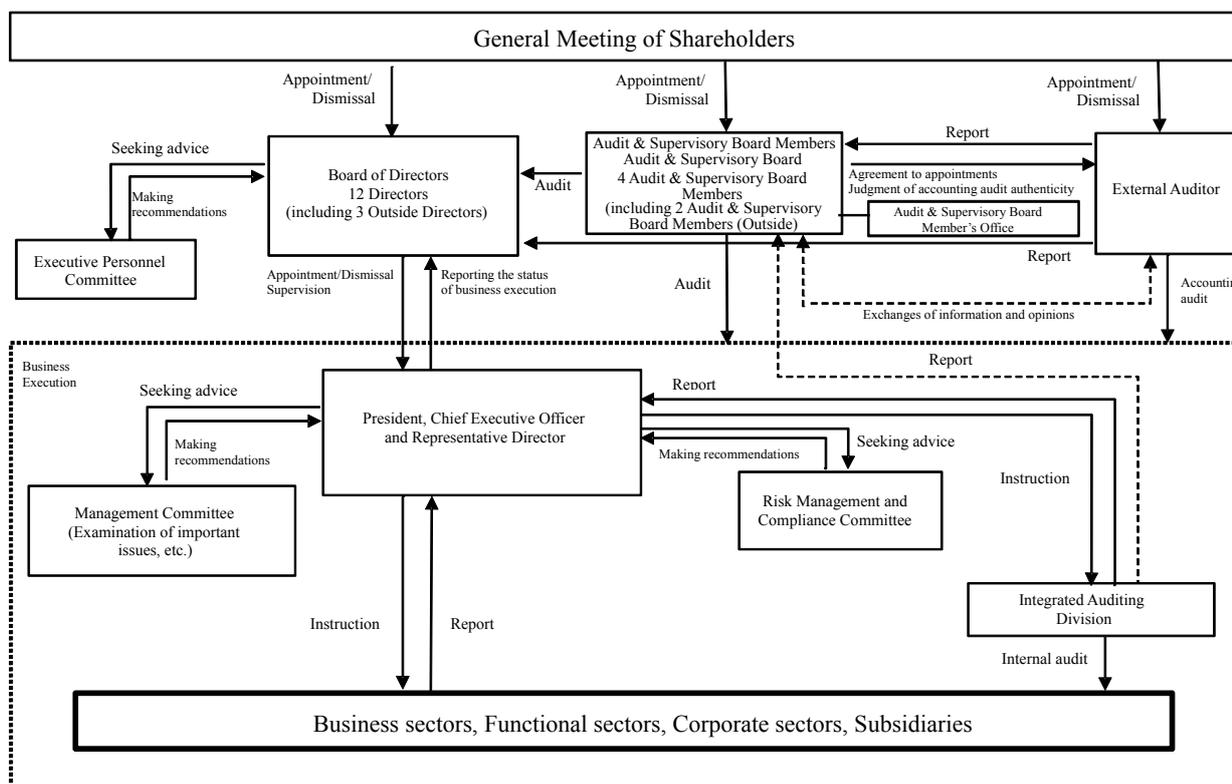
- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
- Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, Risk Management Compliance Committee, and Executive Committee.
- The 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.

Note: At the Board of Directors Meeting held on December 25, 2014, the partial amendment to “6. Systems to Ensure Proper Business Operations,” was resolved and contents of which have been implemented from January 1, 2015.

Diagram of Corporate Governance System and Internal Control System (As of January 1, 2015)



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**

	As of December 31, 2014	Millions of yen (Reference) As of December 31, 2013
ASSETS		
I. Current assets:		
Cash and deposits	137,082	119,859
Notes and accounts receivable - trade	265,818	238,102
Merchandise and finished goods	208,093	177,796
Work in process	52,556	45,531
Raw materials and supplies	54,811	48,217
Deferred tax assets	14,555	14,043
Other	83,870	69,475
Allowance for doubtful accounts	(14,247)	(9,512)
Total current assets	802,541	703,514
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	95,363	88,742
Machinery, equipment and vehicles, net	95,774	86,413
Land	86,083	82,519
Construction in progress	40,735	22,770
Other, net	25,889	20,663
Total property, plant and equipment	343,846	301,109
2. Intangible assets:		
Leasehold right	5,583	5,150
Other	1,707	1,641
Total intangible assets	7,290	6,791
3. Investments and other assets:		
Investment securities	78,155	67,007
Long-term loans receivable	46,007	43,788
Deferred tax assets	16,658	11,622
Other	17,257	14,268
Allowance for doubtful accounts	(1,717)	(1,510)
Total investments and other assets	156,361	135,176
Total non-current assets	507,499	443,077
Total assets	1,310,040	1,146,591

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

Millions of yen

	As of December 31, 2014	(Reference) As of December 31, 2013
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable - trade	158,318	141,710
Short-term loans payable	125,908	170,328
Current portion of long-term loans payable	97,340	73,230
Income taxes payable	6,173	5,467
Provision for bonuses	11,464	10,277
Provision for product warranties	19,533	18,292
Other provision	1,689	1,609
Other	115,737	94,309
Total current liabilities	536,165	515,226
II. Non-current liabilities:		
Long-term loans payable	180,403	139,370
Deferred tax liabilities for land revaluation	6,080	6,105
Provision for retirement benefits	—	45,321
Net defined benefit liability	61,927	—
Other provision	1,494	1,358
Other	20,744	16,416
Total non-current liabilities	270,650	208,572
Total liabilities	806,815	723,799
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,739	85,703
2. Capital surplus	74,655	74,619
3. Retained earnings	346,284	288,548
4. Treasury shares	(698)	(691)
Total shareholders' equity	505,981	448,179
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	15,029	12,110
2. Revaluation reserve for land	10,931	10,978
3. Foreign currency translation adjustment	(58,442)	(87,277)
4. Remeasurements of defined benefit plans	(13,783)	—
Total accumulated other comprehensive income	(46,264)	(64,188)
III. Subscription rights to shares	33	91
IV. Minority interests	43,474	38,709
Total net assets	503,224	422,792
Total liabilities and net assets	1,310,040	1,146,591

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

Consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2014– December 31, 2014)	Previous Fiscal Year (January 1, 2013– December 31, 2013)
I. Net sales	1,521,207	1,410,472
II. Cost of sales	1,148,357	1,091,706
Gross profit	372,849	318,765
III. Selling, general and administrative expenses	285,600	263,628
Operating income	87,249	55,137
IV. Non-operating income		
Interest income	7,772	6,725
Dividend income	856	551
Share of profit of entities accounted for using equity method	1,896	3,526
Foreign exchange gains	5,136	—
Sales finance-related income	480	1,919
Other	10,201	13,497
Total non-operating income	26,344	26,220
V. Non-operating expenses		
Interest expenses	8,048	6,739
Foreign exchange losses	—	7,310
Loss on revaluation of sales finance assets	695	1,883
Other	7,570	5,332
Total non-operating expenses	16,315	21,266
Ordinary income	97,279	60,092
VI. Extraordinary income		
Gain on sales of non-current assets	368	292
Gain on reversal of subscription rights to shares	40	—
Gain on change in equity	1,442	—
Other	6	8
Total extraordinary income	1,857	301
VII. Extraordinary losses		
Loss on sales of non-current assets	245	372
Loss on disposal of non-current assets	971	1,113
Impairment loss	125	1,110
Other	0	142
Total extraordinary losses	1,342	2,739
Income before income taxes and minority interests	97,793	57,654
Income taxes - current	24,232	20,447
Income taxes - deferred	60	(12,265)
Total income taxes	24,292	8,182
Income before minority interests	73,500	49,472
Minority interests in income	5,048	5,414
Net income	68,452	44,057

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

Consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2014 through December 31, 2014)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,703	74,619	288,548	(691)	448,179
Changes of items during period					
Issuance of new shares	36	36			72
Reversal of revaluation reserve for land			45		45
Dividends of surplus			(10,649)		(10,649)
Net income			68,452		68,452
Increase in consolidated subsidiaries			(111)		(111)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	36	36	57,736	(7)	57,801
Balance at end of current period	85,739	74,655	346,284	(698)	505,981

	Other accumulated comprehensive income				
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	12,110	10,978	(87,277)	—	(64,188)
Changes of items during period					
Issuance of new shares					
Reversal of revaluation reserve for land					
Dividends of surplus					
Net income					
Increase in consolidated subsidiaries					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	2,919	(47)	28,835	(13,783)	17,923
Total changes of items during period	2,919	(47)	28,835	(13,783)	17,923
Balance at end of current period	15,029	10,931	(58,442)	(13,783)	(46,264)

	Subscription rights to shares	Minority interests	Total net assets
Balance at the beginning of current period	91	38,709	422,792
Changes in items during the period			
Issuance of new shares			72
Reversal of revaluation reserve for land			45
Dividends of surplus			(10,649)
Net income			68,452
Increase in consolidated subsidiaries			(111)
Purchase of treasury shares			(7)
Disposal of treasury shares			0
Net changes of items other than shareholders' equity	(57)	4,764	22,630
Total changes of items during period	(57)	4,764	80,432
Balance at end of current period	33	43,474	503,224

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: 104

2) Name of major subsidiaries:

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

3) Changes to the scope of consolidation

Effective from the fiscal year ended December 31, 2014, one newly established company and one non-consolidated subsidiary whose significance increased have been included in the scope of consolidation. Seven companies were excluded from the scope of consolidation due to an absorption-type merger with the other consolidated subsidiaries of the Company.

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

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

(2) Scope of Application of Equity Method

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

Number of subsidiaries accounted for by the equity method: 4
Yamaha Motor Racing S.r.l. and 3 other subsidiaries

Number of affiliates accounted for by the equity method: 26
Chongqing Jianshe Yamaha Motor Co., Ltd. and 25 other affiliates

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

The net income or loss (amount corresponding to the Company's equity interest), retained earnings (amount corresponding to the Company's equity interest), and other financial indexes of Yamaha Motor Cambodia Co., Ltd. and other non-consolidated subsidiaries, and KYB Motorcycle Suspension India Pvt. Ltd. and other affiliates, were not significant in the aggregate to the Company's consolidated financial statements. Therefore, the Company's investments in these companies were stated at cost, instead of being accounted for by the equity method.

(3) Accounting Standards

1) Policies and methods of valuation for significant assets

(a) Securities

Other securities

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

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

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

(b) Derivatives

Derivatives are carried at fair value.

(c) Inventories

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

2) Depreciation and amortization of significant depreciable assets

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

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

(b) Intangible assets (excluding leased assets)

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

(c) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

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.

4) Accounting methods for retirement benefits

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

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2014, using the straight-line basis.

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

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

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

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

(a) Accounting treatment of consumption taxes

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

(b) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(c) Amortization of goodwill

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

2. Notes to Changes in Accounting Policies

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereafter “Retirement Benefits Accounting Standard”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereafter “Guidance on Retirement Benefits”) are applied from the end of the fiscal year ended December 31, 2014 (excluding the regulations stipulated under Article No. 35 of Retirement Benefits Accounting Standard and Article No. 67 of Guidance on Retirement Benefits). According to this, the Company changed the calculation method of net defined benefit liability to deducting the amount of pension assets from retirement benefit obligations; and unrecognized actuarial gains and losses and unrecognized prior service costs are recorded under net defined benefit liability.

The Retirement Benefits Accounting Standard was applied, following the transitional measures stipulated under Article No. 37 of Retirement Benefits Accounting Standard, and the impact of the changes in accounting policies was added to or deducted from remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result, ¥61,927 million of net defined liability is recorded at the end of the fiscal year ended December 31, 2014, and accumulated other comprehensive income and minority interests decreased ¥13,783 million and ¥399 million respectively.

Please see per share information for its impact on per share amount.

3. Changes in Presentation Method

(Consolidated Balance Sheets)

Effective from the fiscal year ended December 31, 2014, “Provision for product liabilities,” which had been separately presented under non-current liabilities in the previous fiscal year, has been included in “Other provision” due to reduced financial importance.

(Consolidated Statements of Income)

Effective from the fiscal year ended December 31, 2014, “Loss on sales of investment securities,” which had been separately presented under extraordinary loss in the previous fiscal year, has been included in “Other” due to reduced financial importance.

4. Notes to Consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	611,641

(2) Pledged Assets

Pledged assets are as follows:

Notes and accounts receivable - trade	95,919
Current assets - Other	10,278
Buildings and structures	104
Land	44
Investment securities	59
<u>Long-term loans receivable</u>	<u>21,445</u>
Total	127,852

Secured liabilities are as follows:

Short-term loans payable	12,851
Long-term loans payable	33,918
<u>Noncurrent liabilities - Other</u>	<u>318</u>
Total	47,088

(3) Discounts on Notes Receivable - Trade	150
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(4) Contingent Liabilities

1) Guarantee obligations

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

PT. Bussan Auto Finance	15,526
KYB Motorcycle Suspension India Pvt. Ltd.	275
Amagasaki Woodland of Health Co., Ltd.	199
<u>Yamaha Motor Pakistan Pvt. Ltd.</u>	<u>85</u>
Total	16,087

The above amounts include amounts arising from acts resembling guarantees of ¥199 million.

2) Other

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, 2014.

(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 2014 was below its book value by ¥ 7,138 million.

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and Number of Outstanding Shares:

Capital stock 349,847,184 shares

(2) Dividends

1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 25, 2014	Capital stock	5,586	16.00	Dec. 31, 2013	Mar. 26, 2014
Board of Directors Meeting held on Aug. 5, 2014	Capital stock	5,063	14.50	Jun. 30, 2014	Sep. 10, 2014

2) Dividends whose record date falls in FY2014 and whose effective date falls in FY2015

Resolution	Type of share	Total amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 26, 2015	Capital stock	8,905	Retained earnings	25.50	Dec. 31, 2014	Mar. 27, 2015

(3) Subscription Rights to Shares

Subscription rights to shares at December 31, 2014 are as follows.

	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	376	415
Class of shares to be issued or transferred upon exercise of subscription rights to shares	Capital stock	Capital stock
Number of shares to be issued or transferred upon exercise of subscription rights to shares	37,600	41,500

6. Notes to Financial Instruments

(1) Status of Financial Instruments Held by the Group

1) Policies on financial instruments

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

2) Details of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, 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, 2014 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	137,082	137,082	—
(2) Notes and accounts receivable - trade	265,818		
Allowance for doubtful accounts (*1)	(7,759)		
	258,058	258,030	(28)
(3) Investment securities	39,410	39,410	—
(4) Long-term loans receivable	46,007		
Allowance for doubtful accounts (*1)	(1,706)		
	44,300	52,201	7,901
Total assets	478,852	486,724	7,872
(5) Notes and accounts payable-trade	158,318	158,318	—
(6) Short-term loans payable	125,908	125,908	—
(7) Current portion of long-term loans payable	97,340	97,340	—
(8) Long-term loans payable	180,403	182,766	2,362
Total liabilities	561,970	564,333	2,362
Derivative transactions (*2)	(3,282)	(3,282)	—

(*1) Allowance for doubtful accounts is 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	38,745

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.

7. Notes to Per Share Information

(1) Net Assets per Share 1,316.58 yen

(2) Net Income per Share 196.06 yen

Note: As mentioned in "2. Notes to Changes in Accounting Policies," the Company applied Retirement Benefits Accounting Standard, following the transitional measure stipulated under Article No. 37 of Retirement Benefits Accounting Standard.

As a result, net assets per share for the fiscal year ended December 31, 2014 decreased 39.47 yen.

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

Millions of yen

	As of December 31, 2014	(Reference) As of December 31, 2013
ASSETS		
I. Current assets:		
Cash and deposits	17,155	17,516
Notes receivable - trade	3,977	3,150
Accounts receivable - trade	102,191	75,662
Merchandise and finished goods	33,517	30,978
Work in process	18,944	14,708
Raw materials and supplies	14,798	13,150
Prepaid expenses	1,202	606
Deferred tax assets	335	—
Other	16,508	13,444
Allowance for doubtful accounts	(2,172)	(159)
Total current assets	206,458	169,059
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings, net	31,597	30,810
Structures, net	4,565	4,023
Machinery and equipment, net	13,630	11,713
Vessels, net	127	99
Vehicles, net	786	763
Tools, furniture and fixtures, net	7,367	5,608
Land	49,391	49,545
Construction in progress	11,414	5,238
Total property, plant and equipment	118,881	107,803
2. Intangible assets:		
Leasehold right	509	510
Other	173	145
Total intangible assets	683	656
3. Investments and other assets:		
Investment securities	39,886	34,804
Stocks of subsidiaries and affiliates	140,515	135,311
Investment in capital	3	3
Investment in capital of subsidiaries and affiliates	21,472	21,472
Long-term loans receivable	7,001	6,563
Other	610	628
Allowance for doubtful accounts	(1,960)	(2,109)
Total investments and other assets	207,529	196,674
Total non-current assets	327,093	305,135
Total assets	533,552	474,194

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2014	(Reference) As of December 31, 2013
LIABILITIES		
I. Current liabilities:		
Notes payable - trade	6,110	7,774
Accounts payable - trade	61,723	54,578
Short-term loans payable	9,742	26,329
Current portion of long-term loans payable	7,500	43,450
Lease obligations	112	110
Accounts payable - other	26,753	19,571
Accrued expenses	4,386	4,269
Income taxes payable	219	—
Advances received	2,449	2,558
Deposits received	2,686	2,429
Provision for bonuses	5,280	5,085
Provision for directors' bonuses	—	110
Provision for product warranties	9,995	8,550
Other	558	1,724
Total current liabilities	137,519	176,541
II. Non-current liabilities:		
Long-term loans payable	75,000	17,500
Lease obligations	929	1,042
Deferred tax liabilities	6,683	5,169
Deferred tax liabilities for land revaluation	6,080	6,105
Provision for retirement benefits	27,299	30,300
Provision for product liabilities	834	768
Provision for motorcycle recycling costs	110	200
Other	1,651	1,674
Total non-current liabilities	118,588	62,760
Total liabilities	256,108	239,302
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,739	85,703
2. Capital surplus		
(1) Legal capital surplus	74,014	73,978
(2) Other capital surplus	640	640
Total capital surplus	74,655	74,619
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	334	337
Retained earnings brought forward	91,416	51,730
Total retained earnings	91,751	52,068
4. Treasury shares	(651)	(645)
Total shareholders' equity	251,495	211,745
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	14,983	12,076
2. Revaluation reserve for land	10,931	10,978
Total valuation and translation adjustments	25,915	23,054
III. Subscription rights to shares		
	33	91
Total net assets	277,443	234,892
Total liabilities and net assets	533,552	474,194

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

Non-consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2014– December 31, 2014)	Previous Fiscal Year (January 1, 2013– December 31, 2013)
I. Net sales	597,577	536,966
II. Cost of sales	494,194	448,910
Gross profit	103,383	88,056
III. Selling, general and administrative expenses	74,299	65,105
Operating income	29,084	22,951
IV. Non-operating income		
Interest income	173	126
Dividend income	22,392	20,331
Foreign exchange gains	3,940	—
Other	1,570	1,568
Total non-operating income	28,077	22,026
V. Non-operating expenses		
Interest expenses	886	1,413
Contribution	233	239
Foreign exchange losses	—	5,191
Loss on revaluation of investment in subsidiaries' and affiliates' stock	—	6,102
Other	346	284
Total non-operating expenses	1,466	13,231
Ordinary income	55,694	31,745
VI. Extraordinary income		
Gain on sales of non-current assets	39	19
Gain on sales of investment securities	0	—
Gain on extinguishment of tie-in shares	—	1,098
Gain on reversal of subscription rights to shares	40	—
Total extraordinary income	80	1,118
VII. Extraordinary losses		
Loss on sales of non-current assets	118	263
Loss on disposal of non-current assets	394	502
Impairment loss	104	430
Loss on liquidation of subsidiaries and associates	0	—
Total extraordinary losses	617	1,196
Income before income taxes	55,157	31,667
Income taxes - current	5,269	3,978
Income taxes - deferred	(399)	(9)
Total income taxes	4,870	3,969
Net income	50,286	27,698

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

Non-consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2014 through December 31, 2014)

Millions of yen

	Shareholders' equity				Retained earnings
	Capital stock	Capital surplus			Other retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for reduction entry
Balance at beginning of current period	85,703	73,978	640	74,619	337
Changes of items during period					
Issuance of new shares	36	36		36	
Reversal of reserve for reduction entry					(2)
Reversal of revaluation reserve for land					
Dividends of surplus					
Net income					
Purchase of treasury shares					
Disposal of treasury shares			0	0	
Net changes of items other than shareholders' equity					
Total changes of items during period	36	36	0	36	(2)
Balance at end of current period	85,739	74,014	640	74,655	334

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Retained earnings brought forward				
Balance at beginning of current period	51,730	52,068	(645)	211,745
Changes of items during period				
Issuance of new shares				72
Reversal of reserve for reduction entry	2	0		0
Reversal of revaluation reserve for land	45	45		45
Dividends of surplus	(10,649)	(10,649)		(10,649)
Net income	50,286	50,286		50,286
Purchase of treasury shares			(5)	(5)
Disposal of treasury shares			0	0
Net changes of items other than shareholders' equity				
Total changes of items during period	39,685	39,682	(5)	39,749
Balance at end of current period	91,416	91,751	(651)	251,495

(TRANSLATION ONLY)

Millions of yen

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	12,076	10,978	23,054	91	234,892
Changes of items during period					
Issuance of new shares					72
Reversal of reserve for reduction entry					0
Reversal of revaluation reserve for land					45
Dividends of surplus					(10,649)
Net income					50,286
Purchase of treasury shares					(5)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	2,907	(47)	2,860	(57)	2,802
Total changes of items during period	2,907	(47)	2,860	(57)	42,551
Balance at end of current period	14,983	10,931	25,915	33	277,443

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

Notes to Non-consolidated Financial Statements

1. Notes regarding Significant Accounting Policies

(1) Asset Valuation

1) Securities

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

Other securities

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

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

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

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

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

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

(2) Depreciation and Amortization of Assets

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

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

2) Intangible assets (excluding leased assets)

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

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

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 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.

4) Provision for retirement benefits

Provision for retirement benefits are provided mainly at an amount, deemed generated on December 31, 2014, 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 gains or losses and unrecognized prior service costs.

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

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2014, using the straight-line basis.

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

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

5) Provision for product liabilities

Provision for product liabilities 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.

6) 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.

3) Accounting methods for retirement benefits

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

2. Changes in Presentation Method

(Non-consolidated Balance Sheets)

- (1) Effective from the fiscal year ended December 31, 2014, “Advanced payments - trade,” “Accounts receivable - other” and “Short-term loans receivable,” which had been presented separately under current assets in the previous fiscal year, have been included in “Other” under current assets, due to reduced financial importance.
- (2) Effective from the fiscal year ended December 31, 2014, “Long-term loans receivable from employees” and “Long-term loans receivable from subsidiaries and affiliates,” which had been presented separately under investments and other assets in the previous fiscal year, have been included in “Long-term loans receivable” under investments and other assets, due to reduced financial importance.
- (3) Effective from the fiscal year ended December 31, 2014, “Long-term prepaid expenses,” which had been presented separately under investments and other assets in the previous fiscal year, has been included in “Other” under investments and other assets, due to reduced financial importance.
- (4) Effective from the fiscal year ended December 31, 2014, “Notes payable - facilities,” which had been presented separately under current liabilities in the previous fiscal year, has been included in “Notes payable - trade” under current liabilities, due to reduced financial importance.
- (5) Effective from the fiscal year ended December 31, 2014, “Accounts payable - facilities,” which had been presented separately under current liabilities in the previous fiscal year, has been included in “Accounts payable - other” under current liabilities, due to reduced financial importance.
- (6) Effective from the fiscal year ended December 31, 2014, “Asset retirement obligations,” which had been presented separately under current liabilities in the previous fiscal year, has been included in “Other” under current liabilities, due to reduced financial importance.
- (7) Effective from the fiscal year ended December 31, 2014, “Asset retirement obligations,” which had been presented separately under non-current liabilities for the previous fiscal year, has been included in “Other” under non-current liabilities, due to reduced financial importance.

(Non-consolidated Statements of Income)

Effective from the fiscal year ended December 31, 2014, “Contribution,” which had been included in “Other” under non-operating expenses for the previous fiscal year, is now separately presented, due to increased financial importance.

3. Notes to Non-consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	297,827

(2) Pledged Assets

Pledged assets are as follows:

Accounts receivable - trade	1,625
Stocks of subsidiaries and affiliates	22
Total	1,647

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

Secured liabilities are as follows:

Short-term loans payable	1,625
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(3) Receivables from and Payables to Subsidiaries and Affiliates

Short-term receivables:	98,150
Long-term receivables:	7,050
Short-term payables:	24,707
Long-term payables:	905

4. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

	Millions of yen
Net Sales	441,397
Purchases	140,252
Non-operating income	22,712
Non-operating expenses	152

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

Number of shares in treasury shares at December 31, 2014

	Shares
Capital stock	630,155

6. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss carried forward for tax purposes	38,369
Loss on valuation of securities	26,925
Excess of depreciation	13,837
Provision for retirement benefits	9,500
Provision for product warranties	3,478
Provision for bonuses	1,837
Other	5,909
Gross deferred tax assets	99,857
Valuation allowance	(99,522)
Total deferred tax assets	335
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(6,308)
Reserve for reduction entry	(332)
Other	(42)
Total deferred tax liabilities	(6,683)
Net deferred tax liabilities	(6,347)

7. Notes to Leased Noncurrent Assets

None

8. Notes to Transactions with Related Parties

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with related parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal year
Subsidiary	Yamaha Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	42,098	Accounts receivable - trade	7,473
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	109,368	Accounts receivable - trade	19,721
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	38,064	Accounts receivable - trade	6,205
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	74,087	Accounts receivable - trade	8,703
Subsidiary	Yamaha Motor da Amazonia Ltda. (Brazil)	Indirect ownership 92.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	13,338	Accounts receivable - trade	5,998
Subsidiary	Yamaha Motor Argentina S.A. (Argentina)	Indirect ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	3,924	Accounts receivable - trade	7,711
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 84.9% Indirect ownership 0.1%	Manufacture and sale of products of the Company	Debt guarantee (Note 2)	12,867	-	-
Affiliate	PT. Bussan Auto Finance (Indonesia)	Direct ownership 17.7% Indirect ownership 2.3%	Sale of motorcycles of the Company Provision of finance	Debt guarantee (Note 2)	15,526	-	-

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 the subsidiary and affiliate.

9. Notes to Per Share Information

(1) Net Assets per Share 794.38 yen

(2) Net Income per Share 144.01 yen

Independent Auditor's Report

February 4, 2015

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

Masanori Enomoto
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Yamaha Motor Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2014 through December 31, 2014.

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, 2014 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

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

Independent Auditor's Report

February 4, 2015

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

Masanori Enomoto
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 80th fiscal year from January 1, 2014 through December 31, 2014.

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 80th fiscal year ended December 31, 2014 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

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

Copy of Audit Report of the Audit & Supervisory Board

Audit Report

February 10, 2015

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 80th business year, from January 1, 2014 through December 31, 2014, 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 p.m. on Wednesday, March 25, 2015 (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) If we recognize that you exercise your voting right via the Internet more than once on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 1 of Article 15 of the “Share Handling Regulations.”
- 5) If we recognize that you exercise your voting right both in writing and via the Internet on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 2 of Article 15 of the “Share Handling Regulations.” If both votes arrive on the same day, vote via the Internet will prevail and be treated as the effective vote.
- 6) Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

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