

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

Code No: 7272
March 3, 2016

Notice of the 81st 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 81st 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 Thursday, March 24, 2016 (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 78 "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

1. **Date and Time:** Friday, March 25, 2016 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 81st Fiscal Year (from January 1, 2015 through December 31, 2015); Consolidated Financial Statements applicable to the 81st Fiscal Year (from January 1, 2015 through December 31, 2015); 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 81st Fiscal Year (from January 1, 2015 through December 31, 2015).

Items to be resolved:

- | | |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus |
| Proposed Resolution 2 | Partial Amendments to the Articles of Incorporation |
| Proposed Resolution 3 | Election of Eleven Directors |
| 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 81st Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

The Company aims for the appropriation of surplus 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 ¥22 per share for the current fiscal year. Added to the interim dividend (¥22 per share), this gives a total dividend for the year of ¥44 per share.

- (1) Type of dividend property:
Cash

- (2) Distribution of dividend property, and the total amount distributed:
22 yen per share of common stock
Total amount: 7,683,829,582 yen

- (3) Effective date of distribution:
March 28, 2016

Proposed Resolution 2 Partial Amendments to the Articles of Incorporation of the Company

1. Reason for Proposing This Resolution

Due to the amendment to the Corporation Act of Japan enforced on May 1, 2015, the scope of officers of a company with whom a company may enter into liability limitation agreements was changed whereby companies have become able to enter into liability limitation agreements with non-executive directors and audit & supervisory board members. In line with such amendment to the Act, the Company proposes the amendment to Article 29 (Limitation of Liabilities of Directors) and Article 39 (Limitation of Liabilities of Audit & Supervisory Board Members) of the Articles of Incorporation of the Company and changes in the wording of the Articles so that such officers may fully carry out their expected roles.

All of the Audit & Supervisory Board Members of the Company have given their consent to the amendment to Article 29 (Limitation of Liabilities of Directors) of the Articles of Incorporation of the Company.

2. Details of the Proposed Amendments

The details of the proposed amendments are as follows.

(Parts to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Limitation of Liabilities of Directors) Article 29. (Text omitted) 2. In accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Law, the Company may execute agreements with <u>Outside Directors</u> , which limit their liabilities regarding negligence of <u>duties</u> . However, the limits of liabilities under such agreements shall be the amount stipulated by laws and ordinances.	(Limitation of Liabilities of Directors) Article 29. (No change) 2. In accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Law, the Company may execute agreements with <u>Directors (excluding Executive Directors, etc.)</u> , which limit their liabilities regarding negligence of <u>assignments</u> . However, the limits of liabilities under such agreements shall be the amount stipulated by laws and ordinances.
(Limitation of Liabilities of Audit & Supervisory Board Members) Article 39. (Text omitted) 2. In accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Law, the Company may execute agreements with <u>Outside Auditors</u> , which limit their liabilities regarding negligence of <u>duties</u> . However, the limits of liabilities under such agreements shall be the amount stipulated in the laws and ordinances.	(Limitation of Liabilities of Audit & Supervisory Board Members) Article 39. (No change) 2. In accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Law, the Company may execute agreements with <u>Audit & Supervisory Board Members</u> , which limit their liabilities regarding negligence of <u>assignments</u> . However, the limits of liabilities under such agreements shall be the amount stipulated in the laws and ordinances.

Proposed Resolution 3 Election of Eleven Directors

All of the eleven (11) 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.

[Reference] List of the Candidates

Candidate No.	Name	New candidate or candidate for reappointment	Current positions and responsibilities in the Company	
1	Hiroyuki Yanagi	Candidate for reappointment	President and Representative Director, President and Chief Executive Officer, Chief General Manager in charge of Human Resources & General Affairs	
2	Takaaki Kimura	Candidate for reappointment	Representative Director, Executive Vice President, Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center and Chief General Manager of AM Business Unit	
3	Kozo Shinozaki	Candidate for reappointment	Managing Executive Officer, Chief General Manager in charge of Developed Countries Motorcycles Reform, Executive General Manager of Corporate Planning & Finance Center	
4	Nobuya Hideshima	Candidate for reappointment	Managing Executive Officer, Chief General Manager of Engine Unit, Chief General Manager of Procurement Center and Chief General Manager in charge of CS Center	
5	Masahiro Takizawa	Candidate for reappointment	Managing Executive Officer Chief General Manager of New Business Development Center	
6	Katsuaki Watanabe	Candidate for reappointment	Senior Executive Officer Chief General Manager of MC Business Operations and Chief General Manager in charge of Overseas Market Development Operation Business Unit	
7	Toshizumi Kato	Candidate for reappointment	Senior Executive Officer Chief General Manager of Vehicle & Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section	
8	Yoichiro Kojima	Candidate for reappointment	Senior Executive Officer Deputy Chief General Manager of New Business Development Center and Senior General Manager of NLV Business Development Section, New Business Development Center	
9	Tamotsu Adachi	Candidate for reappointment	Outside Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Directors/Audit & Supervisory Board Members</td></tr></table>	Independent Directors/Audit & Supervisory Board Members
Independent Directors/Audit & Supervisory Board Members				
10	Takuya Nakata	Candidate for reappointment	Outside Director	
11	Atsushi Niimi	Candidate for reappointment	Outside Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Directors/Audit & Supervisory Board Members</td></tr></table>	Independent Directors/Audit & Supervisory Board Members
Independent Directors/Audit & Supervisory Board Members				

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
1	Hiroyuki Yanagi (November 20, 1954) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company</p> <p>April 2003: Director and President of MBK Industrie</p> <p>February 2004: Director and President of Yamaha Motor India Pvt. Ltd.</p> <p>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>June 2011: Outside Director of Yamaha Corporation (to present)</p> <p>January 2012: Chief General Manager of MC Business Operations of the Company</p> <p>January 2015: Chief General Manager in charge of Manufacturing Center and Chief General Manager in charge of PF Model Unit of the Company</p> <p>March 2015: Chief General Manager in charge of Human Resources & General Affairs (to present)</p> <p>[Significant concurrent positions] Chairman of Japan Marine Industry Association</p> <hr/> <p>- Term of office as a Director: Six (6) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Hiroyuki Yanagi as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France), Director and President of Yamaha Motor India Pvt. Ltd., Chief General Manager of Manufacturing Center of the Company and others, he is highly capable in corporate management that is required to deal with a variety of values as well as expertise in technological and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	59,100

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	Takaaki Kimura (February 14, 1953) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>April 1976: Joined the Company</p> <p>June 1999: General Manager of R&D Division, AM Operations of the Company</p> <p>April 2002: Senior General Manager of AM Operations of the Company</p> <p>June 2003: Executive Officer of the Company</p> <p>March 2005: Director of the Company</p> <p>March 2007: Senior Executive Officer of the Company</p> <p>January 2009: Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations and Chief General Manager in charge of AM Business Unit of the Company</p> <p>November 2009: Representative Director of the Company (to present)</p> <p>November 2009: Managing Executive Officer of the Company</p> <p>March 2010: Senior Managing Executive Officer of the Company</p> <p>January 2011: Chief General Manager of Marine Business Operations, Chief General Manager of Product Assurance & Safety Promotion Center and Chief General Manager in charge of AM Business Unit of the Company</p> <p>January 2012: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center and Chief General Manager in charge of AM Business Unit of the Company</p> <p>March 2013: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations and Chief General Manager in charge of AM Business Unit of the Company</p> <p>April 2013: Chief General Manager of Technology Center, Chief General Manager of Design Center, Chief General Manager of Marine Business Operations and Chief General Manager in charge of AM Business Unit of the Company</p> <p>March 2014: Executive Vice President of the Company (to present)</p> <p>July 2014: Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center and Chief General Manager in charge of AM Business Unit of the Company (to present)</p>	60,300

		<ul style="list-style-type: none">- Term of office as a Director: Eleven (11) years (at the conclusion of this Ordinary General Meeting of Shareholders)- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)- Reasons for the nomination of candidate for Director: The Company nominated Takaaki Kimura as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Senior General Manager of AM Operations, Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations and Chief General Manager in charge of Design Center of the Company and others, he is highly capable and has expertise in the technological and design fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.
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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
3	Kozo Shinozaki (February 14, 1956) <div style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>April 1999: Vice President of Siam Yamaha Co., Ltd. (currently Thai Yamaha Motor Co., Ltd.)</p> <p>April 2007: General Manager of Finance & Accounting Division of the Company</p> <p>January 2010: Senior General Manager of Finance & Accounting Section of the Company</p> <p>March 2010: Director of the Company (to present)</p> <p>March 2010: Senior Executive Officer of the Company</p> <p>January 2011: Senior General Manager of Corporate Planning & Finance Section of the Company</p> <p>January 2013: Executive General Manager of Corporate Planning & Finance Center of the Company (to present)</p> <p>March 2013: Managing Executive Officer of the Company (to present)</p> <p>January 2014: Chief General Manager in charge of Developed Countries Motorcycles Reform (to present)</p> <hr/> <p>- Term of office as a Director: Six (6) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Kozo Shinozaki as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Vice President of Siam Yamaha Co., Ltd. (currently Thai Yamaha Motor Co., Ltd.) and General Manager of Finance & Accounting Division, Senior General Manager of Finance & Accounting Section of the Company and others, he is highly capable and has expertise in the finance and management control fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	26,800

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
4	Nobuya Hideshima (January 9, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>May 1999: General Manager of Production Control Department, Production Control Division, MC Operations of the Company</p> <p>April 2003: Director and President of Yamaha Motor Manufacturing Corporation of America</p> <p>January 2009: Executive General Manager of Procurement Center of the Company</p> <p>March 2009: Executive Officer of the Company</p> <p>March 2010: Senior Executive Officer of the Company</p> <p>January 2011: Chief General Manager of Procurement Center and Chief General Manager in charge of Parts Business Unit of the Company</p> <p>March 2011: Director of the Company (to present)</p> <p>March 2013: Managing Executive Officer of the Company (to present)</p> <p>January 2014: Chief General Manager of Engine Unit, Chief General Manager of CS Center and Chief General Manager in charge of Procurement Center of the Company</p> <p>January 2016: Chief General Manager of Engine Unit, Chief General Manager in charge of Procurement Center and Chief General Manager in charge of CS Center of the Company (to present)</p> <p>- Term of office as a Director: Five (5) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Nobuya Hideshima as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Manufacturing Corporation of America and Chief General Manager of the Procurement Center of the Company and others, he is highly capable and has expertise in the manufacturing and procurement fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	29,300

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: 5px auto;">Candidate for Reappointment</div>	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of the Business Planning Department, CV Operations of the Company</p> <p>February 2004: Director and President of MBK Industrie</p> <p>July 2007: General Manager of Corporate Planning Division of the Company</p> <p>March 2009: Executive Officer of the Company</p> <p>March 2010: Senior Executive Officer of the Company</p> <p>January 2011: Chief General Manager of Business Development Operations of the Company</p> <p>March 2011: Director of the Company (to present)</p> <p>March 2013: Managing Executive Officer of the Company (to present)</p> <p>January 2014: Chief General Manager of Business Development Operations and Chief General Manager in charge of NV Business Development Section of the Company</p> <p>January 2015: Chief General Manager in charge of New Business and Technology Development and Chief General Manager in charge of NV Business Development Section of the Company</p> <p>January 2016: Chief General Manager of New Business Development Center of the Company (to present)</p> <p>- Term of office as a Director: Five (5) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Masahiro Takizawa as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France) and General Manager of Corporate Planning Division, Chief General Manager of Business Development Operations of the Company and others, he has expertise in the technological field and deep insight into business development. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	28,850

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: 5px; width: fit-content; margin: 10px auto;">Candidate for Reappointment</div>	April 1982: Joined the Company January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company March 2010: Executive Officer of the Company November 2010: Chief General Manager of Manufacturing Center of the Company March 2011: Senior Executive Officer of the Company (to present) April 2013: Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of Manufacturing Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company January 2014: Executive General Manager of 1st Business Unit, MC Business Operations, Chief General Manager of PF Model Unit, Chief General Manager in charge of Manufacturing Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company March 2014: Director of the Company (to present) January 2015: Chief General Manager of MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company July 2015: Chief General Manager of MC Business Operations and Chief General Manager of Overseas Market Development Operation Business Unit of the Company January 2016: Chief General Manager of MC Business Operations and Executive General Manager in charge of Overseas Market Development Operation Business Unit of the Company (to present)	16,100

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																																	
		<ul style="list-style-type: none"> - Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Director: The Company nominated Katsuaki Watanabe as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. and Chief General Manager of Manufacturing Center and Chief General Manger of MC Business Operations of the Company and others, he is highly capable and has expertise in the procurement and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors. 																																		
7	<p>Toshizumi Kato (March 24, 1958)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 10px;">Candidate for Reappointment</div>	<table border="0" style="width: 100%;"> <tr> <td style="width: 10%; vertical-align: top;">June</td> <td style="width: 10%; vertical-align: top;">1986:</td> <td style="vertical-align: top;">Joined the Company</td> <td rowspan="10" style="vertical-align: middle; text-align: center;">22,700</td> </tr> <tr> <td style="vertical-align: top;">April</td> <td style="vertical-align: top;">2003:</td> <td style="vertical-align: top;">Vice President of IM Company of the Company</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2005:</td> <td style="vertical-align: top;">Director and President of Yamaha Motor Australia Pty Limited</td> </tr> <tr> <td style="vertical-align: top;">March</td> <td style="vertical-align: top;">2007:</td> <td style="vertical-align: top;">President of IM Company of the Company</td> </tr> <tr> <td style="vertical-align: top;">March</td> <td style="vertical-align: top;">2008:</td> <td style="vertical-align: top;">Executive Officer of the Company</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2010:</td> <td style="vertical-align: top;">Senior General Manager of Sales Operations, MC Business Operations of the Company</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2011:</td> <td style="vertical-align: top;">Director and President of Yamaha Motor Corporation, U.S.A.</td> </tr> <tr> <td style="vertical-align: top;">March</td> <td style="vertical-align: top;">2012:</td> <td style="vertical-align: top;">Senior Executive Officer of the Company (to present)</td> </tr> <tr> <td style="vertical-align: top;">March</td> <td style="vertical-align: top;">2014:</td> <td style="vertical-align: top;">Director of the Company (to present)</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2015:</td> <td style="vertical-align: top;">Chief General Manager of Vehicle & Solution Business Operations and Senior General Manager of Financial Service Business Development Section of the Company</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2016:</td> <td style="vertical-align: top;">Chief General Manager of Vehicle & Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section of the Company (to present)</td> </tr> </table> <ul style="list-style-type: none"> - Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Director: The Company nominated Toshizumi Kato as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as President of IM Company of the Company, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors. 	June	1986:	Joined the Company	22,700	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	January	2016:	Chief General Manager of Vehicle & Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section of the Company (to present)
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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
8	Yoichiro Kojima (May 16, 1958)	<p>April 1981: Joined the Company</p> <p>October 2001: Director and President of Yamaha Motor Canada Limited</p> <p>July 2006: General Manager of Sales Division, ME Company of the Company</p> <p>January 2009: Executive General Manager of ME Business Unit, Marine Business Operations of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>March 2012: Senior Executive Officer of the Company (to present)</p> <p>January 2013: Director and President of PT. Yamaha Indonesia Motor Manufacturing</p> <p>March 2015: Director of the Company (to present)</p> <p>January 2016: Deputy Chief General Manager of New Business Development Center and Senior General Manager of NLV Business Development Section, New Business Development Center (to present)</p>	24,800
	Candidate for Reappointment	<p>- Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings (after he assumed the office on March 26, 2015): 10 out of 10 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Yoichiro Kojima as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Canada Limited, Executive General Manager of ME Business Unit, Marine Business Operations, Director and President of PT. Yamaha Indonesia Motor Manufacturing and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	

[Candidates for Outside Directors]

The Outside Director candidates are as follows.

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

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

<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 a vested interest in the Yamaha Motor 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: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 11 out of 13 meetings (84.6%)</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="327 566 497 629">Takuya Nakata (June 8, 1958)</p> <div data-bbox="300 636 523 723" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director</div> <div data-bbox="300 741 523 828" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="555 259 1230 322">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="555 327 1230 389">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="555 394 1230 421">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="555 425 1230 488">June 2009: Director & Executive Officer of Yamaha Corporation</p> <p data-bbox="555 492 1230 555">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="555 560 1230 622">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="555 627 1230 734">March 2013: Assistant Senior General Manager of Musical Instruments & Audio Products Sale & Marketing Group of Yamaha Corporation</p> <p data-bbox="555 739 1230 801">June 2013: President and Representative Director of Yamaha Corporation (to present)</p> <p data-bbox="555 806 1230 869">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="555 873 1230 936">[Significant concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="555 952 1433 1335"> - Term of office as a Director: Two (2) year (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation, which is a large shareholder of the Company, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies. </p>	3,000

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
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 (to present)</p> <p>March 2015: Outside Director of the Company (to present)</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		
	Candidate for Reappointment		
		<p>- Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings (after he assumed the office on March 26, 2015): 9 out of 10 meetings (90.0%)</p> <p>- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Atsushi Niimi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience of managing global companies and wide range of insights.</p>	

Notes:

1. Special interests between the Company and the candidates

- Hiroyuki Yanagi Mr. Yanagi is concurrently serving as Chairman of Japan Marine Industry Association, an association with which the Company has transactions, such as payment of membership fees.
- Takaaki Kimura Mr. Kimura is concurrently serving as Chairman of the YAMAHA MOTOR FOUNDATION FOR SPORTS, a foundation to which the Company makes contributions.
- Takuya Nakata Mr. Nakata is concurrently serving as President and Representative Director of Yamaha Corporation, a company with which the Company has transactions, such as real estate leases.
- Atsushi Niimi Mr. Niimi is concurrently serving as Chairman & Representative Director of JTEKT Corporation, a company from which the Company procures parts for products. The percentage of the amount paid to the said company from the Company among the consolidated net sales of the said company for the most recent fiscal year was 0.1%.

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

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

3. Independent Directors/Audit & Supervisory Board Members

The Company has registered Tamotsu Adachi and Atsushi Niimi as Independent Directors/Audit & Supervisory Board Members according to the regulations provided by the Tokyo Stock Exchange, Inc. Summary of "Standards for Selecting Independent Outside Officers" is described on page 15.

4. Special matters relating to candidates for Outside Directors

- Benesse Corporation, a subsidiary of Benesse Holdings, Inc., where Tamotsu Adachi was 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 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. Although the order of surcharge payment was issued by the Korea Fair Trade Commission in November 2014, the surcharge payment, etc., were remitted because of the cooperation of the company in the Commission's investigation. A decision was given by the European Commission that there was an EU competition law violation in March 2014, and another decision was given by the Competition Commission of Singapore that there was a violation of the Competition Act of Singapore in May 2014. In addition, the company reached an agreement with the Administrative Council for Economic Defense of Brazil on the payment of settlement on July 2015. Although he was not aware of this fact before the violation was found out, he has been presenting his proposals on our daily operation from the viewpoint of legal compliance and compliance management, and after the fact was revealed, has been striving to eliminate all conducts leading to violations of the Antimonopoly Act and to promote the application of overall internal control systems in the whole group in a timely and appropriate manner.

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

5. Abbreviations: MC: Motorcycle, 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, NLV: New Land Vehicle

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 September 1977: Registered as a Certified Public Accountant April 1985: Representative Partner of Chuo Audit Corporation April 2007: Commissioner (on full-time basis) and Deputy Chairman of The Public Interest Corporation Commission, Cabinet Office April 2010: President of Satake Certified Public Accounting Office (to present) April 2012: Professor, Tohoku University Accounting School June 2012: Corporate Auditor of PCA CORPORATION (to present) April 2013: Affiliate Professor, Chiba University of Commerce, Graduate School of Accounting & Finance, MBA Program (to present) June 2013: Audit & Supervisory Board Member of MAEZAWA KASEI INDUSTRIES CO., LTD (to present)	0

Notes:

1. Matters relating to candidates
Masayuki Satake is a candidate for Substitute Audit & Supervisory Board Member (Outside).
2. Special interests between the Company and the candidate
The candidate has no special interests in the Company.
3. 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).
4. 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.
5. 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 15.

(Attached Documents)

Business Report

(From January 1, 2015 to December 31, 2015)

1. Current Conditions of the Yamaha Motor Group

(1) Business Developments and Results

During the fiscal year ended December 31, 2015 (fiscal 2015), the U.S. economy continued to show a gradual recovery driven by domestic demand, while the gradual recovery of the European economy also continued, led by personal consumption despite a backdrop of geopolitical risks including terrorist attacks. Japan's underlying tone of economic recovery continued despite weak personal consumption. The impact of falling resource prices, the economic downturn in China and currency depreciation strengthened the sense of deceleration in emerging countries such as Asia and Central and South America, among others. In terms of the Company's major markets, there was a gradual recovery in demand for motorcycles and outboard motors in the United States, and motorcycle demand rebounded in Europe. In Japan, motorcycle demand declined, while demand for electrically power assisted bicycles remained flat versus the previous year. The emerging markets of Vietnam, the Philippines, and Taiwan experienced a growth in demand, but demand contracted in Indonesia, Brazil, and China, among other emerging markets.

Against this backdrop, the Company's consolidated net sales for the fiscal year rose ¥94.1 billion, or 6.2%, year on year, to ¥1,615.4 billion, and operating income rose ¥33.2 billion, or 38.0%, to ¥120.4 billion.

The developed markets business recorded sales and profit growth, reflecting revenue growth from sales of global models and higher-priced products in the motorcycle business, increased sales of large models and the effect of yen depreciation on exports in the marine products business, and increased sales of recreational off-highway vehicles (ROVs) in the power products business. Regarding the emerging markets that the motorcycle business operates in, sales growth in Vietnam, the Philippines, and Taiwan, as well as a shift to higher-priced products and cost reductions in all markets led to profit growth that absorbed the effects of lower sales and weaker currencies in countries including Indonesia, Brazil, and China, for flat profit overall.

Ordinary income rose ¥28.0 billion, or 28.7%, to ¥125.2 billion. Net income declined ¥8.4 billion, or 12.3%, to ¥60.0 billion, which was partially the result of one-time factors including the emergence of additional corporate income tax payments made by U.S. subsidiaries amounting to ¥35.6 billion as a result of a mutual agreement procedure between Japan and U.S. tax authorities regarding the Advance Pricing Agreement pertaining to transfer pricing (APA), and the recognition of additional deferred tax assets totaling ¥14.4 billion by the Company.

Exchange rates for the fiscal year were ¥121 to the U.S. dollar (a depreciation of ¥15 from the previous fiscal year), and ¥134 to the euro (an appreciation of ¥6).

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 ¥38.4 billion, or 3.9%, year on year, to ¥1,016.0 billion, and operating income rose ¥9.0 billion, or 39.1%, to ¥31.9 billion.

In developed markets, unit sales rose in North America and Europe, while in Japan unit sales of large motorcycles rose, but unit sales of mopeds declined.

Unit sales also increased in emerging markets including Vietnam, the Philippines, and Taiwan, but declines were recorded in Indonesia, Brazil, and China, among other emerging markets.

Net sales grew on the introduction of the MT series and other new products, and from increased sales of higher-priced products. Operating income was boosted by factors including increased unit sales, an improved product mix, and cost reductions, which offset the negative effects of emerging market currency depreciation and higher development expenses for overall profit growth.

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 ¥27.1 billion, or 9.8%, year on year, to ¥303.4 billion, and operating income rose ¥14.4 billion, or 31.5%, to ¥60.2 billion.

Sales and profit grew in North America on increased sales of large outboard motors and personal watercraft, and from yen depreciation.

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

Overall net sales of the power products business rose ¥19.2 billion, or 13.5%, year on year, to ¥161.5 billion, and operating income rose ¥6.7 billion, or 102.5%, to ¥13.2 billion.

Increased sales of ROVs, reflecting an enhanced product lineup, resulted in revenue and profit growth.

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 ¥9.8 billion, or 25.1%, year on year, to ¥48.7 billion, and operating income rose ¥2.7 billion, or 54.2%, to ¥7.8 billion.

Unit sales of surface mounters grew, led by Asia and Japan. The business absorption via transfer of assets from the Hitachi High-Tech Group moved forward, contributing to sales growth.

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 decreased ¥0.3 billion, or 0.4%, year on year, to ¥85.8 billion, and operating income increased ¥0.4 billion, or 5.6%, to ¥7.4 billion.

Unit sales of electrically power assisted bicycles rose both in Japan and overseas, as a result of new products and the cultivation of new customers.

(2) Capital Expenditures

The Group made investments of ¥64.1 billion in total during fiscal 2015.

In the motorcycle business, investments of ¥37.7 billion were made for new products and enhancement of production capacity in India and Pakistan. In the marine products business, investments of ¥10.8 billion were made for new products, research and development, and restructuring of the domestic manufacturing system. In the power products business, investments of ¥9.8 billion were made for the factors such as new products of recreational off-highway vehicles (ROVs). Investments of ¥2.1 billion were made in the industrial machinery and robots business. Investments of ¥3.6 billion were made in other products business.

(3) Fund Raising

Nothing to be especially reported.

(4) Key Priorities the Group Must Address

For the three years beginning 2016, and as a long-term vision that goes beyond 2020, the Company will continue to aim to be “a unique company that continues to achieve dynamic milestones.” The new Medium-term Plan being implemented from 2016 covers the first three years. During this period, the Company aims to steadily realize a significant increase in its corporate strength, and from there begin laying the foundations to heighten corporate strength further.

Under the new Medium-term Plan (2016-2018), management aims to build on the previous Medium-term Plan (2013-2015), which targeted “increasing corporate value through sustainable growth,” by increasing investment for growth and returns to shareholders, while further enhancing the earnings power of existing businesses and maintaining and strengthening a stable financial foundation.

Management direction

The Company is forecasting continued strong conditions in developed markets, and the start of an economic recovery in some emerging markets within three years, and have therefore set a management target of “beginning new growth from ¥2 trillion and a standard of 10%.”

■ 2018 financial targets	(vs. 2015)
Net sales: ¥2 trillion	(+24%)
Operating income: ¥180.0 billion	(+50%)
Operating margin: 9%	(+1.5 percentage points)

■ Direction of each business

Motorcycles: Shift to “highly efficient” stable earnings structure not tied to unit volume

Marine: Develop business model for further growth by competing in the ¥3 trillion global marine market

Power products / Other: Develop unique business models for future growth

Financial strategy

The Company will seek to enhance the earnings power of existing businesses, create a stable financial foundation, and increase new growth investment and stock dividends. Under this financial strategy, the Company will aim for both growth and stability. With return on equity (ROE) as one of the most important management indexes, the Company will strive to keep ROE above the cost of capital, at roughly 15%.

Monozukuri (engineering, manufacturing and marketing)

■ Product competitiveness

Strong product competitiveness is the source of the Company’s business competitiveness. Under the previous Medium-term Plan, the Company developed and brought to market 250 models. Under the new Plan, the Company intends to develop and bring to market 270 models, while simultaneously enhancing product appeal and realizing cost competitiveness and quality. The Company will work to create unique products that incorporate GEN (new ideas and communications), Play & Sure (technology that creates joy and trust among customers), S-EX-Y (design that expresses refined dynamism), and Ties (strong teamwork that connects with our customers).

■ Cost reductions

The Company is targeting cost reductions of ¥60.0 billion by 2018 through improvements in development, procurement, manufacturing, and logistics.

Global management

■ Localization of product development

The Company’s goal is to develop cutting-edge technologies and core platforms in Japan, and to develop models that meet customer demand in each region. In principle, 30-40% of development man-hours for products including MC, RV, and WV will be carried out locally. By doing this, the Company aims to deliver optimal products for each market swiftly and less expensively, in a timely manner. The Company will also develop and expand the reach of its global models going forward.

■ Human resource management

With the need for a global perspective becoming increasingly important in corporate management and business management, the Company needs to step up its corporate governance and human resource development. In terms of human resource development in particular, the Company will expand global training programs with the aim of having 60% of director-level positions at overseas centers staffed by persons hired locally by 2018. The Company will also promote diversity at its head office by hiring managers from overseas, increasing the numbers of non-Japanese employees and women in management positions, as well as allowing for flexibility in the ways work is done.

Growth strategies

Within the three business areas defined in 2010 – fulfilling lifestyles, enjoyment in personal mobility, and innovative technologies that harmonize with people, society, and the Earth – the Company will pursue four strategies for future growth.

■ The growing world of personal mobility

The Company will expand its customer base by increasing the range and sophistication of its two-, three-, and four-wheeled vehicles and our technologies, and strive to create a style of mobility unique to Yamaha via PAS, EV, CV, MC, LMW, RV, and C4W.

■ Marine products business

The Company aims to go beyond being an engine supplier to become a system supplier, by developing an entire marine products business that includes a strategy for rigging and boat hulls, and from there build a brand that has a solid No. 1 position globally.

■ Solutions business

The Company will strive to grow the IM, UMS, and pool businesses and create a unique business model. By combining in-house technologies with outside expertise, the Company will strive to provide new value in areas including industry, agriculture, lifestyles, and infrastructure.

■ Foundational technology development

The Company possesses a wealth of elemental technologies in fields including power sources, automobile, boat, and aircraft bodies and hulls, controls and information, materials, and manufacturing. The Company will seek further evolution of such technologies as it pursues innovation that combines them in new, original ways.

The Company will make every effort to achieve the targets of the Medium-term Plan as outlined above. As part of implementing global management, the Company will maintain rigorous corporate ethics and in particular will engage in activities to fulfill its social responsibilities in its three business areas.

• Cutting-edge environmental activities

The Company works to address environmental issues in all countries and regions with an awareness of the four facets of products, operations, management, and employees. As a product example, the BLUE CORE next-generation platform engine achieves unprecedented fuel efficiency and environmental performance. Efforts are being ramped up to introduce this engine in markets including ASEAN and China.

• Social contribution activities closely tied to local communities

The Company is engaged in social contribution activities closely tied to local communities in all regions. In Africa, it is introducing clean water systems that use proprietary technologies to provide clean water for daily use. In Japan, the Company strives to interact with local communities through corporate sports including rugby and football.

• Transparent and fair corporate governance

The Company's Board of Directors is swift and decisive in its decision making for the solid implementation of strategies for future growth, and appropriately oversees and monitors the implementation process for management strategies. This structure operates on the transparency and fairness mandated in the Company's corporate governance guidelines, to fulfill its responsibilities toward shareholders, investors, and all

stakeholders.

Going forward, the Company will strive to build even stronger relationships of trust with all stakeholders through its various corporate activities. We would appreciate our shareholders' continued support.

Note: MC = motorcycles, RV = recreational vehicles, WV = water vehicles, EV = electric vehicles, CV = commuter vehicles, LMW = leaning multi-wheeled vehicles, C4W = compact four-wheeled vehicles, IM = intelligent machinery, UMS = unmanned systems.

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

Millions of yen, except net income per share

Items	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)	81st Fiscal Year (Jan. 1, 2015 – Dec. 31, 2015)
Net sales	1,207,675	1,410,472	1,521,207	1,615,350
Operating income	18,598	55,137	87,249	120,436
Ordinary income	27,267	60,092	97,279	125,231
Net income	7,489	44,057	68,452	60,023
Net income per share (yen)	21.45	126.20	196.06	171.89
Total assets	962,329	1,146,591	1,310,040	1,305,236
Net assets	341,561	422,792	503,224	531,700

(Reference) Forecast for the 82nd fiscal year (January 1, 2016 through December 31, 2016)

The Company's demand forecast for major businesses in 2016 is for continued solid macroeconomic conditions in developed markets, but with uncertainty continuing in emerging markets due to declining resource prices and weaker currencies in countries like Indonesia and Brazil.

Given these expectations, the Company plans to increase the earnings power of all its businesses. This will be achieved by further developing the market for platform models in the motorcycle business, leveraging the strength of the brand to maintain high profitability in the marine products business, and strengthening the sports segment for recreational off-highway vehicles (ROVs) in the power products business. These earnings will then be invested to facilitate lasting growth, with the aim of evolving into "a unique company that continues to achieve dynamic milestones."

Billions of yen

	Forecast	Year-on-year changes
Net sales	1,700.0	+84.6, 5.2%
Operating income	120.0	(0.4), (0.4)%
Ordinary income	125.0	(0.2), (0.2)%
Profit attributable to owners of parent	80.0	+20.0, 33.3%

(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.

3) Specified wholly-owned subsidiary at the end of the fiscal year

No related items.

(7) Main Bases and Facilities for the Group

1) Yamaha Motor Co., Ltd.

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

2) Subsidiaries

Subsidiaries of the Company are as described on page 27 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

(8) Employees

Segments	Number of employees	Annual change
Motorcycles	42,326	+378
Marine products	4,891	(228)
Power products	2,618	+367
Industrial machinery and robots	997	+122
Others	2,474	+5
Total	53,306	+644

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

(9) Principal Lenders and Loan Balances

Lenders	Loan balances
Mizuho Bank, Ltd.	113,537
Sumitomo Mitsui Banking Corporation	65,964
The Shizuoka Bank, Ltd.	46,559
Sumitomo Mitsui Trust Bank, Limited	26,953
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,187

Millions of yen

2. The Company's Stocks

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

(2) **Number of Shares Outstanding:** 349,898,284 (including 633,303 shares of treasury shares)

(3) **Number of Shareholders:** 34,214

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,642	12.21
State Street Bank & Trust Company	37,773	10.82
Japan Trustee Services Bank, Ltd. (trust account)	19,139	5.48
The Master Trust Bank of Japan, Ltd. (trust account)	15,066	4.31
Toyota Motor Corporation	12,500	3.58
Mizuho Bank, Ltd.	11,824	3.39
Mitsui & Co., Ltd.	8,586	2.46
The Shizuoka Bank, Ltd.	6,813	1.95
Japan Trustee Services Bank, Ltd. (trust account 9)	6,010	1.72
State Street Bank West Client Treaty 505234	4,047	1.16

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	33,221	24,772
Financial institutions	94	105,048
Other domestic companies	264	72,832
Foreigners	578	142,761
Securities companies	57	4,483

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, 2015 (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
Sixth (June 15, 2010)	180	Common stock: 18,000	465.27 yen per share	1,396 yen per share	From June 15, 2012 to June 14, 2016	5 directors (excluding Outside Directors)

Notes: Conditions concerning the exercise of subscription rights to shares

1. 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.
2. Heirs of Subscription Rights to Shares Holders may not exercise the subscription rights to shares.
3. 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 in charge of Human Resources & General Affairs	Outside Director of Yamaha Corporation Chairman of Japan Marine Industry Association
Executive Vice President and Representative Director	Takaaki Kimura	Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of AM Business Unit	
Director and Managing Executive Officer	Kozo Shinozaki	Chief General Manager in charge of Developed Countries Motorcycles Reform, Executive General Manager of Corporate Planning & Finance Center	
Director and Managing Executive Officer	Nobuya Hideshima	Chief General Manager of Engine Unit, Chief General Manager of CS Center, Chief General Manager in charge of Procurement Center	
Director and Managing Executive Officer	Masahiro Takizawa	Chief General Manager in charge of New Business and Technology Development, Chief General Manager in charge of NV Business Development Section	
Director and Senior Executive Officer	Katsuaki Watanabe	Chief General Manager of MC Business Operations, Chief General Manager of Overseas Market Development Operation Business Unit	
Director and Senior Executive Officer	Toshizumi Kato	Chief General Manager of Vehicle & Solution Business Operations, Senior General Manager of Financial Service Business Development Section	
Director and Senior Executive Officer	Yoichiro Kojima *	Director and President of PT. Yamaha Indonesia Motor Manufacturing	
Outside Director	Tamotsu Adachi		Managing Director and Co-Representative of Carlyle Japan LLC
Outside Director	Takuya Nakata		President and Representative Director of Yamaha Corporation

(TRANSLATION ONLY)

Position	Name	Responsibilities	Significant concurrent positions
			President of Yamaha Music Foundation
Outside Director	Atsushi Niimi *		Chairman & Representative Director of JTEKT Corporation Chairman of the Chubu Association of Corporate Executives
Standing Audit & Supervisory Board Member	Hiroshi Ito *		
Standing Audit & Supervisory Board Member	Kenji Hironaga *		
Audit & Supervisory Board Member (Outside)	Isao Endo		Chairman of Roland Berger Japan 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.
Audit & Supervisory Board Member (Outside)	Tomomi Yatsu *		Partner of TMI Associates Outside Audit & Supervisory Board Member of CALBEE, Inc. Outside Statutory Auditor of Kokuyo Co., Ltd.

- Notes: 1. The Company has registered Directors Tamotsu Adachi and Atsushi Niimi, and Audit & Supervisory Board Members Isao Endo and Tomomi Yatsu as Independent Directors/Audit & Supervisory Board Members under the regulations provided by the Tokyo Stock Exchange. Summary of “Standards for Selecting Independent Outside Officers” is described on page 15.
2. Personnel changes during fiscal 2015:
- 1) Directors and Audit & Supervisory Board Members denoted by an asterisk (*) were newly elected by resolution of the 80th Ordinary General Meeting of Shareholders held on March 26, 2015 and took office as indicated, pursuant to the resolution.
 - 2) Audit & Supervisory Board Member Tetsuo Kawawa retired by resignation at the conclusion of the 80th Ordinary General Meeting of Shareholders held on March 26, 2015.
3. Special relationship with the organizations at which Outside Directors and Audit & Supervisory Board Members (Outside) hold significant concurrent positions
- 1) Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 12.21% of the Company’s shares, and the Company has real estate lease transactions, etc., with the said company.
 - 2) The Company procures parts for products from JTEKT Corporation, where Director Atsushi Niimi holds a concurrent position. The percentage of the amount paid to the said company from the Company among the consolidated net sales of the said company for the most recent fiscal year was 0.1%.
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. Audit & Supervisory Board Member Tomomi Yatsu is a certified public accountant and has considerable knowledge of finance and accounting.
6. Abbreviations: AM: Automotive, CS: Customer Service, NV: New Venture, MC: Motorcycle

(2) Changes of Directors after Fiscal 2015

Changes in responsibilities

(As of January 1, 2016)

Name	After the change	Before the change
Nobuya Hideshima	Chief General Manager of Engine Unit, Chief General Manager in charge of Procurement Center, Chief General Manager in charge of CS Center	Chief General Manager of Engine Unit, Chief General Manager of CS Center, Chief General Manager in charge of Procurement Center
Masahiro Takizawa	Chief General Manager of New Business Development Center	Chief General Manager in charge of New Business and Technology Development, Chief General Manager in charge of NV Business Development Section
Katsuaki Watanabe	Chief General Manager of MC Business Operations, Chief General Manager in charge of Overseas Market Development Operation Business Unit	Chief General Manager of MC Business Operations, Executive General Manager of Overseas Market Development Operation Business Unit
Toshizumi Kato	Chief General Manager of Vehicle & Solution Business Operations, Chief General Manager in charge of Financial Service Business Development Section	Chief General Manager of Vehicle & Solution Business Operations, Senior General Manager of Financial Service Business Development Section
Yoichiro Kojima	Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center	Director and President of PT. Yamaha Indonesia Motor Manufacturing

Note: Abbreviations: CS: Customer Service, NV: New Venture, MC: Motorcycle, NLV: New Land Vehicle

(3) Name and Other Information regarding the Executive Officers

The Company has adopted an Executive Officer system for the purpose of prompt business execution, which was designed to enhance management supervisory capabilities by clearly defining the role of Executive Officers as “business execution of the Group,” while defining the role of the Board of Directors as “approval of basic policy and the supervision of business execution within the Group.” As of December 31, 2015, the Company is served by 26 Executive Officers comprising the aforementioned 8 concurrently serving as Directors and following 18 others.

Name	Position	Responsibilities
Ryoichi Sumioka	Senior Executive Officer	Assistant Executive General Manager of Corporate Planning & Finance Center, Chief General Manager in charge of Business Management, MC Business Operations
Hiroaki Fujita	Senior Executive Officer	Director and President of Yamaha Motor India Pvt. Ltd.
Katsuhito Yamaji	Senior Executive Officer	Chief General Manager of Manufacturing Center
Makoto Shimamoto	Senior Executive Officer	Chief General Manager of PF Model Unit, Senior General Manager of PF Model Development Section, PF Model Unit
Masato Adachi	Executive Officer	Deputy Chief General Manager of Marine Business Operations
Tsuneji Suzuki	Executive Officer	President and Representative Director of Yamaha Motor Powered Products Co., Ltd.
Masaru Ono	Executive Officer	Director and President of Yamaha Motor Vietnam Co., Ltd.
Masaki Asano	Executive Officer	Director and President of Yamaha Motor India Sales Pvt. Ltd.
Yoshitaka Noda	Executive Officer	Senior General Manager of Component Section, Engine Unit, General Manager of Process Engineering Division, Component Section, Engine Unit
Masahiro Inoue	Executive Officer	Chief General Manager of Procurement Center, General Manager of Procurement Planning Division, Procurement Center
Kazuhiro Kuwata	Executive Officer	Director and President of Yamaha Motor Europe N.V.
Yoshihiro Hidaka	Executive Officer	Executive General Manager of 2nd Business Unit, MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations
Tatsumi Okawa	Executive Officer	Director and President of Yamaha Motor Corporation, U.S.A.
Junzo Saitoh	Executive Officer	Executive General Manager of Human Resources & General Affairs Center
Akihiro Nagaya	Executive Officer	Chief General Manager of Design Center
Heiji Maruyama	Executive Officer	Senior General Manager of AM Business Unit, Deputy Chief General Manager of Engine Unit
Hirofumi Usui	Executive Officer	Senior General Manager of Marketing Section, Marine Business Operations
Satohiko Matsuyama	Executive Officer	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations, General Manager of Business Promotion Division, Recreational Vehicle Business Unit, Vehicle & Solution Business Operations

Note: Abbreviations: MC: Motorcycle, PF: Platform, AM: Automotive

(4) Changes of Executive Officers after Fiscal 2015

Changes in responsibilities

(As of January 1, 2016)

Name	After the change	Before the change
Masato Adachi	Assistant to President	Deputy Chief General Manager of Marine Business Operations
Masaru Ono	Chief General Manager of CS Center	Director and President of Yamaha Motor Vietnam Co., Ltd.
Yoshitaka Noda	Senior General Manager of Component Section, Engine Unit	Senior General Manager of Component Section, Engine Unit, General Manager of Process Engineering Division, Component Section, Engine Unit
Masahiro Inoue	Chief General Manager of Procurement Center, General Manager of Procurement Planning Division, Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit	Chief General Manager of Procurement Center, General Manager of Procurement Planning Division, Procurement Center
Yoshihiro Hidaka	Executive General Manager of 1st Business Unit, MC Business Operations, General Manager of Southeast & East Asia Sales Division, 1st Business Unit, Motorcycle Business Operations	Executive General Manager of 2nd Business Unit, MC Business Operations, Executive General Manager of 1st Business Unit, MC Business Operations
Tatsumi Okawa	Director and President of Yamaha Motor Corporation, U.S.A., Deputy Chief General Manager of Marine Business Operations	Director and President of Yamaha Motor Corporation, U.S.A.
Heiji Maruyama	Deputy Chief General Manager of Engine Unit, Senior General Manager of Engine Development Section, Engine Unit, Executive General Manager of AM Business Unit	Executive General Manager of AM Business Unit, Deputy Chief General Manager of Engine Unit
Satohiko Matsuyama	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations, General Manager of Business Promotion Division, Recreational Vehicle Business Unit, Vehicle & Solution Business Operations

Note: Abbreviations: CS: Customer Service, PF: Platform, MC: Motorcycle, AM: Automotive

(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 (14)	303	216	43	48	612
Of which, Outside Directors (4)	25				25
Audit & Supervisory Board Members (7)	77				77
Of which, Audit & Supervisory Board Members (Outside) (3)	18				18
Total	381	216	43	48	689

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 three Directors and three Audit & Supervisory Board Members who retired as at the conclusion of the 80th Ordinary General Meeting of Shareholders held on March 26, 2015.

4. In addition to the remuneration listed above, ¥66 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 2015

Position	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Outside Directors	Tamotsu Adachi	11 out of 13 meetings (84.6%)	-	He stated his opinions based on his ample experience in international business, formulation of management strategy and investment activities, and wide range of insights.
	Takuya Nakata	13 out of 13 meetings (100.0%)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Atsushi Niimi	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)	Isao Endo	12 out of 13 meetings (92.3%)	12 out of 13 meetings (92.3%)	He stated his opinions based on his extensive experience and wide range of insights as a company executive and professor of graduate school.
	Tomomi Yatsu	10 out of 10 meetings (100.0%)*	9 out of 10 meetings (90.0%)*	She stated her opinions based on her high level of expertise as a certified public accountant and lawyer, and an ample experience and wide range of insights acquired through serving as an Outside Audit & Supervisory Board Member of a corporation.

Note: An asterisk (*) indicates conditions after assuming the office on March 26, 2015.

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 2015

1) Remuneration Paid to the Independent Auditor during fiscal 2015:	98 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	124 million yen

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

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

Each of the following principal subsidiaries of the Company contracts another certified public accountant or audit corporation (including a person having an equivalent qualification in the foreign country concerned) for auditing (prescribed by the Corporation Act of Japan or the Financial Instruments and Exchange Act (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) Review of the English translation of the Notice of the Ordinary General Meeting of Shareholders
- 3) Training programs relating to credit risk management

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

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

(5) Business Suspension Penalty Currently Imposed on the Independent Auditor

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

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

3) Grounds for the penalty

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

6. Systems to Ensure Proper Business Operations

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

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

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

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

(3) Rules Relating to Risk Control against Loss

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) Employee to Assist Audit & Supervisory Board Members

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

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

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

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

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

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

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

(15) Rules to Submit a Report to Audit & Supervisory Board Members by the Subsidiaries'

Directors, Audit & Supervisory Board Members, Employees Who Execute Business, Any Other Person in an Equivalent Position and Employees or Any Person Who Received Reports from Aforementioned Persons

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

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

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

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

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

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

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

Note: At the Board of Directors Meeting held on December 23, 2015, the partial amendment to "6. Systems to Ensure Proper Business Operations," was resolved and contents of which have been implemented from January 1, 2016.

7. Overview of the Progress in the Implementation of the Systems to Ensure Proper Business Operations

(1) Status of Initiatives in Respect of Compliance

The Company enhances its Code of Ethics and internal rules such as the Compliance Management Regulations, and has established the Risk Management and Compliance Committee as the organization carrying out deliberation on its compliance measures to regularly carry out activities. Major initiatives in respect of compliance that the Company has carried out in the fiscal year under review include the following.

- Developing a risk management and compliance activity plan that covers the three-year period
- Holding compliance training sessions for all officers and employees of the Company on a regular basis
- Thoroughly implementing the Code of Ethics at the Company and its subsidiaries, and monitoring the progress thereof
- Raising awareness of officers and employees thoroughly on rejecting any relationship with antisocial forces through relevant training sessions, etc., and adding clauses for elimination of antisocial forces into trading agreements
- Implementing an internal reporting system with a third-party organization as the reporting hotline

(2) Status of Initiatives in Respect of Risk Management

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

- Assessing material risks for the Group and determining countermeasure plans
- Conducting training for initial actions taken by the Company and its domestic subsidiaries on the assumption of emergency situations
- Selecting BCP priority operations
- Conducting risk assessment for information management and monitoring in 130 divisions of the Company

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

The Company has stipulated matters to be judged and determined by the Board of Directors and matters to be delegated to the Executive Officers in the Board of Directors Rules and the Decision-making Rules, etc. to ensure the efficient execution of duties by Directors, etc. of the Company and its subsidiaries. In the fiscal year under review, 13 meetings of the Board of Directors and 28 meetings of the Management Committee, comprising Executive Officers with titles, were held. Major initiatives in respect of ensuring the efficiency of the execution of duties that the Company has carried out in the fiscal year under review include the following.

- Determining important management tasks for achieving the objectives set out in the Medium-term Plan, and verifying its status of progress through Management Committee meetings and monthly management seminars, etc.
- Developing the next Medium-term Plan (from 2016 to 2018) of the Group
- Convening meetings of the Global Executive Committee which deliberates on important group management policies and tasks

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

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

review are the following.

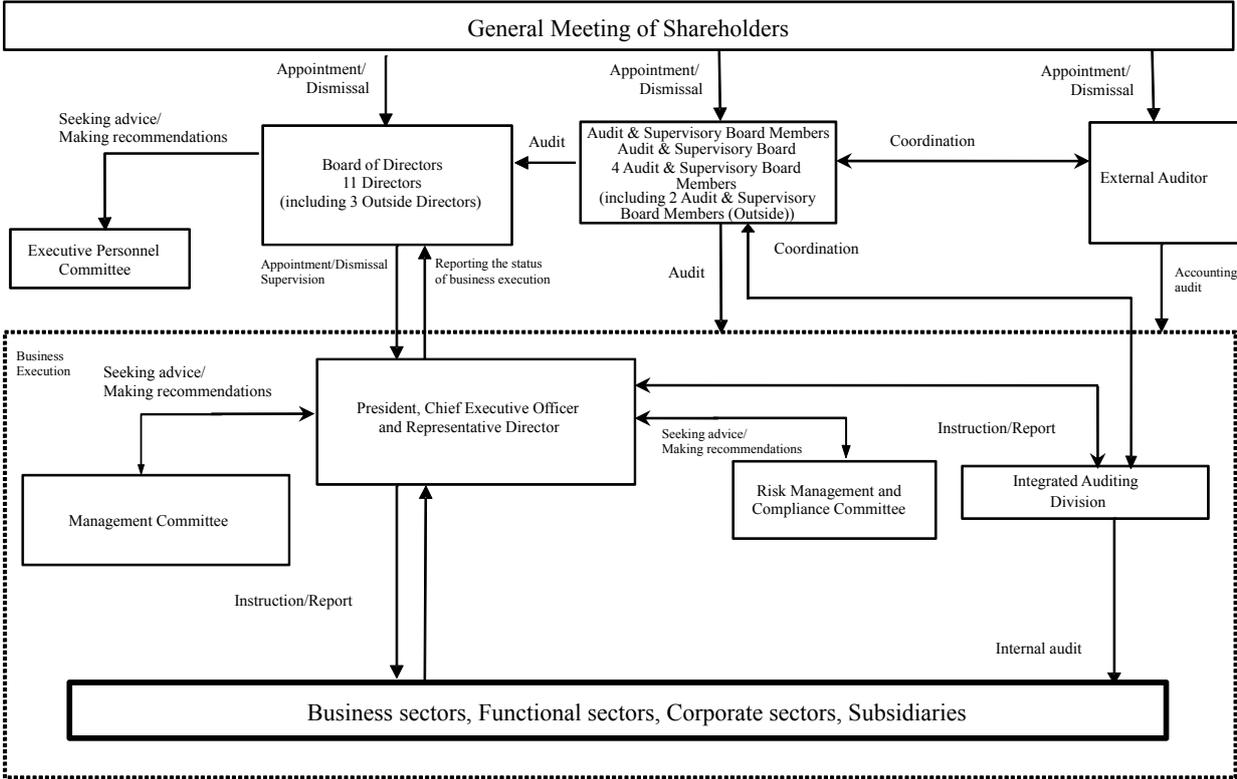
- Reporting by each subsidiary to the Company on matters to be reported in accordance with the Group Companies Management Rules
- Reporting on management conditions of major subsidiaries at the Management Committee meetings, monthly management seminars, and the Executive Committee meetings
- Enhancing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

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

The Company endeavors to develop rules and structure for maintaining and improving the effectiveness of audits conducted by Audit & Supervisory Board Members. In the fiscal year under review, 13 meetings of the Audit & Supervisory Board, comprising 4 Audit & Supervisory Board Members (including 2 Audit & Supervisory Board Members (Outside)), were held. The Audit & Supervisory Board Members' Office, which assists the execution of duties by Audit & Supervisory Board Members, is established with 2 full-time employees. Major initiatives in respect of ensuring the effectiveness of audits by Audit & Supervisory Board Members, which the Company has carried out in the fiscal year under review, include the following.

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

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2015)



8. Basic Policy on Control of the Company

(1) Outline of the Basic Policy

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

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

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

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

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

The Company has attained almost all of the performance targets for the Medium-term Plan commenced in 2013. Furthermore, in December 2015, the Company formulated a new Medium-term Plan that commences in 2016.

Under the new Medium-term Plan (2016-2018), management aims to build on the previous Medium-term Plan (2013-2015), which targeted "increasing corporate value through sustainable growth," by increasing investment for growth and returns to shareholders, while further enhancing the earnings power of existing business and maintaining and strengthening a stable financial foundation.

(Note) Summary of the new Medium-term Plan is described on page 23.

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 Ordinary General Meeting of Shareholders held on March 26, 2013.

The expiry of the Plan is the conclusion of the first meeting of the Board of Directors to be held following the close of the 81st Ordinary General Meeting of Shareholders on March 25, 2016. At its meeting held on December 23, 2015, the Board of Directors adopted a resolution not to continue the Plan after the expiry date.

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 requirements for rationality (to ensure the understanding of the stakeholders such as shareholders and investors) as prescribed in "Guidelines With Respect To Anti Takeover Policy For Securing And Enhancing Corporate Value and Shareholders' Common Interests" made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005. Also, the plan conforms to the opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008.

Consolidated Financial Statements**Consolidated Balance Sheets**

Millions of yen

	As of December 31, 2015	(Reference) As of December 31, 2014
ASSETS		
I. Current assets:		
Cash and deposits	107,617	137,082
Notes and accounts receivable - trade	290,897	265,818
Merchandise and finished goods	202,066	208,093
Work in process	54,075	52,556
Raw materials and supplies	54,627	54,811
Deferred tax assets	27,793	14,555
Other	75,811	83,870
Allowance for doubtful accounts	(11,482)	(14,247)
Total current assets	801,407	802,541
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	99,785	95,363
Machinery, equipment and vehicles, net	106,362	95,774
Land	84,306	86,083
Construction in progress	24,674	40,735
Other, net	25,946	25,889
Total property, plant and equipment	341,075	343,846
2. Intangible assets:		
Leasehold right	5,724	5,583
Other	1,793	1,707
Total intangible assets	7,518	7,290
3. Investments and other assets:		
Investment securities	86,378	78,155
Long-term loans receivable	37,846	46,007
Deferred tax assets	12,362	16,658
Other	19,981	17,257
Allowance for doubtful accounts	(1,334)	(1,717)
Total investments and other assets	155,235	156,361
Total non-current assets	503,828	507,499
Total assets	1,305,236	1,310,040

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2015	(Reference) As of December 31, 2014
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable - trade	113,107	157,601
Electronically recorded obligations - operating	31,980	717
Short-term loans payable	220,692	125,908
Current portion of long-term loans payable	39,160	97,340
Income taxes payable	8,571	6,173
Provision for bonuses	11,542	11,464
Provision for product warranties	20,440	19,533
Other provision	1,426	1,689
Other	93,697	115,737
Total current liabilities	540,620	536,165
II. Non-current liabilities:		
Long-term loans payable	150,295	180,403
Deferred tax liabilities for land revaluation	5,521	6,080
Net defined benefit liability	55,215	61,927
Other provision	434	1,494
Other	21,448	20,744
Total non-current liabilities	232,915	270,650
Total liabilities	773,535	806,815
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,782	85,739
2. Capital surplus	74,698	74,655
3. Retained earnings	390,559	346,284
4. Treasury shares	(709)	(698)
Total shareholders' equity	550,331	505,981
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	23,948	15,029
2. Revaluation reserve for land	11,490	10,931
3. Foreign currency translation adjustment	(85,971)	(58,442)
4. Remeasurements of defined benefit plans	(9,019)	(13,783)
Total accumulated other comprehensive income	(59,552)	(46,264)
III. Subscription rights to shares	11	33
IV. Minority interests	40,910	43,474
Total net assets	531,700	503,224
Total liabilities and net assets	1,305,236	1,310,040

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

Consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2015– December 31, 2015)	Previous Fiscal Year (January 1, 2014– December 31, 2014)
I. Net sales	1,615,350	1,521,207
II. Cost of sales	1,187,927	1,148,357
Gross profit	427,422	372,849
III. Selling, general and administrative expenses	306,986	285,600
Operating income	120,436	87,249
IV. Non-operating income		
Interest income	9,903	7,772
Dividend income	942	856
Share of profit of entities accounted for using equity method	1,672	1,896
Foreign exchange gains	—	5,136
Gain on revaluation of sales finance assets	1,964	—
Sales finance-related income	1,880	480
Other	10,788	10,201
Total non-operating income	27,151	26,344
V. Non-operating expenses		
Interest expenses	7,025	8,048
Foreign exchange losses	9,243	—
Loss on revaluation of sales finance assets	—	695
Other	6,087	7,570
Total non-operating expenses	22,356	16,315
Ordinary income	125,231	97,279
VI. Extraordinary income		
Gain on sales of non-current assets	479	368
Gain on reversal of subscription rights to shares	1	40
Gain on change in equity	—	1,442
Other	35	6
Total extraordinary income	516	1,857
VII. Extraordinary losses		
Loss on sales of non-current assets	1,325	245
Loss on disposal of non-current assets	1,144	971
Impairment loss	315	125
Loss on revision of retirement benefit plan	353	—
Other	8	0
Total extraordinary losses	3,148	1,342
Income before income taxes and minority interests	122,599	97,793
Income taxes - current	34,409	23,771
Income taxes for prior periods	36,793	460
Income taxes - deferred	(17,033)	60
Total income taxes	54,169	24,292
Income before minority interests	68,429	73,500
Minority interests in income	8,406	5,048
Net income	60,023	68,452

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

Consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2015 through December 31, 2015)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,739	74,655	346,284	(698)	505,981
Cumulative effects of changes in accounting policies			1,482		1,482
Restated balance	85,739	74,655	347,767	(698)	507,464
Changes of items during period					
Issuance of new shares	42	42			85
Reversal of revaluation reserve for land			0		0
Dividends of surplus			(16,588)		(16,588)
Net income			60,023		60,023
Increase in consolidated subsidiaries			(643)		(643)
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	42	42	42,792	(10)	42,866
Balance at end of current period	85,782	74,698	390,559	(709)	550,331
	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	15,029	10,931	(58,442)	(13,783)	(46,264)
Cumulative effects of changes in accounting policies					
Restated balance	15,029	10,931	(58,442)	(13,783)	(46,264)
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	8,918	558	(27,529)	4,763	(13,287)
Total changes of items during period	8,918	558	(27,529)	4,763	(13,287)
Balance at end of current period	23,948	11,490	(85,971)	(9,019)	(59,552)
	Subscription rights to shares			Total net assets	
	Subscription rights to shares	Minority interests	Total net assets		
Balance at the beginning of current period	33	43,474	503,224		
Cumulative effects of changes in accounting policies			1,482		
Restated balance	33	43,474	504,707		
Changes in items during the period					
Issuance of new shares			85		
Reversal of revaluation reserve for land			0		
Dividends of surplus			(16,588)		
Net income			60,023		
Increase in consolidated subsidiaries			(643)		
Purchase of treasury shares			(11)		
Disposal of treasury shares			0		
Net changes of items other than shareholders' equity	(21)	(2,564)	(15,873)		
Total changes of items during period	(21)	(2,564)	26,992		
Balance at end of current period	11	40,910	531,700		

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: 106

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, 2015, one newly established company, as well as two non-consolidated subsidiaries and one subsidiary accounted for by the equity method whose significance increased, have been included in the scope of consolidation. Two 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: 3
Yamaha Motor Racing S.r.l. and 2 other subsidiaries

Number of affiliates accounted for by the equity method: 25
Hong Leong Yamaha Motor Sdn. Bhd. and 24 other affiliates

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

Effective from the fiscal year ended December 31, 2015, one subsidiary accounted for by the equity method whose significance increased has been converted into a consolidated subsidiary. One affiliate was excluded from the scope of application of equity method due to sales of shares.

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

The 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 Electronics India PVT. Ltd. and other non-consolidated subsidiaries, and Zhangzidao Yamaha (Dalian) FRP Boat Co., 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.

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

(c) Provision for product warranties

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

4) Accounting methods for retirement benefits

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

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2015, using the benefit formula basis.

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

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

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

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

(a) Accounting treatment of consumption taxes

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

(b) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(c) Amortization of goodwill

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

2. Notes to Changes in Accounting Policies

Effective from the fiscal year ended December 31, 2015, the Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Guidance on Retirement Benefits”), in respect of the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service costs and changed the method of attributing expected retirement benefits to periods from a straight-line basis to a benefit formula basis. At the same time, the Company changed its method for determining the discount rate to one using the multiple discount rates, that reflect each estimated payment period of retirement benefits.

The Retirement Benefits Accounting Standard, etc. was applied, following the transitional measures stipulated under Paragraph 37 of the Retirement Benefits Accounting Standard, and the impact of the changes in calculation methods for retirement benefit obligations and service costs were added to or deducted from retained earnings at the beginning of the fiscal year ended December 31, 2015.

As a result, at the beginning of the fiscal year ended December 31, 2015, net defined benefit liability decreased ¥1,579 million, while retained earnings increased ¥1,482 million. The impact on operating income, ordinary income, and income before income taxes and minority interests for the fiscal year ended December 31, 2015 was minimal.

The impact on per share information is shown in the applicable section.

3. Notes to Changes in Presentation Method

(Consolidated Balance Sheets)

Effective from the fiscal year ended December 31, 2015, “Electronically recorded obligations - operating,” which had been included in “Notes and accounts payable - trade” under current liabilities in the previous fiscal year, is separately presented since its amount exceeded one percent of the total amount of liabilities and net assets.

(Consolidated Statements of Income)

Effective from the fiscal year ended December 31, 2015, “Income taxes for prior periods,” which had been included in “Income taxes - current” in the previous fiscal year, is separately presented due to increased financial importance.

4. Notes to Consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	606,872
(2) Pledged Assets	
Pledged assets are as follows:	
Notes and accounts receivable - trade	3,013
Current assets - Other	9,503
Buildings and structures	113
Land	44
Investment securities	65
<u>Long-term loans receivable</u>	<u>19,261</u>
Total	32,001
Secured liabilities are as follows:	
Short-term loans payable	3,013
Current portion of long-term loans payable	7,046
Long-term loans payable	14,279
<u>Non-current liabilities - Other</u>	<u>291</u>
Total	24,631
(3) Discounts on Notes Receivable - Trade	31

(4) Guarantee Obligations

Guarantee obligations are guarantees for the following subsidiaries’ and affiliates’ loans from financial institutions.

PT. Bussan Auto Finance	11,584
KYB Motorcycle Suspension India Pvt. Ltd.	275
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>175</u>
Total	12,035

The above amounts include amounts arising from acts resembling guarantees of ¥175 million.

(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

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 2015 was below its book value by ¥ 7,277 million.

5. Notes to Consolidated Statements of Income

- (1) Loss on revision of retirement benefit plan is the loss associated with the Company’s partial shift from a defined benefit pension plan to a defined contribution pension plan.
- (2) Income taxes for prior periods is the amount recorded as an additional expense for income taxes related to transactions in previous fiscal years.

6. Notes to Consolidated Statements of Changes in Equity

(1) Type and Number of Outstanding Shares:

Capital stock 349,898,284 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. 26, 2015	Capital stock	8,905	25.50	Dec. 31, 2014	Mar. 27, 2015
Board of Directors Meeting held on Aug. 4, 2015	Capital stock	7,683	22.00	Jun. 30, 2015	Sep. 10, 2015

2) Dividends whose record date falls in FY2015 and whose effective date falls in FY2016

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. 25, 2016	Capital stock	7,683	Retained earnings	22.00	Dec. 31, 2015	Mar. 28, 2016

(3) Subscription Rights to Shares

Subscription rights to shares at December 31, 2015 are as follows.

	Sixth subscription rights to shares (issued on June 15, 2010)
Number of subscription rights to shares	250
Class of shares to be issued or transferred upon exercise of subscription rights to shares	Capital stock
Number of shares to be issued or transferred upon exercise of subscription rights to shares	25,000

7. 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 and electronically recorded obligations - operating, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, 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 may be exposed to risk of interest rate fluctuations.

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

3) Risk management system for financial instruments

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

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

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

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

The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables,

which are certain to be generated as a result of scheduled export transactions. Additionally, interest rate swap transactions may be used to reduce risk of fluctuations in interest paid on borrowings.

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

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

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

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

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

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

(2) Fair Values of Financial Instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2015 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Carrying amount	Fair value	Millions of yen Differences
(1) Cash and deposits	107,617	107,617	—
(2) Notes and accounts receivable - trade Allowance for doubtful accounts (*1)	290,897 (8,379)		
	282,518	282,497	(20)
(3) Investment securities	51,688	51,688	—
(4) Long-term loans receivable Allowance for doubtful accounts (*1)	37,846 (1,320)		
	36,526	42,084	5,557
Total assets	478,351	483,888	5,536
(5) Notes and accounts payable - trade	113,107	113,107	—
(6) Electronically recorded obligations - operating	31,980	31,980	—
(7) Short-term loans payable	220,692	220,692	—
(8) Current portion of long-term loans payable	39,160	39,160	—
(9) Long-term loans payable	150,295	149,605	(690)
Total liabilities	555,235	554,545	(690)
Derivative transactions (*2)	612	612	—

(*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) Electronically recorded obligations - operating, (7) Short-term loans payable, (8) 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.

(9) 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	34,689

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.

8. Notes to Per Share Information

(1) Net Assets per Share 1,405.35 yen

(2) Net Income per Share 171.89 yen

Note: As mentioned in "2. Notes to Changes in Accounting Policies," the Company applied the Retirement Benefits Accounting Standard, etc., following the transitional measures stipulated in Article 37 of the Retirement Benefits Accounting Standard. As a result, net assets per share for the fiscal year ended December 31, 2015 increased 4.25 yen. The impact on net income per share was minimal.

9. Other Notes

Regarding transfer pricing relating to transactions between the Company and its U.S. subsidiaries from the fiscal year ended December 31, 2009 to the fiscal year ended December 31, 2013, an Advance Pricing Agreement (APA) application was made in 2008 based on the U.S.-Japan Tax Treaty to competent authority for taxation regarding determining arm's length price, etc. As a result of subsequent examinations in each country and discussions between the tax authorities of the two countries, an agreement was reached under which the Company's income has been reduced and the income of its U.S. subsidiaries has been increased by the same amount.

Accordingly, because of the emergence of additional corporate taxes to be paid by U.S. subsidiaries, ¥35,568 million has been recorded as "Income taxes for prior periods" in the consolidated statements of income for the fiscal year ended December 31, 2015.

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

Millions of yen

	As of December 31, 2015	(Reference) As of December 31, 2014
ASSETS		
I. Current assets:		
Cash and deposits	11,107	17,155
Notes receivable - trade	4,185	3,977
Accounts receivable - trade	103,665	102,191
Merchandise and finished goods	33,543	33,517
Work in process	20,730	18,944
Raw materials and supplies	15,299	14,798
Prepaid expenses	2,734	1,202
Deferred tax assets	10,337	335
Other	29,405	16,508
Allowance for doubtful accounts	(6,023)	(2,172)
Total current assets	224,986	206,458
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings, net	35,682	31,597
Structures, net	5,016	4,565
Machinery and equipment, net	18,114	13,630
Vessels, net	155	127
Vehicles, net	790	786
Tools, furniture and fixtures, net	8,631	7,367
Land	49,517	49,391
Construction in progress	7,803	11,414
Total property, plant and equipment	125,711	118,881
2. Intangible assets:		
Leasehold right	509	509
Other	173	173
Total intangible assets	683	683
3. Investments and other assets:		
Investment securities	54,946	39,886
Stocks of subsidiaries and affiliates	140,611	140,515
Investment in capital	3	3
Investment in capital of subsidiaries and affiliates	6,899	21,472
Long-term loans receivable	9,433	7,001
Other	724	610
Allowance for doubtful accounts	(1,288)	(1,960)
Total investments and other assets	211,330	207,529
Total non-current assets	337,724	327,093
Total assets	562,711	533,552

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2015	(Reference) As of December 31, 2014
LIABILITIES		
I. Current liabilities:		
Notes payable - trade	3,429	6,110
Electronically recorded obligations - operating	29,020	—
Accounts payable - trade	35,332	61,723
Short-term loans payable	39,967	9,742
Current portion of long-term loans payable	10,000	7,500
Lease obligations	67	112
Accounts payable - other	20,172	26,753
Accrued expenses	4,648	4,386
Income taxes payable	—	219
Advances received	3,171	2,449
Deposits received	2,888	2,686
Provision for bonuses	5,235	5,280
Provision for product warranties	11,632	9,995
Other	768	558
Total current liabilities	166,334	137,519
II. Non-current liabilities:		
Long-term loans payable	65,000	75,000
Lease obligations	862	929
Deferred tax liabilities	5,551	6,683
Deferred tax liabilities for land revaluation	5,521	6,080
Provision for retirement benefits	24,276	27,299
Provision for product liabilities	384	834
Provision for motorcycle recycling costs	—	110
Other	1,347	1,651
Total non-current liabilities	102,943	118,588
Total liabilities	269,278	256,108
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	85,782	85,739
2. Capital surplus		
(1) Legal capital surplus	74,057	74,014
(2) Other capital surplus	640	640
Total capital surplus	74,698	74,655
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	348	334
Retained earnings brought forward	97,848	91,416
Total retained earnings	98,196	91,751
4. Treasury shares	(660)	(651)
Total shareholders' equity	258,017	251,495
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	23,913	14,983
2. Revaluation reserve for land	11,490	10,931
Total valuation and translation adjustments	35,404	25,915
III. Subscription rights to shares		
	11	33
Total net assets	293,432	277,443
Total liabilities and net assets	562,711	533,552

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

Non-consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2015– December 31, 2015)	Previous Fiscal Year (January 1, 2014– December 31, 2014)
I. Net sales	658,971	597,577
II. Cost of sales	543,125	494,194
Gross profit	115,846	103,383
III. Selling, general and administrative expenses	80,702	74,299
Operating income	35,143	29,084
IV. Non-operating income		
Interest income	457	173
Dividend income	29,753	22,392
Foreign exchange gains	—	3,940
Other	1,218	1,570
Total non-operating income	31,429	28,077
V. Non-operating expenses		
Interest expenses	558	886
Contribution	211	233
Foreign exchange losses	704	—
Loss on revaluation of investment in subsidiaries' and affiliates' stock	1,175	—
Loss on revaluation of investment in capital of subsidiaries and affiliates	14,572	—
Other	630	346
Total non-operating expenses	17,853	1,466
Ordinary income	48,720	55,694
VI. Extraordinary income		
Gain on sales of non-current assets	31	39
Gain on sales of investment securities	—	0
Gain on reversal of subscription rights to shares	1	40
Total extraordinary income	32	80
VII. Extraordinary losses		
Loss on sales of non-current assets	77	118
Loss on disposal of non-current assets	550	394
Impairment loss	315	104
Loss on liquidation of subsidiaries and associates	—	0
Transfer pricing taxation adjustment	35,093	—
Loss on revision of retirement benefit plan	353	—
Total extraordinary losses	36,391	617
Income before income taxes	12,361	55,157
Income taxes - current	4,810	5,269
Income taxes - deferred	(14,409)	(399)
Total income taxes	(9,599)	4,870
Net income	21,960	50,286

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

Non-consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2015 through December 31, 2015)

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	85,739	74,014	640	74,655	334
Cumulative effects of changes in accounting policies					
Restated balance	85,739	74,014	640	74,655	334
Changes of items during period					
Issuance of new shares	42	42		42	
Provision of reserve for reduction entry					16
Reversal of reserve for reduction entry					(3)
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	42	42	0	42	13
Balance at end of current period	85,782	74,057	640	74,698	348

	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	91,416	91,751	(651)	251,495
Cumulative effects of changes in accounting policies	1,073	1,073		1,073
Restated balance	92,489	92,824	(651)	252,568
Changes of items during period				
Issuance of new shares				85
Provision of reserve for reduction entry	(16)	0		0
Reversal of reserve for reduction entry	3	0		0
Reversal of revaluation reserve for land	0	0		0
Dividends of surplus	(16,588)	(16,588)		(16,588)
Net income	21,960	21,960		21,960
Purchase of treasury shares			(9)	(9)
Disposal of treasury shares			0	0
Net changes of items other than shareholders' equity				
Total changes of items during period	5,359	5,372	(9)	5,449
Balance at end of current period	97,848	98,196	(660)	258,017

(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	14,983	10,931	25,915	33	277,443
Cumulative effects of changes in accounting policies					1,073
Restated balance	14,983	10,931	25,915	33	278,516
Changes of items during period					
Issuance of new shares					85
Provision of reserve for reduction entry					0
Reversal of reserve for reduction entry					0
Reversal of revaluation reserve for land					0
Dividends of surplus					(16,588)
Net income					21,960
Purchase of treasury shares					(9)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	8,929	558	9,488	(21)	9,467
Total changes of items during period	8,929	558	9,488	(21)	14,915
Balance at end of current period	23,913	11,490	35,404	11	293,432

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

Notes to Non-consolidated Financial Statements

1. Notes regarding Significant Accounting Policies

(1) Asset Valuation

1) Securities

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

Other securities

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

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

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

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

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

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

(2) Depreciation and Amortization of Assets

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

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

2) Intangible assets (excluding leased assets)

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

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

(3) Significant Accruals

1) Allowance for doubtful accounts

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

2) Provision for bonuses

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

3) Provision for product warranties

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

4) Provision for retirement benefits

Provision for retirement benefits is provided mainly at an amount, deemed generated on December 31, 2015, calculated based on the retirement benefit obligations and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gains or losses and unrecognized prior service costs.

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

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2015, using the benefit formula basis.

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

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

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

5) Provision for product liabilities

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

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

1) Consumption taxes

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

2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

3) Accounting methods for retirement benefits

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

2. Notes to Changes in Accounting Policies

Effective from the fiscal year ended December 31, 2015, the Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Guidance on Retirement Benefits”). Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service costs and changed the method of attributing expected retirement benefits to periods from a straight-line basis to a benefit formula basis. At the same time, the Company changed its method for determining the discount rate to one using the multiple discount rates, that reflect each estimated payment period of retirement benefits.

The Retirement Benefits Accounting Standard, etc. was applied, following the transitional measures stipulated under Paragraph 37 of the Retirement Benefits Accounting Standard, and the impact of the changes in calculation methods for retirement benefit obligations and service costs were added to or deducted from retained earnings brought forward at the beginning of the fiscal year ended December 31, 2015.

As a result, at the beginning of the fiscal year ended December 31, 2015, provision for retirement benefits decreased ¥1,073 million, while retained earnings brought forward increased ¥1,073 million. The impact on operating income, ordinary income, and income before income taxes for the fiscal year ended December 31, 2015 was minimal.

The impact on per share information is shown in the applicable section.

3. Notes to Non-consolidated Balance Sheets

	Millions of yen
(1) Accumulated Depreciation of Property, Plant and Equipment	298,971
(2) Pledged Assets	
Stocks of subsidiaries and affiliates	22
Stocks of subsidiaries and affiliates are pledged as collateral for loans from financial institutions made by the subsidiaries and affiliates.	

(3) Receivables from and Payables to Subsidiaries and Affiliates

Short-term receivables:	109,605
Long-term receivables:	9,472
Short-term payables:	26,593
Long-term payables:	862

(4) Guarantee Obligations

Guarantees are given for the following subsidiaries' and affiliates' loans from financial institutions.

India Yamaha Motor Pvt. Ltd.	12,450
PT. Bussan Auto Finance	11,584
Yamaha Motor Pakistan Pvt. Ltd.	577
KYB Motorcycle Suspension India Pvt. Ltd.	275
Yamaha Motor Argentina S.A.	273
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>175</u>
Total	25,337

Guarantee obligations described above include ¥175 million arising from acts resembling guarantees.

(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 non-consolidated balance sheets.

1) Date of revaluation March 31, 2000

2) Method of revaluation

Under Item 4 of Article 2 of the Order For Enforcement on 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 2015 was below its book value by ¥7,277 million.

4. Notes to Non-consolidated Statements of Income

(1) Transactions with subsidiaries and affiliates

	Millions of yen
Net Sales	476,836
Purchases	154,806
Non-operating income	29,682
Non-operating expenses	239

(2) Loss on revaluation of investment in capital of subsidiaries and affiliates is loss on revaluation recognized for investments in capital of subsidiaries.

(3) Transfer pricing taxation adjustment is adjustment payment made by the Company to its U.S. subsidiaries in association with transfer pricing taxation.

(4) Loss on revision of retirement benefit plan is loss associated with the Company's partial shift from a defined benefit pension plan to a defined contribution pension plan.

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

Number of shares in treasury shares at December 31, 2015

	Shares
Capital stock	633,303

6. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss carried forward for tax purposes	45,395
Loss on valuation of securities	29,381
Excess of depreciation	13,190
Provision for retirement benefits	7,712
Provision for product warranties	3,716
Allowance for doubtful accounts	2,316
Other	5,599
Gross deferred tax assets	107,312
Valuation allowance	(92,537)
Total deferred tax assets	14,775
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(9,584)
Reserve for reduction entry	(295)
Other	(110)
Total deferred tax liabilities	(9,990)
Net deferred tax assets	4,785

7. Notes to Transactions with Related Parties

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with related parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal year
Subsidiary	Yamaha Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	40,959	Accounts receivable - trade	7,259
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	105,593	Accounts receivable - trade	13,291
				Transfer pricing taxation adjustment	35,093	-	-
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	58,786	Accounts receivable - trade	9,924
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	86,306	Accounts receivable - trade	9,993
Subsidiary	Yamaha Motor Argentina S.A. (Argentina)	Indirect ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	5,328	Accounts receivable - trade	8,075
Subsidiary	Yamaha Motor da Amazonia Ltda. (Brazil)	Indirect ownership 92.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	11,899	Accounts receivable - trade	4,316
Subsidiary	Yamaha Motor do Brasil Ltda. (Brazil)	Direct ownership 100.0%	Sale of products of the Company	Lending of funds (Note 2)	7,710	Long-term loans receivable	7,710
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 84.9%	Manufacture and sale of products of the Company	Debt guarantee (Note 3)	12,450	-	-
		Indirect ownership 0.1%					
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 3)	11,584	-	-

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

8. Notes to Per Share Information**(1) Net Assets per Share** 840.11 yen**(2) Net Income per Share** 62.88 yen

Note: As mentioned in "2. Notes to Changes in Accounting Policies," the Company applied the Retirement Benefits Accounting Standard, etc. from the fiscal year ended December 31, 2015, following the transitional measures stipulated under Paragraph 37 of the Retirement Benefits Accounting Standard. As a result, net assets per share for the fiscal year ended December 31, 2015 increased 3.07 yen. The impact on net income per share was minimal.

Independent Auditor's Report

February 5, 2016

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, 2015 through December 31, 2015.

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, 2015 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 5, 2016

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 81st fiscal year from January 1, 2015 through December 31, 2015.

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 81st fiscal year ended December 31, 2015 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 8, 2016

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 81st business year, from January 1, 2015 through December 31, 2015, based on audit reports from each Audit & Supervisory Board Member, prepared this Audit Report of the Audit & Supervisory Board. Our audit opinion is as follows.

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

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

duties appropriately.

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

2. Results of Audit

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

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

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

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

(3) Results of the audit of consolidated financial statements

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

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

Hiroshi Ito
Standing Audit & Supervisory Board Member

Kenji Hironaga
Standing Audit & Supervisory Board Member

Isao Endo
Audit & Supervisory Board Member (Outside)

Tomomi Yatsu
Audit & Supervisory Board Member (Outside)

Procedures for Exercising Voting Rights by Electromagnetic Means

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

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 Thursday, March 24, 2016 (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.