

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

Code No: 7272  
March 1, 2018

## Notice of the 83rd 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 83rd 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 22, 2018 (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 77 "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

**1. Date and Time:** Friday, March 23, 2018 at 10:00 a.m. (JST)

**2. Location:** Yamaha Motor Communication Plaza  
2500 Shingai, Iwata-shi, Shizuoka, Japan

### **3. Agenda of the Meeting**

#### **Items to be reported:**

1. Business Report for the 83rd Fiscal Year (from January 1, 2017 through December 31, 2017); Consolidated Financial Statements applicable to the 83rd Fiscal Year (from January 1, 2017 through December 31, 2017); 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 83rd Fiscal Year (from January 1, 2017 through December 31, 2017).

#### **Items to be resolved:**

- Proposed Resolution 1 Appropriation of Surplus
- Proposed Resolution 2 Election of Eleven Directors
- Proposed Resolution 3 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 <https://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 <https://global.yamaha-motor.com/jp/>

## Reference Documents for the 83rd Ordinary General Meeting of Shareholders

### Proposals and Reference Information

#### Proposed Resolution 1 Appropriation of Surplus

Placing a focus on “creating a stable financial foundation, and increasing investments for new growth and stock dividends,” the Company has set the benchmark at a dividend payout ratio of 30% of net income attributable to owners of parent.

The Company proposes to pay a year-end dividend of ¥49 per share for the current fiscal year. Added to the interim dividend (¥39 per share), this gives a total dividend for the year of ¥88 per share.

- (1) Type of dividend property:  
Cash
  
- (2) Distribution of dividend property, and the total amount distributed:  
49 yen per share of common stock  
Total amount: 17,114,599,803 yen
  
- (3) Effective date of distribution:  
March 26, 2018

## Proposed Resolution 2 Election of Eleven Directors

All of the thirteen (13) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes the election of a total of eleven (11) Directors, including two (2) less internal Directors to further accelerate decision making and speed up management.

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	Chairman and Representative Director		
2	Yoshihiro Hidaka	Candidate for reappointment	President and Representative Director President and Chief Executive Officer Chief General Manager in charge of Corporate and Marine		
3	Katsuaki Watanabe	Candidate for reappointment	Representative Director Executive Vice President Chief General Manager in charge of Motorcycle, CS, Market Development, Automotive, and Advanced Technology		
4	Toshizumi Kato	Candidate for reappointment	Director Managing Executive Officer Chief General Manager in charge of Solution and Alliance strategy		
5	Katsuhito Yamaji	Candidate for reappointment	Director Senior Executive Officer Chief General Manager in charge of Manufacturing, Procurement and Powertrain		
6	Makoto Shimamoto	Candidate for reappointment	Director Senior Executive Officer Chief General Manager of Mobility Technology Center Chief General Manager of Vehicle Development and Design		
7	Tatsumi Okawa	New candidate	Executive Officer Chief General Manager of Corporate Planning & Finance Center		
8	Takuya Nakata	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
9	Atsushi Niimi	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
10	Genichi Tamatsuka	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
11	Takehiro Kamigama	New candidate		Outside Director	Independent Outside Officer

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; width: fit-content; margin: 0 auto;">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>March 2007: Executive Officer of the Company</p> <p>January 2009: Chief General Manager of Manufacturing Center 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</p> <p>March 2010: President and Chief Executive Officer of the Company</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 2017: Chief General Manager in charge of Human Resources &amp; General Affairs Center and Chief General Manager in charge of Corporate Planning &amp; Finance Center of the Company</p> <p>March 2017: In charge of Human Resources &amp; General Affairs</p> <p>January 2018: Chairman and Representative Director of the Company (to present)</p> <p>[Significant concurrent positions] Chairman of Japan Marine Industry Association</p> <hr/> <p>- Term of office as a Director: Eight (8) 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 President and Representative Director of the Company since 2010 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>	68,900

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	Yoshihiro Hidaka (July 24, 1963)  <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Candidate for Reappointment</div>	<p>             April 1987: Joined the Company              July 2010: Vice President of Yamaha Motor Corporation, U.S.A.              January 2013: Executive General Manager of 3rd Business Unit, MC Business Operations of the Company              March 2014: Executive Officer of the Company              January 2015: Executive General Manager of 2nd Business Unit, MC Business Operations of the Company              January 2016: Executive General Manager of 1st Business Unit, MC Business Operations and General Manager of Southeast &amp; East Asia Sales Division, 1st Business Unit, MC Business Operations of the Company              January 2017: Chief General Manager of Corporate Planning &amp; Finance Center of the Company              March 2017: Director of the Company              March 2017: Senior Executive Officer of the Company              January 2018: President and Representative Director of the Company (to present)              Chief General Manager in charge of Corporate and Marine (to present)              January 2018: President and Chief Executive Officer of the Company (to present)           </p> <p>             - Term of office as a Director:              One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)              - Attendance at the Board of Directors Meetings (After taking office on March 23, 2017):              10 out of 10 meetings (100%)              - Reasons for the nomination of candidate for Director:              The Company nominated Yoshihiro Hidaka 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 Yamaha Motor Corporation, U.S.A., Executive General Manager of MC Business Unit, Chief General Manager of Corporate Planning &amp; Finance Center of the Company and others, he is highly capable in corporate management that is required to deal with a variety of values and has expertise in the management control and business strategy 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>	8,309

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	Katsuaki Watanabe (November 15, 1959) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 10px;">Candidate for Reappointment</div>	<p>April 1982: Joined the Company</p> <p>January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.</p> <p>January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>November 2010: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2011: Senior Executive Officer of the Company</p> <p>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</p> <p>March 2014: Director of the Company</p> <p>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</p> <p>March 2016: Managing Executive Officer of the Company</p> <p>January 2017: Chief General Manager of MC Business Operations, Chief General Manager in charge of CS Center and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company</p> <p>March 2017: Chief General Manager of MC Business Operations and Chief General Manager in charge of Overseas Market Development Operation Business Unit of the Company</p> <p>March 2017: In charge of CS</p> <p>January 2018: Representative Director of the Company (to present) Chief General Manager in charge of Motorcycle, CS, Market Development, Automotive, and Advanced Technology (to present)</p> <p>January 2018: Executive Vice President of the Company (to present)</p>	22,100

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"> <li>- Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</li> <li>- 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 Manager 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.</li> </ul>																																					
4	<p>Toshizumi Kato (March 24, 1958)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">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> </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</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;">2016:</td> <td style="vertical-align: top;">Chief General Manager of Vehicle &amp; Solution Business Operations and Chief General Manager in charge of Financial Service Business Development Section of the Company</td> </tr> <tr> <td style="vertical-align: top;">March</td> <td style="vertical-align: top;">2016:</td> <td style="vertical-align: top;">Managing Executive Officer of the Company (to present)</td> </tr> <tr> <td style="vertical-align: top;">January</td> <td style="vertical-align: top;">2018:</td> <td style="vertical-align: top;">Chief General Manager in charge of Solution and Alliance strategy (to present)</td> </tr> </table>	June	1986:	Joined the Company	April	2003:	Vice President of IM Company of the Company	January	2005:	Director and President of Yamaha Motor Australia Pty. Limited	March	2007:	President of IM Company of the Company	March	2008:	Executive Officer of the Company	January	2010:	Senior General Manager of Sales Operations, MC Business Operations of the Company	January	2011:	Director and President of Yamaha Motor Corporation, U.S.A.	March	2012:	Senior Executive Officer of the Company	March	2014:	Director of the Company (to present)	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	March	2016:	Managing Executive Officer of the Company (to present)	January	2018:	Chief General Manager in charge of Solution and Alliance strategy (to present)	24,700
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		<ul style="list-style-type: none"> <li>- Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</li> <li>- 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.</li> </ul>																																					



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	Katsuhito Yamaji (November 28, 1958)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Reappointment</div>	<p>April 1982: Joined the Company</p> <p>April 2003: Director of Yamaha Motor da Amazonia Ltda.</p> <p>July 2009: Senior General Manager of Manufacturing and Engineering Section, Technology Center and General Manager of Material Technology Division, Manufacturing and Engineering Section, Technology Center of the Company</p> <p>November 2010: Senior General Manager of EG Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2012: Executive Officer of the Company</p> <p>January 2014: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2015: Senior Executive Officer of the Company (to present)</p> <p>January 2017: Chief General Manager of Manufacturing Center and Chief General Manager in charge of Procurement Center of the Company</p> <p>March 2017: Director of the Company (to present)</p> <p>March 2017: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2017: In charge of Procurement</p> <p>January 2018: Chief General Manager in charge of Manufacturing, Procurement and Powertrain (to present)</p> <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 taking office on March 23, 2017): 10 out of 10 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Katsuhito Yamaji 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 of Yamaha Motor da Amazonia Ltda. (Brazil), Chief General Manager of Manufacturing Center of the Company and others, he is highly capable and has expertise in the manufacturing 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>	14,286

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	Makoto Shimamoto (August 19, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>             April 1983: Joined the Company              January 2007: General Manager of Engine Designing Division, Product Development Section, MC Business Operations of the Company              January 2010: Senior General Manager of Cost Innovation Section, Procurement Center of the Company              January 2012: Director and President of Yamaha Motor Asian Center Co., Ltd.              January 2014: Senior General Manager of PF Model Development Section, PF Model Unit of the Company              March 2014: Executive Officer of the Company              January 2015: Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of the Company              March 2015: Senior Executive Officer of the Company (to present)              January 2017: Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of the Company              March 2017: Director of the Company (to present)              January 2018: Chief General Manager of Vehicle Development and Design (to present)              January 2018: Chief General Manager of Mobility Technology Center (to present)           </p> <p>             - Term of office as a Director:              One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)              - Attendance at the Board of Directors Meetings (After taking office on March 23, 2017):              10 out of 10 meetings (100%)              - Reasons for the nomination of candidate for Director:              The Company nominated Makoto Shimamoto 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 Asian Center Co., Ltd. (Thailand), Chief General Manager of PF Model Unit of the Company and others, he is highly capable and has expertise in the technological 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>	8,017

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
7	Tatsumi Okawa (January 28, 1964) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div>	<p>April 1986: Joined the Company</p> <p>March 2007: Director and President of Yamaha Motor Australia Pty Limited.</p> <p>January 2011: General Manager of Corporate Planning Division, Corporate Planning &amp; Finance Section of the Company</p> <p>October 2012: Executive General Manager of ME Business Unit, Marine Business Operations of the Company</p> <p>March 2014: Executive Officer of the Company (to present)</p> <p>January 2015: Director and President of Yamaha Motor Corporation, U.S.A.</p> <p>January 2016: Director and President of Yamaha Motor Corporation, U.S.A. and Deputy Chief General Manager of Marine Business Operations</p> <p>January 2018: Chief General Manager of Corporate Planning &amp; Finance Center of the Company (to present)</p> <p>- Reasons for the nomination of candidate for Director:            The Company nominated Tatsumi Okawa 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 Executive General Manager of ME Business Unit, Marine Business Operations, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the business management 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>	9,401

[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”

I. Independent Outside Officers may not be:

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

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

II. Individuals, despite being applicable to any of the 2 to 5 above, may be elected as independent outside officers of the company if they, in view of their personality and insight, are believed suitable as independent outside officers of the company on the condition that the individuals meet the requirements of an outside director as required under the Companies Act, and that a public disclosure is made to explain the reasons for electing them as independent outside officers of the company.

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](http://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf)

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	<p data-bbox="327 645 502 705">Takuya Nakata (June 8, 1958)</p> <div data-bbox="300 719 523 768" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div data-bbox="300 779 523 860" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Outside Officer</div> <div data-bbox="300 871 523 952" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="555 293 1236 353">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="555 356 1236 416">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="555 418 1236 448">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="555 450 1236 510">June 2009: Director &amp; Executive Officer of Yamaha Corporation</p> <p data-bbox="555 512 1236 573">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="555 575 1236 636">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="555 638 1236 766">March 2013: Assistant Senior General Manager of Musical Instruments &amp; Audio Products Sale &amp; Marketing Group of Yamaha Corporation</p> <p data-bbox="555 768 1236 828">June 2013: President and Representative Director of Yamaha Corporation</p> <p data-bbox="555 831 1236 891">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="555 893 1236 992">June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)</p> <p data-bbox="555 994 1236 1055">[Significant concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="555 1077 1436 1494"> <ul style="list-style-type: none"> <li>- Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 11 out of 13 meetings (84.6%)</li> <li>- 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 based on his ample experience of management in general gained from his position as the Director, President and Representative Executive Officer of Yamaha Corporation and wide range of insights, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.</li> </ul> </p>	6,800

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
9	<p data-bbox="327 577 502 645">Atsushi Niimi (July 30, 1947)</p> <div data-bbox="300 656 528 705" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div> <div data-bbox="300 719 528 790" style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Outside Officer</div> <div data-bbox="300 804 528 891" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="555 293 1236 353">April 1971: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)</p> <p data-bbox="555 356 1189 387">June 2000: Director of Toyota Motor Corporation</p> <p data-bbox="555 389 1220 450">June 2003: Managing Officer of Toyota Motor Corporation</p> <p data-bbox="555 452 1189 483">June 2004: Director of Toyota Motor Corporation</p> <p data-bbox="555 486 1173 546">June 2005: Senior Managing Director of Toyota Motor Corporation</p> <p data-bbox="555 548 1236 674">June 2009: Executive Vice President, Member of the Board of Toyota Motor Corporation, Outside Member of the Audit &amp; Supervisory Board of JTEKT Corporation</p> <p data-bbox="555 676 1204 736">June 2013: Chairman &amp; Representative Director of JTEKT Corporation</p> <p data-bbox="555 739 1173 799">March 2015: Outside Director of the Company (to present)</p> <p data-bbox="555 801 1157 862">June 2016: Advisor of JTEKT Corporation (to present)</p> <p data-bbox="555 864 1220 925">June 2016: Outside Director of NIPPON SHARYO, LTD. (to present)</p>	0
		<p data-bbox="555 954 1436 1043">- Term of office as a Director: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p data-bbox="555 1046 1093 1106">- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p data-bbox="555 1108 1436 1267">- 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>	

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="300 725 523 786">Genichi Tamatsuka (May 23, 1962)</p> <div data-bbox="300 801 531 846" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="300 862 531 936" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Outside Officer</div> <div data-bbox="300 952 531 1032" style="border: 1px solid black; padding: 2px; text-align: center;">Candidate for Reappointment</div>	<p data-bbox="555 293 1241 1218"> April 1985: Joined ASAHI GLASS CO., LTD.  July 1998: Joined IBM Japan, Ltd.  December 1998: Joined FAST RETAILING CO., LTD.  November 2002: President and Representative Director, and COO of FAST RETAILING CO., LTD.  September 2005: Founder and Representative Director and COO of Revamp Corporation  November 2010: Advisor of Lawson, Inc.  March 2011: Senior Executive Vice President and COO of Lawson, Inc.  May 2012: Member of the Board, Senior Executive Vice President and COO of Lawson, Inc.  May 2013: Member of the Board, Representative Executive Officer and COO of Lawson, Inc.  May 2014: President and CEO, Representative Director of Lawson, Inc.  June 2015: Outside Director of AIG Japan Holdings KK (to present)  June 2016: Chairman and CEO, Representative Director of Lawson, Inc.  March 2017: Outside Director of the Company (to present)  June 2017: President and CEO of Hearts United Group Co., Ltd. (to present)  September 2017: Outside Director of a-dot Co., Ltd. (to present)  October 2017: Outside Director of Raksul, Inc. (to present) </p> <p data-bbox="555 1240 1433 1650"> - Term of office as a Director:  One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)  - Attendance at the Board of Directors Meetings (After taking office on March 23, 2017):  9 out of 10 meetings (90%)  - Reasons for the nomination of candidate for Outside Director:  The Company requests shareholders to elect Genichi Tamatsuka as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management, through his experiences in various managerial positions, including the representative directors of several companies. </p>	1,000

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	Takehiro Kamigama (January 12, 1958)	April 1981: Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)	0
		June 2002: Corporate Officer of TDK Corporation	
		June 2003: Senior Vice President of TDK Corporation	
		June 2004: Director & Executive Vice President of TDK Corporation	
	Outside Director	June 2006: President & Representative Director of TDK Corporation	
	Independent Outside Officer	June 2016: Chairman & Representative Director of TDK Corporation (to present)	
	New candidate	June 2017: Outside Director of OMRON Corporation (to present)	
		<p>- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takehiro Kamigama as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management and technology, through his experiences in various managerial positions, including the representative director of a global company.</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.   |
| Takuya Nakata     | Mr. Nakata is concurrently serving as Director, President and Representative Executive Officer of Yamaha Corporation, a company with which the Company has transactions, such as real estate leases. Transactions between the two companies account for less than 1% of each company's consolidated net sales. |
| Takehiro Kamigama | Mr. Kamigama is concurrently serving as Chairman & Representative Director of TDK Corporation, a company with which the Company has transactions involving supply of raw materials. Transactions between the two companies account for less than 1% of each company's consolidated net sales.                  |

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 Takuya Nakata, Atsushi Niimi and Genichi Tamatsuka 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 intends to continue the liability limitation agreements with them and newly enter into a similar agreement with Takehiro Kamigama.

3. Independent Outside Officers

The Company has registered Takuya Nakata, Atsushi Niimi and Genichi Tamatsuka as Independent Outside Officers according to the regulations provided by the Tokyo Stock Exchange, Inc. In addition, provided that this proposal is approved, the Company has also registered Takehiro Kamigama as an Independent Outside Officers in the Tokyo Stock Exchange. Summary of "Standards for Selecting Independent Outside Officers" is described on page 12.

The reason for electing Takuya Nakata as an independent outside officer (applies to the Company's Standards for Selecting Independent Outside Officers II)

The same Yamaha brand is mutually shared by the Company and Yamaha Corporation in which Takuya Nakata concurrently serves as Director, President and Representative Executive Officer, and the value of this brand constitutes significant element of the corporate value of both companies. As the Company and Yamaha Corporation share the same brand, both companies have an interactive relationship where increase in the brand value by the sustainable growth at either gives positive impact on the other, while conversely, impairment of the brand through violation of laws or lack of governance at either gives significant adverse impact on both companies. Yamaha Corporation best understands the Yamaha brand which serves as the pillar in the management of the Company, sharing common interest with general shareholders of the Company in pursuing the enhancement of the Company's brand value, but without being its major trading partner in the past, and is not listed among its major shareholders any longer since last year. In addition, Mr. Nakata currently provides valuable opinions and advice based on his experience as global corporate manager at the Board of Directors Meetings of the Company. As such, the Company believes that Mr. Nakata, with no likelihood to give rise to any conflicts of interest with general shareholders of the Company, is able to perform his responsibility and duty of supervising the management from an independent standpoint that can maximize the interest of shareholders at both companies.

4. Special matters relating to candidates for Outside Directors

- JTEKT Corporation, where Atsushi Niimi served as an Audit & Supervisory Board Member from June 2009 to June 2013 and served as Chairman from June 2013 to June 2016, 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, BD: Body, CS: Customer Service, AM: Automotive, IM: Intelligent Machinery, EG: Engine, PF: Platform, ME: Marine Engine

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

In order to prepare for the contingency that the number of Audit & Supervisory Board Members could fall below the minimum stipulated in the Corporation Act of Japan, the Company proposes to elect Masatake Yone 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
Masatake Yone (July 8, 1954)	April 1981: Registered as an Attorney	0
	March 1987: Registered as a New York State Attorney	
	July 1987: Joined Mori Sogo (currently Mori Hamada & Matsumoto)	
	January 1989: Partner Attorney of Mori Hamada & Matsumoto (to present)	
	April 2000: Lecturer at Graduate School of International Corporate Strategy, Hitotsubashi University	
	March 2008: Outside Director of GCA Savvian Group Corporation (currently GCA Corporation)	
	April 2011: Vice President of Daini Tokyo Bar Association	
	June 2011: Outside Corporate Auditor of BANDAI NAMCO Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (to present)	
	June 2013: Audit and Supervisory Board Member (External) of Terumo Corporation	
	June 2015: Independent Director (Audit/Supervisory Committee Member) of Terumo Corporation (to present)	
March 2016: Outside Director (Audit & Supervisory Committee Member) of GCA Corporation (to present)		

Notes:

- Matters relating to candidates  
Masatake Yone is a candidate for Substitute Audit & Supervisory Board Member (Outside).
- Special interests between the Company and the candidate  
The candidate has no special interests in the Company.
- Reasons for the nomination of a candidate for Substitute Audit & Supervisory Board Member (Outside)  
The Company requests shareholders to elect Masatake Yone as a Substitute Audit & Supervisory Board Member (Outside) in the belief that he will utilize his ample experience and wide range of insight as an attorney in performing his duty as the Company's Audit & Supervisory Board Member (Outside).
- Summary of details of the liability limitation agreement with the candidate for Substitute Audit & Supervisory Board Member (Outside)  
In the event Masatake Yone assumes the office of Audit & Supervisory Board Member (Outside), the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with him for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.
- Independent Outside Officers  
The Company will register Masatake Yone as Independent Outside Officers 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 12.

## (Reference) Composition of Directors [Schedule after March 23, 2018]

The abilities of Director candidates presented in Proposed Resolution 2 are as follows.

Directors		Field in charge	Corporate Management / Expertise	Manufacturing / Technology / R&D	Sales / Marketing	Accounting / Finance / M&A / IT	Governance / Risk Management / Human Resources	Global Experience
Hiroyuki Yanagi			•	•			•	•
Yoshihiro Hidaka		Marine / Human Resources	•			•	•	•
Katsuaki Watanabe		Motorcycle / Advanced Technology	•	•				•
Toshizumi Kato		Solution			•	•		•
Katsuhito Yamaji		Manufacturing / Procurement		•				•
Makoto Shimamoto		Vehicle Development		•				•
Tatsumi Okawa	(New)	Planning / Finance			•	•		•
Takuya Nakata	Outside		•		•		•	•
Atsushi Niimi	Outside		•	•			•	•
Genichi Tamatsuka	Outside		•		•		•	•
Takehiro Kamigama	Outside (New)		•	•			•	•

(Attached Documents)

## Business Report

(From January 1, 2017 to December 31, 2017)

### 1. Current Conditions of the Yamaha Motor Group

#### (1) Business Developments and Results

During the year ended December 31, 2017 (fiscal 2017), the global economy continued to recover at a moderate pace, amid a sense of uncertainty over the future caused by geopolitical risks. In developed markets, the economic recovery continued in the U.S. and Europe against a backdrop of expanding consumer spending and exports, and in emerging markets domestic demands improved due to the recovery of resource prices. In addition, foreign exchange trends also remained stable during the year.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review rose ¥167.3 billion, or 11.1%, year on year, to ¥1,670.1 billion, and the Company achieved its highest ever operating income, ordinary income, and net income attributable to owners of parent. Operating income rose ¥41.2 billion, or 37.9%, to ¥149.8 billion, ordinary income rose ¥52.8 billion, or 51.7%, to ¥154.8 billion, and net income attributable to owners of parent rose ¥38.5 billion, or 60.9%, to ¥101.6 billion. Exchange rates for the fiscal year were ¥112 to the U.S. dollar (a depreciation of ¥3, from the previous fiscal year) and ¥127 to the euro (a depreciation of ¥7).

Net sales increased partly due to favorable sales of motorcycles in ASEAN countries, and outboard motors and industrial robots in North America, in addition to the effects of depreciation of yen.

Operating income increased not only due to improved net sales, but also improvement of profitability, including increased sales of higher-priced products, and cost reductions using development methods for platform and global models in the Motorcycles business, etc. and manufacturing methods such as theoretical-value-based production that absorbed the increase in expenses.

In terms of financial position, the ratio of net income attributable to owners of parent to net sales was 6.1% (a year on year increase of 1.9%), total asset turnover was 1.22 (a year on year increase of 0.08) while the Company expanded the financial business, shareholders' equity was ¥622.8 billion (an increase of ¥88.6 billion compared with the end of the previous fiscal year), and shareholders' equity ratio was 44.0% (a year on year increase of 3.5%). As a result, ROE was 17.6% (a year on year increase of 5.2%). In addition, free cash flow (including sales finance) was positive ¥73.1 billion (a year on year decline of ¥23.5 billion).

The status of each business is as follows.

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

Net sales rose ¥115.1 billion, or 12.4%, year on year, to ¥1,045.2 billion, and operating income rose ¥32.9 billion, or 91.4%, year on year, to ¥68.8 billion.

Unit sales increased in countries such as the Philippines, Thailand, Taiwan and Vietnam, and declined in developed markets, Indonesia, and other countries, leading to unit sales of approximately 5.4 million across the business as a whole, the largest year-on-year increase since 2011. As a result, net sales increased, and operating income rose significantly due to expanded sales of higher-priced products in ASEAN countries, Brazil, and other emerging markets as well as the effects of cost reductions.

While maintaining the increased profitability from platform models in ASEAN countries, the Company shall release models that will command a strong presence in each market. In addition, in developed markets, the Company shall create new demand, while rolling out models that leverage the unique characteristics of the Yamaha brand, and marketing that embodies the unique style of Yamaha.

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

Net sales rose ¥26.6 billion, or 9.0%, year on year, to ¥323.8 billion, and operating income rose ¥4.1 billion, or 7.4%, to ¥59.5 billion.

Unit sales of outboard motors and personal watercraft increased year on year, while in the boat business, the Company is proceeding with the acquisition of a boat builder in Europe following acquisitions in the U.S., and the number of units produced increased. As a result, net sales rose, and operating income also increased, partly because the model mix improved owing to expanded sales of large models of outboard motors in North America and Europe.

In addition, the Company is creating a business model for the future aimed at becoming a system supplier, including acquiring boat peripheral device manufacturers in North America.

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

Net sales declined ¥0.7 billion, or 0.5%, year on year, to ¥151.6 billion, and operating loss was ¥1.5 billion, against operating income of ¥4.5 billion in the fiscal year ended December 31, 2016.

ROV inventory adjustments were completed, and their effects led to a decline in sales and profits.

The Company shall implement new product strategies and expand the market sectors in which it operates.

Industrial machinery and robots [Main products: Surface mounters and industrial robots]

Net sales rose ¥20.7 billion, or 44.2%, year on year, to ¥67.6 billion, and operating income rose ¥8.1 billion, or 107.0%, to ¥15.6 billion.

A new plant began operating in March, and unit sales of surface mounters and industrial robots rose significantly, which led to an increase in sales and profits.

In the surface mounters business, the Company shall provide customers with more high-efficiency solutions, as it has developed a product line-up that covers products ranging from the ultra-high-speed sector to the high-speed sector, which has a large market size.

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

Net sales rose ¥5.5 billion, or 7.2%, year on year, to ¥81.8 billion, and operating income rose ¥2.1 billion, or 41.0%, to ¥7.3 billion.

Unit sales of electrically power assisted bicycles increased in Japan, and exports of the E-kits (drive unit for electrically power assisted bicycles) to Europe also rose significantly, leading to an increase in sales and

profits.

Looking ahead, the Company shall further broaden its customer base as it increases its customers among elderly people, housewives with children, and students, while also focusing on developing new sports markets.

## **(2) Capital Expenditures**

The Group made investments of ¥56.5 billion in total during fiscal 2017.

In the motorcycle business, investments of ¥31.2 billion were made for new products and research and development in Japan and overseas, and enhancement of production capacity in India. In the marine products business, investments of ¥12.2 billion were made for new products and enhancing domestic production capacity. In the power products business, investments of ¥9.1 billion were made mainly for new products of recreational off-highway vehicles (ROVs) and developing new products of multi-purpose engines resulting from technology transfer. In the industrial machinery and robots business, investments of ¥0.4 billion were made mainly for new products. In the other products business, investments of ¥3.6 billion were made mainly for research and development of automobile engines and electrically power assisted bicycles.

## **(3) Fund Raising**

Nothing to be especially reported.

#### **(4) Key Priorities the Group Must Address**

The Company is making efforts in line with the Medium-term Plan (2016-2018) with a long-term vision of becoming “a unique company that continues to achieve dynamic milestones.”

In 2018, the final year of the Medium-term Plan, the Company endeavors to continuously secure stable profits, and to enrich investment for growth and returns to shareholders. The Company will also work on developing the new long-term vision and the next Medium-term Plan. The Company also plans to include specific measures for growth towards the next major milestone in the long-term vision.

##### **■ Enhancing brand value**

In order to achieve our corporate management goal of further enhancing and refining the value of Yamaha brand, we will bring the “unique style of Yamaha” into every process of our corporate activities and business activities.

##### **■ Enhancing earnings power and financial strength**

The Company will lay the path for sales growth and put itself on track while maintaining and enhancing profitability and financial position. The Company will further advance SCM reform and create a stable cash flow. This will maintain profit levels while increasing investment in growth.

##### **■ Increasing product competitiveness**

In 2017, the Company released 110 new models that incorporate the unique style of the Yamaha brand to the market, including platform models and global models. In 2018, the Company will release the remaining 90 out of 270 models planned for the 3 years, and promote the development of next-generation new platforms.

##### **■ Pursuing growth strategies**

In existing businesses, the Company is expanding the world of mobility with new values of the Leaning Multi Wheels (LMW), and promoting the marine system supplier strategy. The Company will seek new business opportunities with an awareness of the shift from “tangibles” to “intangibles,” and increase the speed of development. The Company will also invest in new value creation, such as new business development and the field of robotics, including new methods such as the use of partnerships, venture investment, and M&As. In addition, the Company will further refine technologies accumulated with electrically power assisted bicycles and electric scooters as preparation for electrification of small motorcycles.

##### **■ Creating an organization and human resources**

The Company will aim to shape an organization and human resources that embody the Yamaha brand. The Company will further focus on expansion of a program for global personnel development, vitalization of the organization, promotion of diversity, and developing a comfortable workplace for women.

##### **■ Harmony with stakeholders, local communities and society, and the environment**

The Company firmly believes that it is its corporate social responsibility to contribute to society through businesses, and aims to achieve growth while emphasizing on communication with stakeholders and maintaining harmony with local communities, societies, and the environment. In addition, the Company has participated in the United Nations Global Compact since 2017. The Company will continue to practice the initiatives to solve social problems in various market countries and regions.

We would appreciate our shareholders’ continued support.



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

Millions of yen, except net income per share

Items	80th Fiscal Year (Jan. 1, 2014 – Dec. 31, 2014)	81st Fiscal Year (Jan. 1, 2015 – Dec. 31, 2015)	82nd Fiscal Year (Jan. 1, 2016 – Dec. 31, 2016)	83rd Fiscal Year (Jan. 1, 2017 – Dec. 31, 2017)
Net sales	1,521,207	1,631,158	1,502,834	1,670,090
Operating income	87,249	130,329	108,594	149,782
Ordinary income	97,279	125,231	102,073	154,826
Net income attributable to owners of parent	68,452	60,023	63,153	101,603
Net income per share (yen)	196.06	171.89	180.84	290.93
Total assets	1,310,040	1,305,236	1,318,776	1,415,845
Net assets	503,224	531,700	575,404	665,232

(Reference) Forecast for the 84th fiscal year (January 1, 2018 through December 31, 2018)

In the fiscal year ending December 31, 2018, the Company expects business environment will be uncertain. Still, considering market conditions and demand trends, the Company plans to maintain stable profits while steadily implementing medium-term initiatives. Consolidated financial results forecast is as follows.

	Billions of yen	
	Forecast	Year-on-year changes
Net sales	1,700.0	+29.9, 1.8%
Operating income	150.0	+0.2, 0.1%
Ordinary income	155.0	+0.2, 0.1%
Net income attributable to owners of parent	103.0	+1.4, 1.4%

[Exchange rates] ¥105 to the U.S. dollar (an appreciation of ¥7 from the previous fiscal year), and ¥130 to the euro (a depreciation of ¥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	185,308 thousand U.S. dollars	100.0	Marketing of motorcycles, outboard motors, personal watercraft, boats, ATVs, recreational off-highway vehicles, snowmobiles, generators and surface mounters
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, boats, ATVs, golf cars, snowmobiles and surface mounters
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
India Yamaha Motor Pvt. Ltd.	India	13,333,591 thousand Indian rupees	*85.0	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd.	Taiwan	2,395,600 thousand new Taiwan dollars	*51.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.7	Manufacture and marketing of motorcycles, outboard motors and golf cars
Yamaha Motor do Brasil Ltda.	Brazil	724,324 thousand Brazilian reals	100.0	Marketing of motorcycles and outboard motors

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	
Fukuroi Technology Center	
Arai Site	Kosai-shi, Shizuoka

Note: The Hamamatsu IM Site has been renamed as the Hamamatsu Robotics Site from February 1, 2018.

## 2) Subsidiaries

Subsidiaries of the Company are as described on page 26 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

**(8) Employees**

Segments	Number of employees	Annual change
Motorcycles	41,885	(152)
Marine products	5,536	+291
Power products	2,694	+195
Industrial machinery and robots	962	+12
Others	2,502	+83
Total	53,579	+429

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

**(9) Principal Lenders and Loan Balances**

Lenders	Loan balances	Millions of yen
Mizuho Bank, Ltd.	67,149	
Sumitomo Mitsui Banking Corporation	47,743	
Sumitomo Mitsui Trust Bank, Limited	30,000	
The Shizuoka Bank, Ltd.	25,476	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,346	

## 2. The Company's Stocks

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

(2) **Number of Shares Outstanding:** 349,914,284 (including 636,737 shares of treasury shares)

(3) **Number of Shareholders:** 34,566

### (4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	34,642	9.92
The Master Trust Bank of Japan, Ltd. (trust account)	33,715	9.65
Japan Trustee Services Bank, Ltd. (trust account)	19,368	5.55
State Street Bank & Trust Company	17,866	5.12
Toyota Motor Corporation	12,500	3.58
Mitsui & Co., Ltd.	8,586	2.46
Mizuho Bank, Ltd.	8,277	2.37
Japan Trustee Services Bank, Ltd. (trust account 9)	8,123	2.33
The Shizuoka Bank, Ltd.	5,649	1.62
Japan Trustee Services Bank, Ltd. (trust account 5)	5,385	1.54

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	33,447	22,872
Financial institutions	108	132,462
Other domestic companies	276	65,008
Foreigners	698	112,260
Securities companies	37	17,311

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

## 3. The Company's Subscription Rights to Shares

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	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 Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of Engine Unit, Chief General Manager in charge of AM Business Unit, In charge of Technology	
Director and Managing Executive Officer	Masahiro Takizawa	Chief General Manager of New Business Development Center, Senior General Manager of NV Business Development Section, New Business Development Center	
Director and Managing Executive Officer	Katsuaki Watanabe	Chief General Manager of MC Business Operations, Chief General Manager in charge of Overseas Market Development Operation Business Unit, In charge of CS	
Director and Managing Executive Officer	Toshizumi Kato	Chief General Manager of Vehicle & Solution Business Operations, Chief General Manager in charge of Financial Service Business Development Section	
Director and Senior Executive Officer	Yoichiro Kojima	Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center, Deputy Chief General Manager of MC Business Operations	
Director and Senior Executive Officer	* Katsuhito Yamaji	Chief General Manager of Manufacturing Center, In charge of Procurement	

Director and Senior Executive Officer	* Makoto Shimamoto	Chief General Manager of Technology Center, Chief General Manager of PF Model Unit	
Director and Senior Executive Officer	* Yoshihiro Hidaka	Chief General Manager of Corporate Planning & Finance Center	
Outside Director	Tamotsu Adachi		Representative Director and President, CEO of Benesse Holdings, Inc. Senior Advisor of Carlyle Japan LLC
Outside Director	Takuya Nakata		Director, President and Representative Executive Officer of Yamaha Corporation President of Yamaha Music Foundation
Outside Director	Atsushi Niimi		Advisor of JTEKT Corporation Outside Director of NIPPON SHARYO, LTD.
Outside Director	* Genichi Tamatsuka		President and CEO of Hearts United Group Co., Ltd. Outside Director of AIG Japan Holdings KK Outside Director of a-dot co., Ltd Outside Director of Raksul, Inc.
Standing Audit & Supervisory Board Member	Hiroshi Ito		
Standing Audit & Supervisory Board Member	Kenji Hironaga		
Audit & Supervisory Board Member (Outside)	Tomomi Yatsu		Partner of TMI Associates Outside Executive Director of SMBC Nikko Securities Inc. Outside Audit & Supervisory Board Member of IHI Corporation
Audit & Supervisory Board Member (Outside)	* Masahiko Ikaga		President of Masahiko Ikaga Certified Public Accounting Office Representative Director of PrajnaLink Co., Ltd. External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. Outside Director of RYOBI LIMITED

- Notes: 1. The Company has registered Directors Tamotsu Adachi, Takuya Nakata, Atsushi Niimi and Genichi Tamatsuka, and Audit & Supervisory Board Members Tomomi Yatsu and Masahiko Ikaga as Independent Outside Officers under the regulations provided by the Tokyo Stock Exchange. Summary of “Standards for Selecting Independent Outside Officers” is described on page 12.
2. Changes of Directors and Audit & Supervisory Board Members during fiscal 2017  
\* indicates newly appointed Directors and Audit & Supervisory Board Members elected at the 82nd Ordinary General Meeting of Shareholders held on March 23, 2017.
3. Special relationship with the organizations at which Outside Directors and Audit & Supervisory Board Members (Outside) hold significant concurrent positions  
Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 9.9% of the Company’s shares, and the Company has real estate lease transactions, etc., with the said company. Ratios of transaction amount to consolidated net sales of both companies are less than 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 Members Tomomi Yatsu and Masahiko Ikaga are certified public accountants and have considerable knowledge of finance and accounting.
6. 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

(TRANSLATION ONLY)

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.

7. Abbreviations: AM: Automotive, NV: New Venture, MC: Motorcycle, CS: Customer Service, NLV: New Land Vehicle, PF: Platform

**(2) Changes of Directors after Fiscal 2017**

Changes in responsibilities

(As of January 1, 2018)

Name	After the change	Before the change
Hiroyuki Yanagi	Chairman and Representative Director	President and Representative Director, President and Chief Executive Officer, In charge of Human Resources & General Affairs
Yoshihiro Hidaka	President and Representative Director, President and Chief Executive Officer, Chief General Manager in charge of Corporate and Marine	Director, Senior Executive Officer, Chief General Manager of Corporate Planning & Finance Center
Katsuaki Watanabe	Representative Director, Executive Vice President, Chief General Manager in charge of MC, CS, Market Development, Automotive, and Advanced Technology	Director, Managing Executive Officer, Chief General Manager of MC Business Operations, Chief General Manager in charge of Overseas Market Development Operation Business Unit, In charge of CS
Takaaki Kimura	Director, Executive Vice President, Assistant to President	Representative Director, Executive Vice President, Chief General Manager of Marine Business Operations, Chief General Manager in charge of Design Center, Chief General Manager in charge of Engine Unit, Chief General Manager in charge of AM Business Unit, In charge of Technology
Masahiro Takizawa	Director, Managing Executive Officer, Assistant to President	Director, Managing Executive Officer, Chief General Manager of New Business Development Center, Senior General Manager of NV Business Development Section, New Business Development Center
Toshizumi Kato	Director, Managing Executive Officer, Chief General Manager in charge of Solution and Alliance Strategy	Director, Managing Executive Officer, Chief General Manager of Vehicle & Solution Business Operations, Chief General Manager in charge of Financial Service Business Development Section
Yoichiro Kojima	Director, Senior Executive Officer, Director and Chairman of Yamaha Motor Europe N.V.	Director, Senior Executive Officer, Deputy Chief General Manager of New Business Development Center, Senior General Manager of NLV Business Development Section, New Business Development Center, Deputy Chief General Manager of MC Business Operations



Katsuhito Yamaji	Director, Senior Executive Officer, Chief General Manager in charge of Manufacturing, Procurement and Powertrain	Director, Senior Executive Officer, Chief General Manager of Manufacturing Center, In charge of Procurement
Makoto Shimamoto	Director, Senior Executive Officer, Chief General Manager of Mobility Technology Center, Chief General Manager in charge of Vehicle Development and Design	Director, Senior Executive Officer, Chief General Manager of Technology Center, Chief General Manager of PF Model Unit

Note: Abbreviations: MC: Motorcycle, CS: Customer Service, AM: Automotive, NV: New Venture, NLV: New Land Vehicle, PF: Platform

**(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, 2017, the Company is served by 28 Executive Officers comprising the aforementioned 9 concurrently serving as Directors and following 19 others.

Name	Position	Responsibilities
Hiroaki Fujita	Senior Executive Officer	Director and President of Yamaha Motor India Pvt. Ltd.
Masaru Ono	Senior Executive Officer	Chief General Manager of CS Center
Masahiro Inoue	Senior Executive Officer	Chief General Manager of Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit
Junzo Saitoh	Senior Executive Officer	Chief General Manager of Human Resources & General Affairs Center
Masaki Asano	Executive Officer	Director and President of Yamaha Motor India Sales Private Ltd.
Yoshitaka Noda	Executive Officer	Chief General Manager of Engine Unit
Kazuhiro Kuwata	Executive Officer	Director and President of Yamaha Motor Europe N.V.
Tatsumi Okawa	Executive Officer	Director and President of Yamaha Motor Corporation, U.S.A., Deputy Chief General Manager of Marine Business Operations
Akihiro Nagaya	Executive Officer	Chief General Manager of Design Center
Heiji Maruyama	Executive Officer	Deputy Chief General Manager of Engine Unit, Senior General Manager of Engine Development Section, Engine Unit, Executive General Manager of AM Business Unit
Hirofumi Usui	Executive Officer	Senior General Manager of Marine Business Section, Marine Business Operations
Satohiko Matsuyama	Executive Officer	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations
Minoru Morimoto	Executive Officer	Director and President of PT. Yamaha Indonesia Motor Manufacturing
Yasuo Tanaka	Executive Officer	Senior General Manager of After Sales Section, CS Center, In charge of Corporate Quality Assurance, CS Center
Motofumi Shitara	Executive Officer	Deputy Chief General Manager of Corporate Planning & Finance Center
Eric de Seynes	Executive Officer	COO of Yamaha Motor Europe N.V.
Dyonisius Beti	Executive Officer	COO of PT. Yamaha Indonesia Motor Manufacturing
Toshihiro Nozue	Executive Officer	Executive General Manager of ME Business Unit, Marine Business Operations
Satoshi Hirose	Executive Officer	Deputy Chief General Manager of Manufacturing Center, Senior General Manager of EG Manufacturing Section, Manufacturing Center

Note: Abbreviations: CS: Customer Service, PF: Platform, AM: Automotive, RV: Recreational Vehicles, ME: Marine Engine, EG: Engine

**(4) Changes of Executive Officers after Fiscal 2017**

Changes in responsibilities

(As of January 1, 2018)

Name	After the change	Before the change
Hiroaki Fujita	Chief General Manager of Advanced Technology Center, Senior General Manager of New Venture Business Development Section, Advanced Technology Center, Chief General Manager of Solution Business Operations	Director and President of Yamaha Motor India Pvt. Ltd.
Masaru Ono	Assistant to President	Chief General Manager of CS Center
Masahiro Inoue	Chief General Manager of Procurement Center	Chief General Manager of Procurement Center, Senior General Manager of Cost Innovation Section, PF Model Unit
Masaki Asano	Assistant to President	Director and President of Yamaha Motor India Sales Private Ltd.
Yoshitaka Noda	Chief General Manager of Powertrain Unit	Chief General Manager of Engine Unit
Kazuhiro Kuwata	Director and President of Yamaha Motor Corporation, U.S.A.	Director and President of Yamaha Motor Europe N.V.
Tatsumi Okawa	Chief General Manager of Corporate Planning & Finance Center	Director and President of Yamaha Motor Corporation, U.S.A., Deputy Chief General Manager of Marine Business Operations
Heiji Maruyama	Deputy Chief General Manager of Powertrain Unit, Chief General Manager in charge of AM Business, Chief General Manager in charge of NLV Business Development	Deputy Chief General Manager of Engine Unit, Senior General Manager of Engine Development Section, Engine Unit, Executive General Manager of AM Business Unit
Hirofumi Usui	Chief General Manager of Marine Business Operations, Executive Chief General Manager of Marine Business Unit, Marine Business Operations	Senior General Manager of Marine Business Section, Marine Business Operations
Satohiko Matsuyama	Chief General Manager of Manufacturing Center	Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations
Yasuo Tanaka	Chief General Manager of CS Center	Senior General Manager of After Sales Section, CS Center, In charge of Corporate Quality Assurance, CS Center
Motofumi Shitara	Director and President of Yamaha Motor India Pvt. Ltd., Director and President of Yamaha Motor India Sales Private Ltd.	Deputy Chief General Manager of Corporate Planning & Finance Center
Eric de Seynes	Director and President of Yamaha Motor Europe N.V.	COO of Yamaha Motor Europe N.V.

Note: Abbreviations: NV: New Venture, CS: Customer Service, PF: Platform, AM: Automotive, NLV: New Land Vehicle, RV: Recreational Vehicles

**(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 attributable to owners of parent of the previous fiscal year, which is calculated correlating with net income attributable to owners of parent 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 (15)	326	335	32	54	749
Of which, Outside Directors (4)	33				33
Audit & Supervisory Board Members (5)	77				77
Of which, Audit & Supervisory Board Members (Outside) (3)	18				18
Total	404	335	32	54	827

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 figures include 2 Directors and 1 Audit & Supervisory Board Member who retired at the conclusion of the 82nd Ordinary General Meeting of Shareholders held on March 23, 2017.

4. In addition to the remuneration listed above, ¥85 million was paid as salaries to Directors who serve concurrently as employees.

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

Principal activities during fiscal 2017

Position	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Outside Directors	Tamotsu Adachi	10 out of 13 meetings (76.9 %)	-	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	11 out of 13 meetings (84.6 %)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights.
	Atsushi Niimi	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.
	Genichi Tamatsuka	* 9 out of 10 meetings (90.0%)	-	He stated his opinions based on his wide range of insights and his ample experience of management in general, gained through his experiences in various managerial positions, including the representative directors of several companies.
Audit & Supervisory Board Members (Outside)	Tomomi Yatsu	12 out of 13 meetings (92.3%)	13 out of 13 meetings (100.0%)	She stated her opinions based on her high level of expertise as a lawyer and certified public accountant, and ample knowledge and experience as an outside officer of a corporation.
	Masahiko Ikaga	* 9 out of 10 meetings (90.0%)	* 9 out of 10 meetings (90.0%)	He stated his opinions based on his high level of expertise as a certified public accountant, and ample knowledge and experience as a company executive and an outside officer of a corporation.

\* Attendance after their appointments on March 23, 2017.

## 5. Independent Auditor

### (1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

### (2) Remuneration Paid to the Independent Auditor during Fiscal 2017

1) Remuneration paid to the Independent Auditor during fiscal 2017:	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, or 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., India Yamaha Motor Pvt. Ltd., Yamaha Motor Taiwan Co., 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 English translation of Notices of Ordinary General Meeting of Shareholders
- 2) Review of English translation of annual reports

### (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 Imposed on the Independent Auditor over the Last Two Years

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 provide 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.

## **7. Overview of the Implementation Status 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 that gathers regularly to carry out deliberation on compliance measures of the Company. Major compliance activities of the Company during the fiscal year under review are as follows.

- Holding compliance training sessions for all officers and employees of the Company on a regular basis
- Penetrating the Code of Ethics through the Company and its subsidiaries, and monitoring the progress of the penetration
- Verifying the identification of business partners in order to break off any relationship with antisocial forces, and adding clauses for the elimination of antisocial forces into trading agreements, etc.
- Implementing an internal reporting system having a reporting hotline by a third-party organization

### **(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 measures related to risk management. Major initiatives concerning risk management that the Company has carried out in the fiscal year under review are as follows.

- Based on the assessment of risks by the Company and its subsidiaries, etc., identifying material risks for the Group and monitoring the status of countermeasures
- If some issues arise in the Company or its subsidiaries, they will be notified to the risk management supervising section in accordance with the Rules for Initial Response to an Emergency, and emergency countermeasure structure shall be established in a timely manner, based on the assessment of the impact on the Group management.
- Conducting risk assessment for information management and monitoring in 140 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 24 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 progress through the Management Committee meetings and monthly management seminars, etc.
- Confirming the status of execution of the annual budget at the monthly Executive Committee meetings
- Convening meetings of the Global Executive Committee which deliberates on important group management policies and tasks
- With the aim of helping Outside Directors collect adequate information without impairing their independence, convening regular meetings comprising Outside Directors and Outside Audit & Supervisory Board Members to exchange their opinions

### **(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 and operating 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 the Board of Directors**

The Company analyzes and evaluates the Board of Directors as a whole on a yearly basis for maintaining and improving its effectiveness. In the fiscal year under review, the Company carried out the evaluation on the effectiveness of the Board of Directors through following processes.

- Survey by to all Board of Directors Members including Outside Directors and Audit & Supervisory Board Members (Outside) based on seven evaluation perspectives regarding the aim of the Board of Directors.

(Evaluation perspectives)

- 1) Roles and responsibilities of Directors and the Board of Directors
  - 2) Relationships between the Board of Directors and senior management (Executive Officers)
  - 3) Organizational design and composition of the Board of Directors, etc.
  - 4) Qualifications held and knowledge of Directors and the Board of Directors
  - 5) Deliberation at the Board of Directors Meetings
  - 6) Relationships and dialogue with shareholders
  - 7) Dealing with stakeholders other than shareholders
- Analyze the survey results and confirm the status of improvement, compared with the previous year's evaluation
  - Share the results of the evaluation of effectiveness and deliberate on the issues to be addressed at the Board of Directors Meetings based on the results of the analysis

The following is a summary of the results of evaluation of effectiveness of the Board of Directors for the fiscal year under review, conducted based on the above processes.

It was confirmed that the Board of Directors of the Company continued to proactively hold effective discussions and implement initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth, and its effectiveness had been sufficiently assured.

In particular, it was highly evaluated that Directors have been actively stating their opinions on matters other than their own responsibilities in order to fulfill their roles and responsibilities to supervise Directors mutually and the management, and that opinions of Outside Directors and Audit & Supervisory Board Members (Outside) have been duly respected. It was also confirmed that key issues regarding the Company's management strategy have been appropriately discussed.

The Company will continue to push ahead with constant improvement measures to address the issues highlighted based on the evaluation, and in order to make effort for further enhancement of effectiveness, the Company has decided to establish rules on how third parties are involved in the evaluation process, and conduct evaluation of effectiveness including third party organizations for the second time next year.

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

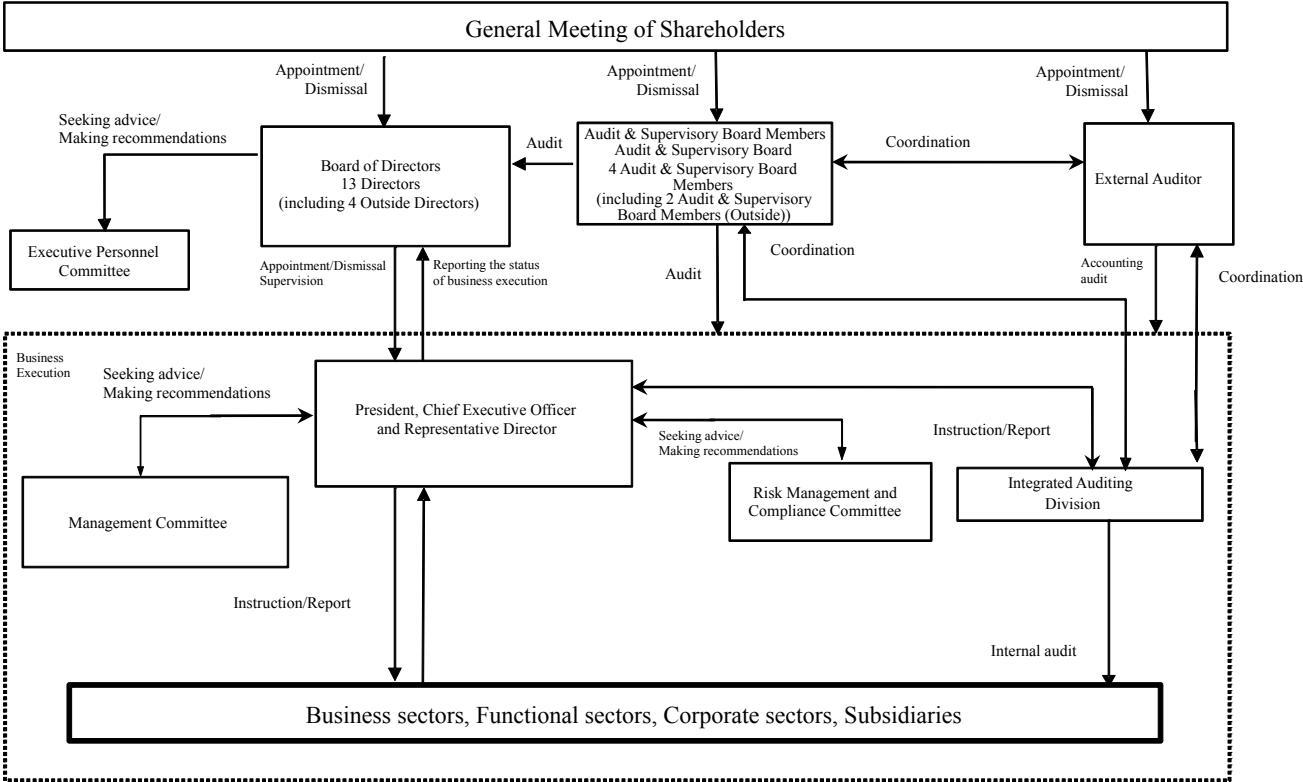
The Company endeavors to develop rules and structure for maintaining and improving the effectiveness of audits conducted by Audit & Supervisory Board Members. In the fiscal year under review, 13 meetings of the Audit & Supervisory Board, comprising 4 Audit & Supervisory Board Members (including 2 Audit & 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. Expenses related to Audit & Supervisory Board Members' activities are budgeted independently and paid appropriately. 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 of minutes and approved proposal memorandums of the Management Committee and other meetings of bodies designated by the Audit & Supervisory Board
- Meetings to exchange opinions between the Representative Directors and the Audit & Supervisory Board Members
- Division hearings and subsidiary visits
- Reports on the results of internal audits carried out by the internal auditing sector to the Standing Audit & Supervisory Board Members
- Regular 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, and timely reports on important matters
- A system which enables direct provision of information to Audit & Supervisory Board Members established and operated 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 according to the Authority Rules

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2017)



## 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 by the would-be acquirer is 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.



2) Efforts to increase corporate value by strengthening corporate governance

To ensure the implementation of the Company's growth strategies for the future, the Board of Directors of the Company establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and multilaterally understands and appropriately oversees issues and risks associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

This structure is designed to implement speedy and decisive decision-making, and appropriate, transparent and fair supervision and monitoring as the Company's corporate governance. Accordingly, the Company formulates the following Corporate Governance Guidelines and put them into practice in an appropriate manner.

<Corporate Governance Guidelines>

- Chapter 1 Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders
- Chapter 2 Appropriate collaboration with various stakeholders
- Chapter 3 Appropriate information disclosure and ensuring transparency
- Chapter 4 Responsibilities of the Board of Directors, etc.
- Attachment 1 Standards for selecting independent outside officers
- Attachment 2 Policies to promote constructive dialogue with shareholders

For the full text of the Corporate Governance Guidelines, please click here.

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

**(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**

If the Company learns that a party attempts to acquire substantial shares in the Company, in order to protect and increase the corporate value and common interests of its shareholders, and in compliance with the relevant laws and regulations, the Company will require the party to provide necessary and adequate information, so that the shareholders can properly decide either to support or reject the attempt of mass acquisition. Additionally, the Company will disclose the opinions of the Board of Directors concerning the attempt, and take appropriate measures, including striving to secure adequate time for the shareholders to consider the pros and cons of the attempt.

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

The initiatives and measures as described in (2) and (3) above are in accordance with the basic policy described in (1), and therefore the Board of Directors judges that they are not intended to maintain the positions of the Company's officers.

**Consolidated Financial Statements****Consolidated Balance Sheets**

	Millions of yen	
	As of December 31, 2017	(Reference) As of December 31, 2016
<b>ASSETS</b>		
I. Current assets:		
Cash and deposits	156,634	135,525
Notes and accounts receivable - trade	165,220	145,698
Short-term sales finance receivables	161,453	157,581
Merchandise and finished goods	198,991	188,032
Work in process	52,835	52,694
Raw materials and supplies	55,802	53,563
Deferred tax assets	23,239	30,524
Other	51,661	42,471
Allowance for doubtful accounts	(12,822)	(11,147)
Total current assets	855,018	794,943
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	110,206	102,377
Machinery, equipment and vehicles, net	105,673	104,723
Land	83,712	84,936
Construction in progress	20,653	31,656
Other, net	27,752	26,974
Total property, plant and equipment	347,997	350,668
2. Intangible assets:		
Leasehold right	5,382	5,373
Other	5,791	3,285
Total intangible assets	11,173	8,658
3. Investments and other assets:		
Investment securities	95,109	87,884
Long-term sales finance receivables	87,246	57,034
Deferred tax assets	13,035	12,516
Other	8,147	8,972
Allowance for doubtful accounts	(1,882)	(1,901)
Total investments and other assets	201,655	164,506
Total non-current assets	560,827	523,833
Total assets	1,415,845	1,318,776

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

Millions of yen

	As of December 31, 2017	(Reference) As of December 31, 2016
<b>LIABILITIES</b>		
I. Current liabilities:		
Notes and accounts payable - trade	120,123	113,036
Electronically recorded obligations - operating	34,566	30,753
Short-term loans payable	133,725	128,517
Current portion of long-term loans payable	57,196	53,904
Income taxes payable	11,035	8,165
Provision for bonuses	13,965	12,971
Provision for product warranties	17,704	22,905
Other provision	1,674	1,466
Other	112,161	102,900
Total current liabilities	502,153	474,621
II. Non-current liabilities:		
Long-term loans payable	162,569	181,960
Deferred tax liabilities for land revaluation	4,675	5,241
Net defined benefit liability	53,613	55,404
Other provision	886	754
Other	26,714	25,389
Total non-current liabilities	248,458	268,750
Total liabilities	750,612	743,371
<b>NET ASSETS</b>		
I. Shareholders' equity:		
1. Capital stock	85,797	85,797
2. Capital surplus	74,662	74,712
3. Retained earnings	513,182	434,361
4. Treasury shares	(722)	(714)
Total shareholders' equity	672,920	594,157
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	35,086	28,945
2. Revaluation reserve for land	10,449	11,769
3. Foreign currency translation adjustment	(94,226)	(93,530)
4. Remeasurements of defined benefit plans	(1,427)	(7,174)
Total accumulated other comprehensive income	(50,118)	(59,990)
III. Non-controlling interests	42,430	41,238
Total net assets	665,232	575,404
Total liabilities and net assets	1,415,845	1,318,776

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

**Consolidated Statements of Income**

Millions of yen

	Current Fiscal Year (January 1, 2017– December 31, 2017)	(Reference) Previous Fiscal Year (January 1, 2016– December 31, 2016)
I. Net sales	1,670,090	1,502,834
II. Cost of sales	1,211,460	1,100,173
Gross profit	458,629	402,660
III. Selling, general and administrative expenses	308,847	294,065
Operating income	149,782	108,594
IV. Non-operating income		
Interest income	4,553	4,262
Dividend income	1,106	1,007
Share of profit of entities accounted for using equity method	2,824	781
Other	6,338	4,865
Total non-operating income	14,822	10,917
V. Non-operating expenses		
Interest expenses	3,850	4,644
Foreign exchange losses	1,706	8,275
Other	4,222	4,519
Total non-operating expenses	9,778	17,439
Ordinary income	154,826	102,073
VI. Extraordinary income		
Gain on sales of non-current assets	670	324
Gain on sales of investment securities	819	—
Gain on reversal of subscription rights to shares	—	4
Total extraordinary income	1,490	328
VII. Extraordinary losses		
Loss on sales of non-current assets	222	220
Loss on disposal of non-current assets	1,413	1,019
Impairment loss	2,074	1,431
Loss on revision of retirement benefit plan	293	—
Total extraordinary losses	4,003	2,671
Income before income taxes	152,313	99,730
Income taxes - current	32,694	28,823
Income taxes - deferred	2,533	(3,312)
Total income taxes	35,228	25,510
Net income	117,085	74,220
Net income attributable to non-controlling interests	15,481	11,066
Net income attributable to owners of parent	101,603	63,153

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

(TRANSLATION ONLY)

**Consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2017 through December 31, 2017)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,797	74,712	434,361	(714)	594,157
Changes of items during period					
Reversal of revaluation reserve for land			1,316		1,316
Dividends of surplus			(24,100)		(24,100)
Net income attributable to owners of parent			101,603		101,603
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(49)			(49)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(49)	78,820	(7)	78,762
Balance at end of current period	85,797	74,662	513,182	(722)	672,920
	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	28,945	11,769	(93,530)	(7,174)	(59,990)
Changes of items during period					
Reversal of revaluation reserve for land					
Dividends of surplus					
Net income attributable to owners of parent					
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	6,141	(1,320)	(695)	5,747	9,872
Total changes of items during period	6,141	(1,320)	(695)	5,747	9,872
Balance at end of current period	35,086	10,449	(94,226)	(1,427)	(50,118)

(TRANSLATION ONLY)

	Non-controlling interests	Total net assets
Balance at the beginning of current period	41,238	575,404
Changes in items during the period		
Reversal of revaluation reserve for land		1,316
Dividends of surplus		(24,100)
Net income attributable to owners of parent		101,603
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(49)
Purchase of treasury shares		(7)
Disposal of treasury shares		0
Net changes of items other than shareholders' equity	1,192	11,065
Total changes of items during period	1,192	89,827
Balance at end of current period	42,430	665,232

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: 112

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., India Yamaha Motor Pvt. Ltd., Yamaha Motor Taiwan Co., 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, 2017, two newly acquired companies, as well as one non-consolidated subsidiary whose significance increased, have been included in the scope of consolidation. In addition, Yamaha Parts Distributors Inc., which had been a dormant company, changed its name to Yamaha Marine Systems Company and restarted its business, and was therefore included in the scope of consolidation. One company was absorbed into the other consolidated subsidiaries of the Company and was therefore excluded from the scope of consolidation.

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, profit 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: 26

Hong Leong Yamaha Motor Sdn. Bhd. and 25 other affiliates

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

Effective from the fiscal year ended December 31, 2017, one affiliate was excluded from the scope of application of equity method due to completion of liquidation.

**(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, sales finance receivables 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, 2017, 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 Presentation Method

(Consolidated Balance Sheets)

From the fiscal year ended December 31, 2017, “Long-term loans receivable” under Investments and other assets, which had been presented separately for the fiscal year ended December 31, 2016, has been included in “Other” under Investments and other assets due to decreased materiality.

## 3. Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

From the fiscal year ended December 31, 2017, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

**4. Notes to Consolidated Balance Sheets**

	Millions of yen
<b>(1) Accumulated Depreciation of Property, Plant and Equipment</b>	624,528

**(2) Pledged Assets**

Pledged assets are as follows:	Millions of yen
Short-term sales finance receivables	94,347
Buildings and structures, net	99
Land	44
Investment securities	74
Long-term sales finance receivables	12,549
<u>Investments and other assets - Other</u>	<u>627</u>
Total	107,743

Secured liabilities are as follows:	
Current portion of long-term loans payable	4,898
Long-term loans payable	56,917
<u>Non-current liabilities - Other</u>	<u>238</u>
Total	62,053

<b>(3) Discounts on Notes Receivable - Trade</b>	66 million yen
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**(4) Guarantee Obligations**

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

	Millions of yen
PT. Bussan Auto Finance	7,645
KYB Motorcycle Suspension India Pvt. Ltd.	257
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>128</u>
Total	8,031

The above amounts include amounts arising from quasi-guarantees of ¥128 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 2017 was below its book value by ¥7,460 million.

## 5. Notes to Consolidated Statements of Income

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

## 6. Notes to Consolidated Statements of Changes in Equity

### (1) Type and Number of Outstanding Shares:

Common stock 349,914,284 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. 23, 2017	Common stock	10,478	30.00	Dec. 31, 2016	Mar. 24, 2017
Board of Directors Meeting held on Aug. 8, 2017	Common stock	13,621	39.00	Jun. 30, 2017	Sep. 8, 2017

#### 2) Dividends whose record date falls in FY2017 and whose effective date falls in FY2018

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. 23, 2018	Common stock	17,114	Retained earnings	49.00	Dec. 31, 2017	Mar. 26, 2018

### (3) Subscription Rights to Shares

No related items.

## 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, as well as short-term and long-term sales finance 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, in principle, they are 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 and other 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 and other 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, 2017 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Cash and deposits	156,634	156,634	—
(2) Notes and accounts receivable - trade Allowance for doubtful accounts (*1)	165,220 (5,812)		
	159,407	159,380	(27)
(3) Short-term sales finance receivables Allowance for doubtful accounts (*1)	161,453 (6,312)		
	155,140	155,140	—
(4) Investment securities	66,143	66,143	—
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	946 (431)		
	515	533	18
(6) Long-term sales finance receivables Allowance for doubtful accounts (*1)	87,246 (1,319)		
	85,926	95,018	9,091
<b>Total assets</b>	<b>623,768</b>	<b>632,851</b>	<b>9,082</b>
(7) Notes and accounts payable - trade	120,123	120,123	—
(8) Electronically recorded obligations - operating	34,566	34,566	—
(9) Short-term loans payable	133,725	133,725	—
(10) Current portion of long-term loans payable	57,196	57,196	—
(11) Long-term loans payable	162,569	163,046	477
<b>Total liabilities</b>	<b>508,180</b>	<b>508,655</b>	<b>477</b>
Derivative transactions (*2)	1,463	1,463	—

(\*1) Allowance for doubtful accounts is deducted from notes and accounts receivable - trade, short-term sales finance receivables, long-term loans receivable and long-term sales finance receivables.

(\*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) Short-term sales finance receivables

Short-term sales finance receivables are calculated based on book values from which an allowance for doubtful accounts equivalent to credit risk is deducted, as fair values are almost equal to the book values because of their short collection period.

(4) Investment securities

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

(5) Long-term loans receivable, (6) Long-term sales finance receivables

For long-term loans receivable and long-term sales finance receivables 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 and long-term sales finance receivables 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:

(7) Notes and accounts payable - trade, (8) Electronically recorded obligations - operating, (9) Short-term loans payable, (10) 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.

(11) 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	28,965

The foregoing items are not included in "(4) 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	1,783.35 yen
(2) Net Income per Share	290.93 yen

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

Millions of yen

	As of December 31, 2017	(Reference) As of December 31, 2016
<b>ASSETS</b>		
<b>I. Current assets:</b>		
Cash and deposits	38,289	21,837
Notes receivable - trade	4,794	3,725
Accounts receivable - trade	106,622	101,120
Merchandise and finished goods	30,819	33,661
Work in process	21,597	20,431
Raw materials and supplies	16,938	16,290
Prepaid expenses	2,982	1,984
Deferred tax assets	9,269	10,293
Other	17,758	19,969
Allowance for doubtful accounts	(1,143)	(1,131)
<b>Total current assets</b>	<b>247,929</b>	<b>228,182</b>
<b>II. Non-current assets:</b>		
<b>1. Property, plant and equipment:</b>		
Buildings, net	42,824	34,930
Structures, net	6,277	5,680
Machinery and equipment, net	21,519	19,652
Vessels, net	290	205
Vehicles, net	704	793
Tools, furniture and fixtures, net	10,332	10,140
Land	47,786	50,665
Construction in progress	6,339	16,134
<b>Total property, plant and equipment</b>	<b>136,074</b>	<b>138,203</b>
<b>2. Intangible assets:</b>		
Leasehold right	509	509
Other	552	175
<b>Total intangible assets</b>	<b>1,061</b>	<b>684</b>
<b>3. Investments and other assets:</b>		
Investment securities	68,434	60,054
Stocks of subsidiaries and affiliates	136,475	140,186
Investment in capital	3	3
Investment in capital of subsidiaries and affiliates	18,598	14,991
Long-term loans receivable	12,333	15,629
Other	702	678
Allowance for doubtful accounts	(1,333)	(3,436)
<b>Total investments and other assets</b>	<b>235,213</b>	<b>228,107</b>
<b>Total non-current assets</b>	<b>372,349</b>	<b>366,995</b>
<b>Total assets</b>	<b>620,279</b>	<b>595,177</b>

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

## (TRANSLATION ONLY)

	Millions of yen	
	As of December 31, 2017	(Reference) As of December 31, 2016
<b>LIABILITIES</b>		
I. Current liabilities:		
Notes payable - trade	1,726	4,136
Electronically recorded obligations - operating	30,938	27,522
Accounts payable - trade	37,584	35,816
Short-term loans payable	7,290	7,195
Current portion of long-term loans payable	25,000	20,000
Lease obligations	48	45
Accounts payable - other	24,288	25,707
Accrued expenses	4,633	4,695
Income taxes payable	1,550	624
Advances received	3,320	2,455
Deposits received	2,839	3,069
Provision for bonuses	5,375	5,455
Provision for product warranties	8,496	13,843
Other	599	1,738
Total current liabilities	<u>153,691</u>	<u>152,306</u>
II. Non-current liabilities:		
Long-term loans payable	56,300	81,649
Lease obligations	768	816
Deferred tax liabilities	9,385	7,186
Deferred tax liabilities for land revaluation	4,675	5,241
Provision for retirement benefits	21,497	22,663
Provision for product liabilities	817	694
Allowance for investment loss	641	636
Other	1,123	1,312
Total non-current liabilities	<u>95,209</u>	<u>120,201</u>
Total liabilities	<u>248,901</u>	<u>272,507</u>
<b>NET ASSETS</b>		
I. Shareholders' equity:		
1. Capital stock	85,797	85,797
2. Capital surplus		
(1) Legal capital surplus	74,072	74,072
(2) Other capital surplus	640	640
Total capital surplus	<u>74,713</u>	<u>74,713</u>
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	349	352
Retained earnings brought forward	165,712	121,781
Total retained earnings	<u>166,061</u>	<u>122,134</u>
4. Treasury shares	(668)	(663)
Total shareholders' equity	<u>325,903</u>	<u>281,981</u>
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	35,025	28,918
2. Revaluation reserve for land	10,449	11,769
Total valuation and translation adjustments	<u>45,474</u>	<u>40,688</u>
Total net assets	<u>371,378</u>	<u>322,670</u>
Total liabilities and net assets	<u>620,279</u>	<u>595,177</u>

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



**Non-consolidated Statements of Income**

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2017– December 31, 2017)	Previous Fiscal Year (January 1, 2016– December 31, 2016)
I. Net sales	678,090	615,101
II. Cost of sales	558,402	509,950
Gross profit	119,688	105,151
III. Selling, general and administrative expenses	74,911	79,745
Operating income	44,777	25,405
IV. Non-operating income		
Interest income	701	542
Dividend income	35,056	28,790
Other	971	2,814
Total non-operating income	36,730	32,147
V. Non-operating expenses		
Interest expenses	431	425
Contribution	225	219
Foreign exchange losses	228	4,866
Loss on valuation of investment securities	10	1,665
Loss on revaluation of investment in subsidiaries' and affiliates' stock	6,585	513
Other	920	858
Total non-operating expenses	8,403	8,548
Ordinary income	73,104	49,004
VI. Extraordinary income		
Gain on sales of non-current assets	69	73
Gain on sales of investment securities	814	—
Gain on liquidation of subsidiaries and associates	89	—
Gain on reversal of subscription rights to shares	—	4
Total extraordinary income	973	77
VII. Extraordinary losses		
Loss on sales of non-current assets	69	18
Loss on disposal of non-current assets	403	367
Impairment loss	1,449	1,224
Total extraordinary losses	1,922	1,609
Income before income taxes	72,155	47,472
Income taxes - current	5,408	5,145
Income taxes - deferred	36	226
Total income taxes	5,444	5,372
Net income	66,710	42,100

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

(TRANSLATION ONLY)

**Non-consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2017 through December 31, 2017)

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	85,797	74,072	640	74,713	352
Changes of items during period					
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	—	—	0	0	(3)
Balance at end of current period	85,797	74,072	640	74,713	349

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	121,781	122,134	(663)	281,981
Changes of items during period				
Reversal of reserve for reduction entry	3	0		0
Reversal of revaluation reserve for land	1,316	1,316		1,316
Dividends of surplus	(24,100)	(24,100)		(24,100)
Net income	66,710	66,710		66,710
Purchase of treasury shares			(5)	(5)
Disposal of treasury shares			0	0
Net changes of items other than shareholders' equity				
Total changes of items during period	43,930	43,927	(5)	43,921
Balance at end of current period	165,712	166,061	(668)	325,903

## (TRANSLATION ONLY)

Millions of yen

	Valuation and translation adjustments			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	28,918	11,769	40,688	322,670
Changes of items during period				
Reversal of reserve for reduction entry				0
Reversal of revaluation reserve for land				1,316
Dividends of surplus				(24,100)
Net income				66,710
Purchase of treasury shares				(5)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	6,106	(1,320)	4,786	4,786
Total changes of items during period	6,106	(1,320)	4,786	48,707
Balance at end of current period	35,025	10,449	45,474	371,378

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, 2017, 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, 2017, 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.

6) Allowance for investment loss

Allowance for investment loss is provided in order to prepare for loss from investment in subsidiaries and affiliates, etc., and the necessary amount was recorded based on its financial condition.

**(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. Additional Information**

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

From the fiscal year ended December 31, 2017, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).



**4. Notes to Non-consolidated Statements of Income****Transactions with subsidiaries and affiliates**

	Millions of yen
Net Sales	496,671
Purchases	178,492
Non-operating income	34,960
Non-operating expenses	156

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

Number of shares in treasury shares at December 31, 2017

	Shares
Common stock	636,737

**6. Notes to Deferred Tax Accounting**

Principal deferred tax assets and liabilities

	Millions of yen
<b>Deferred tax assets:</b>	
Loss on valuation of securities	30,177
Loss carried forward for tax purposes	28,625
Excess of depreciation	12,468
Provision for retirement benefits	6,460
Provision for product warranties	2,557
Provision for bonuses	1,623
Allowance for doubtful accounts	744
Other	3,824
Gross deferred tax assets	86,481
Valuation allowance	(72,674)
Total deferred tax assets	13,807
<b>Deferred tax liabilities:</b>	
Valuation difference on available-for-sale securities	(13,653)
Reserve for reduction entry	(267)
Other	(2)
Total deferred tax liabilities	(13,924)
Net deferred tax liabilities	(116)

**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)	45,022	Accounts receivable - trade	7,113
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	120,880	Accounts receivable - trade	18,696
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	47,099	Accounts receivable - trade	9,704
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	108,888	Accounts receivable - trade	9,840
Subsidiary	Yamaha Motor Argentina S.A. (Argentina)	Indirect ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	13,524	Accounts receivable - trade	8,771
Subsidiary	Yamaha Motor do Brasil Ltda. (Brazil)	Direct ownership 100.0%	Sale of products of the Company	Lending of funds (Note 2)	-	Long-term loans receivable	7,710
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 84.9% Indirect ownership 0.1%	Manufacture and sale of products of the Company	Debt guarantee (Note 3)	7,594	-	-
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)	7,645	-	-

- 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 1,063.28 yen

(2) Net Income per Share 191.00 yen



## Independent Auditor's Report

February 9, 2018

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Takahiro Takiguchi  
Certified Public Accountant  
Designated and Engagement Partner

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Daisuke Sumita  
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, 2017 through December 31, 2017.

### *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, 2017 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 9, 2018

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Takahiro Takiguchi  
Certified Public Accountant  
Designated and Engagement Partner

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Daisuke Sumita  
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 83rd fiscal year from January 1, 2017 through December 31, 2017.

### *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 83rd fiscal year ended December 31, 2017 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 13, 2018

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 83rd business year, from January 1, 2017 through December 31, 2017, 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

Tomomi Yatsu  
Audit & Supervisory Board Member (Outside)

Masahiko Ikaga  
Audit & Supervisory Board Member (Outside)

## Procedures for Exercising Voting Rights by Electromagnetic Means

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

Please exercise your voting right by 5:30 p.m., Thursday, March 22, 2018 (JST).

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 web site from cellular phones.

For inquiries regarding the exercise of voting rights via the Internet, please contact:	Sumitomo Mitsui Trust Bank, Limited, Transfer Agency Web Support Desk Phone: 0120-652-031 (toll-free within Japan) Hours: 9:00 - 21:00 (JST)
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(Notes)

- 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.
- If we recognize that you exercise your voting right via the Internet more than once on the same proposal, the last vote (from those exercised no later than the above voting deadline) shall be deemed valid, as stipulated in Paragraph 1 of Article 15 of the “Share Handling Regulations.”
- If we recognize that you exercise your voting right both in writing and via the Internet on the same proposal, the vote that reached to us the latest (in those reached no later than the above voting deadline) shall be deemed valid, 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 be deemed valid.
- Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

### 2. Use of the “Electromagnetic Proxy Platform” for the 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.