

Revs Your Heart



Annual Report

2016

Year ended December 31, 2016

INCREASING CORPORATE VALUE THROUGH SUSTAINABLE GROWTH

Yamaha Motor Co., Ltd., is a multinational enterprise with around 140 consolidated subsidiaries and equity-method affiliates in approximately 30 countries and regions, and about 90% of our consolidated net sales are derived from overseas markets.

We operate global development, production and sales networks, and our products are sold in more than 180 countries and regions.

We have successfully diversified our business by capitalizing on our world-leading small engine, fiberglass-reinforced plastics and electronic control technologies. Today, our proprietary technologies extend to a wide variety of products, including motorcycles, marine products, power products and surface mounters.

We will move forward with restructuring and the transformation of our management base for continuous growth, to evolve Yamaha Motor into a unique company that continues to achieve dynamic milestones.

Corporate Mission

*Kando** Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

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

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customers' evolving needs.

We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

Action Guidelines

Acting with Speed

Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

Working with tenacity to achieve desired results, and then evaluating them

Notice Regarding Forward-Looking Statements

Statements in this annual report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies, which are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements.

Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.

CONTENTS

Introduction

To Our Stakeholders.....	2
Growth over the Years.....	4
Company Overview.....	6
Financial and Non-Financial Highlights.....	8

Interview with the President.....	10
-----------------------------------	----

Special Feature

Challenge and Dedication for Prosperity.....	20
Expanding the Solutions Business.....	24

Overview of Operations

Motorcycles.....	26
Marine Products.....	28
Power Products and Other Products.....	30

CSR

Customers.....	34
Employees.....	36
Shareholders and Investors.....	38
Business Partners.....	39
The Community.....	40
The Environment.....	42

Governance Information

Corporate Governance.....	48
Directors, Audit & Supervisory Board Members, and Executive Officers.....	56
Comments from an Outside Director.....	59

Financial and Corporate Information

Five-Year Summary.....	60
Financial Data by Market.....	61
Financial Highlights.....	62
Management Discussion and Analysis of Operations.....	64
Organization.....	71
Investor Information.....	72

Annual Report 2016 (Online Version)

An online version of this report is also available.

Please visit the following website:

<https://global.yamaha-motor.com/ir/annual2016/>

Information for Investors

Please refer to the following website for detailed financial information and information regarding our business operations:

<https://global.yamaha-motor.com/ir/>

Information Related to Corporate Social Responsibility (CSR)

Please refer to the following website for detailed CSR information:

<https://global.yamaha-motor.com/about/csr/>



Hiroyuki Yanagi
President, Chief Executive Officer
and Representative Director

Takaaki Kimura
Executive Vice President
and Representative Director



To Our Stakeholders

Further enhancing Yamaha's brand value and moving forward toward becoming a unique company that continues to achieve dynamic milestones

The Yamaha Motor Group is managed with the primary objective of further enhancing and refining the value of the Yamaha brand, by continuing to work with the spirit and passion that incorporate our brand slogan: Revs your Heart—delivering exceptional value and experiences that enrich the lives of everyone who comes into contact with Yamaha.

The fiscal year ended December 2016 showed signs of major changes in the global economic environment, along with continued sharp fluctuations in exchange rates and weak demand in some markets. Yamaha Motor's net sales, operating income, and ordinary income for the year were all lower than in the previous year, but if impacts of the exchange rate are excluded we recorded growth in both sales and profit. With the global business environment undergoing drastic changes, we are making steady progress in implementing measures for the medium to long term, which are beginning to produce results.

Our Medium-Term Management Plan (2016–2018) sets a long-term vision of being a unique company that continues to achieve dynamic milestones. We are positioning this three-year period as a time to achieve significant increases in corporate strength, and begin laying the foundation for even greater strength going forward. During 2017, the second year under the plan, we aim to continue to achieve stable profit, and to increase investment for future growth and returns to shareholders.

I ask for your continued guidance and support in these endeavors.

April 2017

Hiroyuki Yanagi
President, Chief Executive Officer
and Representative Director

Takaaki Kimura
Executive Vice President
and Representative Director

Growth over the Years

Continuing to move forward as a *Kando* Creating Company

Over the more than 60 years since Yamaha Motor was established, we have constantly sought to create new value. By further refining the “Yamaha spirit” cultivated over those years, we will aim for new growth as a unique company that continues to achieve dynamic milestones.

**2016–2018
Medium-Term
Management Plan**

Enhance the earnings power of existing businesses, and maintain and strengthen a stable financial foundation

1955



Took up the challenge of the motorcycle business
YA-1, Yamaha's first motorcycle

1967



Offered new excitement with a sports car that incorporates the latest, most advanced technological elements
Toyota 2000GT

1975–



Created new demand by expanding our product lineup
YG-292 golf car



YT665, Yamaha's six-hp snow thrower

1968



Delivered greater accessibility on snow
SL350 snowmobile

Developed a new genre of motorcycles that can be used on public roads and for off-road riding
Trail



1959



Developed the marine market with boats made of new, strong and lightweight material
FRP boats

1977



Established “soft bikes” that allow women to drive with peace of mind
Passol

2002



Introduced an environmentally friendly urban commuter scooter
Passol electric commuter

1984



Provided Japan with the enjoyment of sports and leisure from overseas
YFM200, first four-wheeled all-terrain vehicle (ATV)

2010



Made lives more secure with safe water
Yamaha Clean Water Supply System, a small-scale water purification system

1987



Contributed to labor-saving and increased efficiency in agricultural operations
R-50 (L09) industrial-use unmanned helicopter

2014



Achieved a new riding style with the stability of twin front wheels
TRICITY

2015



Pursued future possibilities and the creation of new value
MOTOBOT, Yamaha's humanoid riding robot

1955

Took up the challenge of the motorcycle business with the recovery of Japan's economy

1960

Modernized management and developed proprietary technologies to keep up with rapid economic growth

1970

Enhanced the corporate structure and expanded the business under the global economic recession

1980

1990

Created new markets by entering the industrial machinery business and expanding the product lineup

2000

Promoted globalization and structural reform during a prolonged recession

2010

Pursued sensibility and rationality for a period of intense competition

2016

Company Overview

Motorcycles



Net Sales

¥930.1 billion

Major products:

Motorcycles, knockdown parts for overseas production and intermediate parts for products

Composition
61.9%

2016 Motorcycle Shipments

5.15 million units

Yamaha Motor's engineering, manufacturing and marketing in markets around the world resulted in global unit sales of 5.15 million units in more than 180 countries and regions.

Marine Products Market Share

No.1

The boat business had the largest share of the Japanese market and the No. 1 share of the global market for outboard motors.

Marine Products



Net Sales

¥297.2 billion

Major products:

Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats

Composition
19.8%

2016
Net Sales
¥1,502.8 billion

R&D Expenses

¥94.9 billion

Each business proactively carries out research and development, and the ¥94.9 billion in research and development expenses recorded in 2016 marked an increase from 2015.

Number of New Models Launched (2016)

80 models

Yamaha Motor's businesses launched a total of 80 new models in 2016.

Overseas Sales Ratio

89.1 %

Overseas sales in 2016 totaled ¥1,338.6 billion, accounting for 89.1% of total net sales.

Power Products



Net Sales

¥152.3 billion

Major products:

All-terrain vehicles, recreational off-highway vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines

Composition
10.1%

Industrial Machinery and Robots



Net Sales

¥46.9 billion

Major products:

Surface mounters and industrial robots

Composition
3.1%

Other Products



Net Sales

¥76.3 billion

Major products:

Automobile engines, automobile components, electrically power assisted bicycles, industrial-use unmanned helicopters and wheelchair electric power units

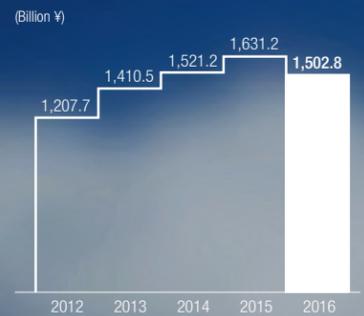
Composition
5.1%

Financial and Non-Financial Highlights

Net sales

¥1,502.8 bil.

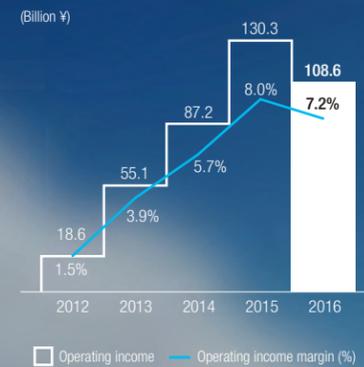
Declined 7.9% from the previous year, due to the significant impact of the exchange rate from the yen's appreciation, despite a slight decline in motorcycle unit sales.



Operating income and operating income margin

¥108.6 bil. / **7.2** %

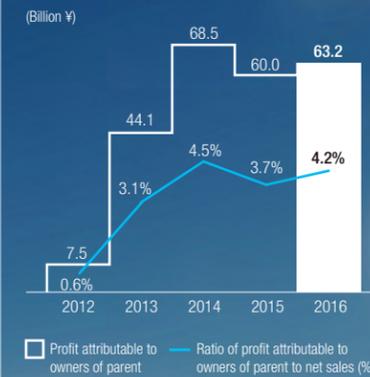
Although profitability improved due to higher production efficiency, the impact of the exchange rate resulted in a 16.7% decline in the previous year.



Profit attributable to owners of parent and ratio of profit attributable to owners of parent to net sales

¥63.2 bil. / **4.2** %

Increased 5.2%, owing to a lower tax burden in the absence of a one-time income tax payment in the previous year.



Clean Water Supply System

22 systems

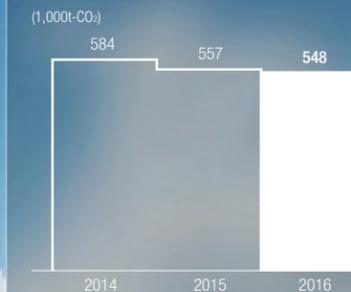
We are working with local NGOs to install water purification systems, and as of the end of 2016, we have installed 22 systems mostly within Africa and in Indonesia.



CO₂ emissions

548 thousand t-CO₂

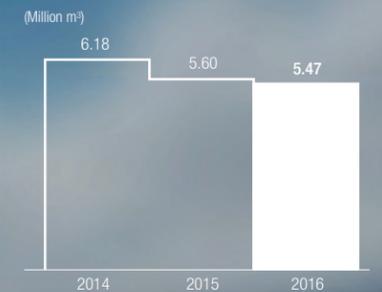
We are targeting an annual 1% reduction in CO₂ emissions per unit of sales as a common goal for the entire Group, and are working to reduce emissions in all of our business activities including product development and manufacturing.



Water consumption

5.47 million m³

We will continue to strive to measure our global use of water resources and reduce our water resource consumption through programs including the reuse of coolant water and water collection (rainwater and other sources) at factories.

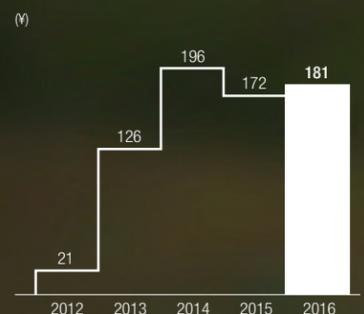


*Includes some forecast figures.

Net income per share

¥180.84

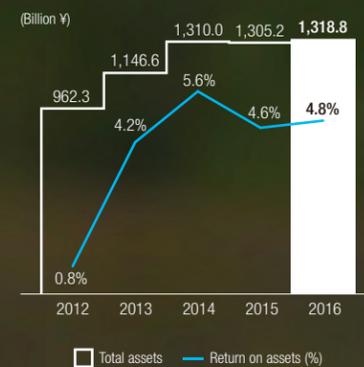
Rose from the previous year, due to the increase in profit attributable to owners of parent.



Total assets and return on assets

¥1,318.8 bil. / **4.8** %

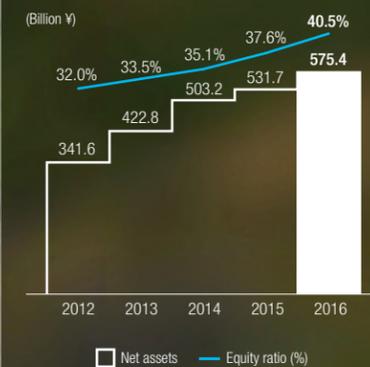
Increased ¥13.5 billion from the previous year, due to an increase in property, plant and equipment.



Net assets and equity ratio

¥575.4 bil. / **40.5** %

An increase in retained earnings led to a ¥43.7 billion increase in net assets and a 2.9 percentage-point improvement in the shareholders' equity ratio from the previous fiscal year-end.



Achievement of unified certification

93 %

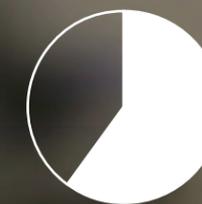
We have been working toward global environmental ISO 14001 unified certification at Group companies in Japan and overseas since 2012. The program has been expanded to 44 companies, mainly manufacturing companies in Japan, Asia, Europe, the United States, and South America, and as of the end of 2016, unified certification had been obtained by 41 companies.



Local managers at overseas locations

60 % 2018 target

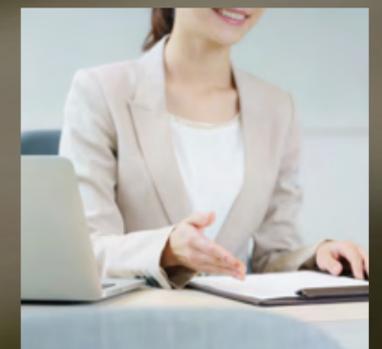
We will recruit superior management personnel regardless of their nationality or place of birth, and aim to have local managers fill 60% of management positions at overseas subsidiaries by 2018.



Women in management positions

vs. 2014 level **3** times 2025 target

To promote the participation of women, we have set out and are pursuing a goal of doubling the number of female managers from the 2014 level by 2020, and tripling the 2014 level by 2025.





INTERVIEW WITH THE PRESIDENT

Discovering New Possibilities

A Unique Company That Continues to Achieve Dynamic Milestones

The Yamaha Motor Group has been operating under its new Medium-Term Management Plan since 2016. This plan charts a course for new growth with the aim of being a unique company that continues to achieve dynamic milestones and lives up to our “Revs your Heart” slogan.

In the following interview, the President addresses these key issues:

Fiscal 2016 business results	Progress under the Medium-Term Management Plan	Financial strategy	Capital expenditures, R&D
Returns to shareholders	Corporate governance, CSR	Message to stakeholders	

Hiroyuki Yanagi

President, Chief Executive Officer
and Representative Director,
Yamaha Motor Co., Ltd.

Q1 Please give us an overview of business results for fiscal 2016.

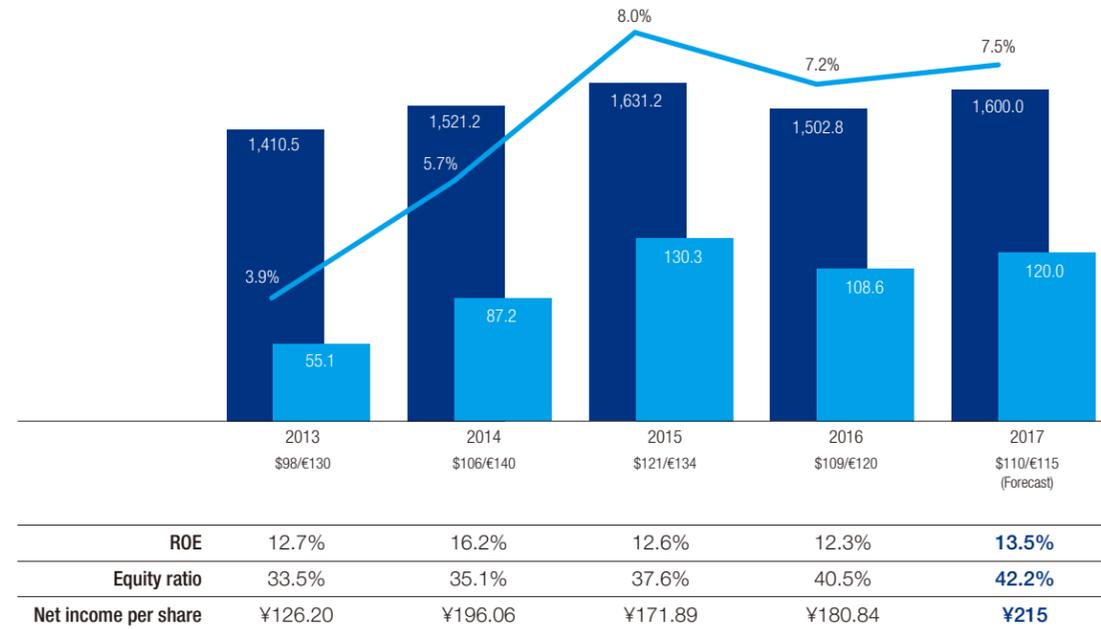
We maintained stable profits despite the impact of the exchange rate.

Net sales for the fiscal year ended December 31, 2016, declined ¥128.3 billion, or 7.9%, from the previous year, to ¥1,502.8 billion, and operating income was ¥21.7 billion, or 16.7%, lower at ¥108.6 billion. Excluding the impact of the exchange rate,* net sales rose ¥29.3 billion, or 1.8%, and operating income increased ¥22.1 billion, or 16.9%. Increased sales of higher-priced products, and cost reductions from the development of platform models and global models, and from production methods such as theoretical-value-based production, contributed to improvements in profitability.

*Exchange rates for 2016 were ¥109/USD (a ¥12 appreciation compared with the previous year) and ¥120/euro (a ¥14 appreciation)

Net sales/Operating income/Operating income margin

(Billion ¥)



■ Net sales ■ Operating income — Operating income margin

Q2 What progress has been made under the Medium-Term Management Plan?

We have been working to provide new, uniquely Yamaha products, and to build a uniquely Yamaha business model.

The motorcycle business has succeeded in cultivating a new “sports commuter” market in the ASEAN region. The expansion in sales of sports commuter models manufactured in Japan and in ASEAN, and of racing models in Europe and the United States, has made it possible to create a business model with higher profitability while offering new, uniquely Yamaha products to customers around the world.

In 2016, the marine products business embarked on competing in the 3-trillion-yen global marine market. Along with expanding its lineup of boat control systems and other system products, the business is strengthening its alliances with boat builders to move beyond being an engine supplier, to a system supplier.

The power products and other businesses are developing new products that emphasize high added value to differentiate Yamaha’s products, with the aim of creating a unique business model.

New value for the ASEAN commuter market



We will create a business model with higher profitability and deliver new, uniquely Yamaha products to customers around the world through the global rollout of products manufactured in Japan and in ASEAN.



Racing technologies for the global market

Sports commuting for the global market

We are aiming for ROE of 15% while enhancing
the stability of our financial position.



Q3 What is Yamaha Motor's financial strategy?

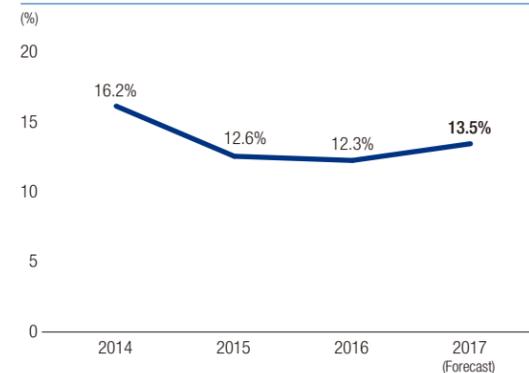
We are aiming for ROE of 15% while enhancing the stability of our financial position.

Under the current Medium-Term Management Plan, we are positioning ROE as an important indicator. In 2016, ROE was 12.3%, but we are forecasting a 1.2 percentage-point increase in 2017, to 13.5%. Going forward, we will target an ROE of 15% while enhancing the stability of our financial position.

In terms of cash flow management, during 2016 we implemented various measures contained in the Medium-Term Management Plan, and maintained stable profitability by reducing inventories and other working capital. As a result, we generated a robust positive cash flow. During 2017, we will continue to maintain stable profitability while flexibly investing for future growth.

Targeting shareholders' equity of over ¥500 billion and ROE of 15%.

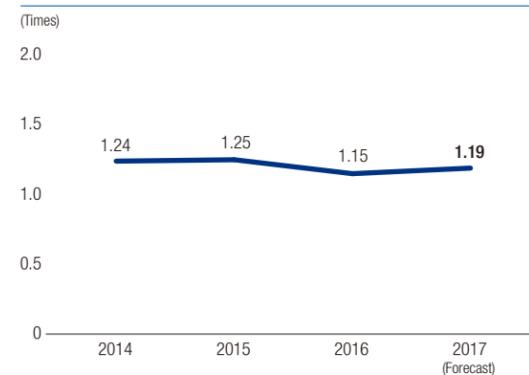
ROE



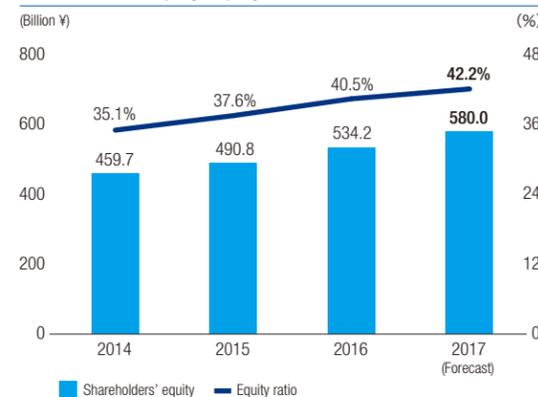
Ratio of profit attributable to owners of parent to net sales



Total asset turnover



Shareholders' equity/Equity ratio



Q4 Please tell us about Yamaha Motor's capital expenditures and research and development.

We are proactively investing in equipment and in research and development to realize our growth strategies.

The current Medium-Term Management Plan allocates ¥130.0 billion over three years for flexible investment in new growth strategies.

Under the Plan, capital expenditures for existing businesses is set at ¥180.0 billion, the same level as in the previous Medium-Term Management Plan, and investment for new growth strategies is ¥60.0 billion, for a total of ¥240.0 billion. R&D expenses are set at ¥280.0 billion for existing businesses and ¥70.0 billion for growth strategies, for a total of ¥350.0 billion. We will implement our growth strategies along these lines.

Q5 What are your plans and policy for returns to shareholders?

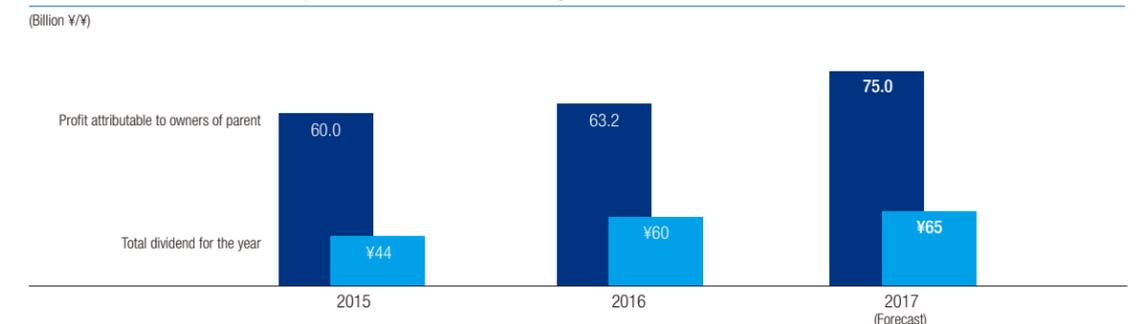
We are targeting a dividend payout ratio of 30%.

Our dividend policy under the Medium-Term Management Plan is for a dividend payout ratio of 30% of profit attributable to owners of parent. Under this policy, we paid a year-end dividend of ¥30 per share for 2016. Combined with the interim dividend of ¥30 per share, this resulted in a full-year dividend of ¥60, for a payout ratio of 33% and a dividend increase for the fourth consecutive year.

Returns to Shareholders

Toward dividend payout ratio of 30% and fifth consecutive year of dividend increases 2016: ¥60 (actual); 2017: ¥65 (forecast)

Profit attributable to owners of parent/Total dividend for the year



	2015	2016	2017 (Forecast)
EPS	¥172	¥181	¥215
Dividend payout ratio	26%	33%	30%

I hope to deliver new, uniquely Yamaha products to people all over the world and share a variety of exceptional value and experiences that enrich the lives of everyone.



Q6

What are your thoughts regarding corporate governance and CSR?

We will fulfill our responsibilities to shareholders, investors, and all stakeholders.

To ensure the steady implementation of our growth strategies for the future, Yamaha Motor's Board of Directors strives to create an environment that supports management's appropriate risk-taking and resolute decision-making. At the same time, the Board strives to multilaterally understand and appropriately oversee issues and risks associated with the implementation of management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

In addition, we strive to contribute to the sustainable development of society through our business activities based on our corporate philosophy and to always abide by the letter and spirit of domestic and international laws and regulations. We are dedicated to earning the trust of the global community, and we place great value on communication with all stakeholders.

Q7

Do you have a message for our stakeholders?

I hope to share exceptional value and experiences that enrich the lives of all stakeholders.

Yamaha Motor strives to create diverse value through *Monozukuri*,* with the goal of being a *Kando* Creating Company that offers new excitement and a more fulfilling life for people all over the world. Every employee of the Yamaha Motor Group is embracing a spirit of challenge in order to achieve the targets set in the Medium-Term Management Plan and for the Group to be a unique company that continues to achieve dynamic milestones. In the spirit of our "Revs your Heart" brand slogan, I hope to share exceptional value and experiences that enrich the lives of all stakeholders. I ask for your continued support.

*An approach to engineering, manufacturing and marketing products that emphasizes craftsmanship and excellence



Challenge and Dedication for Prosperity

Businesses creating social value in Africa

Africa's population is expected to grow sharply, from the current 1.2 billion people to 2.3 billion in 2050. Yamaha Motor first entered Africa in the 1970s, and along with cultivating markets for our products and services, our businesses have sought to contribute to the development of the countries in which they operate by developing "businesses that create social value." Today, through partnering with dealerships, we sell and service products, including motorcycles, outboard motors, boats, generators, and small-scale water purification systems, in 52 countries throughout the continent.



▶ Pursuing the unique style of Yamaha when cultivating markets in Africa

Yamaha Motor has built strong relationships of trust by always developing businesses that are closely tied to local communities and customers. This is also the case for our development of "businesses that create social value" in Africa. The fishery projects in which we have been involved since the 1970s have promoted the dissemination of Japanese-style fishery in Africa, and led to the development of local fishery industries.

For Yamaha products such as outboard motors, boats, and motorcycles, maintenance is essential if the products are to be used safely and for a long time. This is why we dispatch service staff from

Japan to train local maintenance staff. The service staff also teaches service technologies to the mechanics at the dealerships in each country. In addition, we have established a supply network for parts required for after-sale maintenance, which enables us to provide services to customers quickly. These efforts not only help us gain the trust of customers, but they also create local employment. As people's lives change and areas develop, motorcycles, marine products and other Yamaha products will enrich people's lives even further. In this way, "businesses that create social value" are sowing seeds for the future.

▶ Participation in the Sixth Tokyo International Conference on African Development

Yamaha Motor participated in the Sixth Tokyo International Conference on African Development (TICAD VI)*, held in Nairobi, Kenya, on August 27–28, 2016.

Yamaha Motor President Hiroyuki Yanagi attended a session on the sub-theme "Promoting Structural Economic Transformation through Economic Diversification and Industrialization," and gave a speech on how Yamaha's efforts since the 1970s to develop Africa's fishery industry have contributed to diversification through sales of outboard motors, the dissemination of maintenance technologies, and human resources development.



Yamaha Motor also featured a booth at the Japan Fair, held in conjunction with TICAD and hosted by the Ministry of Economy, Trade and Industry and the Japan External Trade Organization (JETRO). The booth was an exhibit on "Improvement of health issues (sanitation, water supply, infectious disease prevention, medical treatment, etc.)," and showcased the Yamaha Clean Water Supply System (small-scale water purification system) and the use of motorcycles in transporting vaccines, as a PR activity for interested parties from various countries in Africa.

*The Tokyo International Conference on African Development (TICAD), held since 1993, is an international forum on themes related to development in Africa and is hosted by the Government of Japan together with the United Nations, the United Nations Development Programme (UNDP), the African Union Commission (AUC), and the World Bank.

Outboard motor business through support of fishery industry

Africa's fishery industry has been relying primarily on the use of wooden rowboats. Yamaha Motor contributed to the modernization of the industry by introducing Japanese fishing methods in fishing villages while also promoting the use of outboard motors. Along with contributing to the development of the fishery industry, Yamaha is promoting a shift from wooden boats to FRP boats, in which Yamaha has significant expertise. Compared with wooden boats, FRP boats offer exceptional durability, safety, and economy, while also helping to reduce the environmental issue of deforestation. Because of the cost involved in

shipping boats from Japan, we have set up factories and transferred technology in six countries so that FRP boats can be manufactured locally, and currently a total of approximately 80 boats are being manufactured annually in Mauritania, Kenya, and Mozambique. Going forward, we will continue our proactive transfers of technology, and by promoting safe boating and developing human resources for the manufacturing of high-quality boats, we will contribute to the cultivation of engineers and social development.

From rowboats to motorized boats

Motorized boats enable fishermen to make more trips and increase their catches.



Using wooden rowboats



Introducing outboard motors
(through grant assistance for marine products)

From wooden boats to FRP boats

FRP boats provide greater durability, reduce the cost of rebuilding boats, and contribute to reductions in deforestation.



Using wooden boats



Introducing FRP boats
(through grant assistance for marine products)

Contributing to public demand in the motorcycle business

In Africa, many motorcycles are used as taxis and for other commercial uses. Yamaha Motor is actively promoting its brand by supplying motorcycles and providing maintenance services to areas with tremendous public interest including police motorcycles and NGO vehicles that deliver medicines. This has led to strong recognition of the reliability and durability that are representative of the Yamaha brand. We are also holding Yamaha Riding Academy (YRA) courses to educate drivers and promote safe driving, and are training YRA instructors and providing technical support to motorcycle mechanics. We also set up a joint venture in 2015 with the French trading company CFAO, and this venture has begun assembling motorcycles in Nigeria. In addition to contributing to the creation of a prosperous society, we are working to increase the value of the Yamaha brand and bring the world of "creating enjoyment in personal mobility" to Africa.



A motorcycle taxi in Uganda



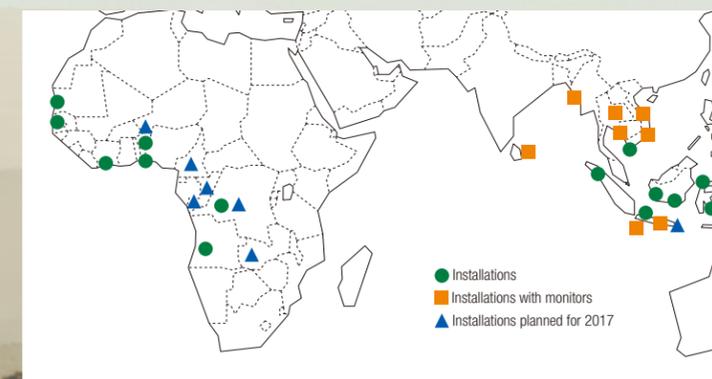
NGO vehicles

Photos: Riders for Health supported by Two Wheels for Life

Improving living conditions through Clean Water Supply System

According to the WHO/UNICEF data for 2015, more than 650 million people around the world do not have access to safe drinking water. Yamaha Motor is addressing this issue by promoting the use of our Yamaha Clean Water Supply System (YCW), a small-scale water purification system, and we have installed seven systems in Africa to date. YCW is a slow sand filtration system using natural purification that features a simple structure, ease of maintenance, and almost zero

operating costs. The use of clean water for drinking and cooking reduces diseases such as diarrhea and skin ailments, and leads to greater awareness of hygiene among mothers, thereby reducing infant mortality rates. Children are also freed from the arduous task of drawing water, giving them more time to attend school. (Please refer to the related content on page 43.)



Expanding the Solutions Business

Spread of industrial-use unmanned helicopters has unlimited possibilities

In 1987, Yamaha Motor successfully introduced its industrial-use unmanned helicopters. Today, their uses include pest control for agricultural products, monitoring and observation of disaster areas, and scientific investigation. In 2016, we also developed an unmanned compact electric survey craft, expanding our fields of activity to the air, water, and land.



Using industrial-use unmanned helicopters to support Japan's farmers

With the aging population and labor shortage in Japan's agricultural industry, Yamaha's industrial-use unmanned helicopters have become an indispensable solution for rice cultivation. Depending on the type of field, one helicopter can spread pesticide over one hectare of rice paddies in approximately five minutes. This has led to a significant reduction in labor compared with the 60 minutes required for the same task using a tractor and 160 minutes required using a motorized hand sprayer. Another reason for their growing popularity is that they spread less pesticide on areas around the field.

To raise agricultural productivity even further, we are creating

integrated rice cultivation systems that use industrial-use unmanned helicopters for a variety of tasks including planting, fertilizing, and spraying, for significant increases in productivity and cost reductions.

In addition to product development, we are also focusing on building pilot training systems and maintenance structures to ensure that these products can be operated safely, with no problems or accidents. By way of a business model that combines both tangible and intangible components, industrial-use unmanned helicopters are now used in roughly 42.5% of the rice fields that provide Japan's main food.



Expanding the fields of use, and technological applications for industrial-use unmanned helicopters

Uses for industrial-use unmanned helicopters are not limited to rice cultivation. Through tie-ups with national and prefectural governments and agricultural cooperatives and other organizations, their use is expanding to the cultivation of major grains such as wheat and soy, as well as vegetables and citrus fruits.

They also have numerous uses outside of agriculture. Fitted with automated driving systems, cameras, and monitors, industrial-use unmanned helicopters are being increasingly used in areas where people are prohibited from entering such as those near volcanic activity, those that have been damaged by earthquakes or typhoons, and those that are contaminated by radiation. Our latest model, the FAZER R G2, can carry up to 35kg and fly as far as 90km at heights of up to 2,800m (when used with a telecommunications satellite), and with diverse applications including photography, investigation and monitoring as well as the transport, unloading and collection of packages, its areas of use continue to expand.

The overseas business is growing as well with the start of commercial spraying at vineyards in California in 2017. We also have businesses in South Korea and Australia, and are considering business expansion for various uses in New Zealand, Thailand, and in Europe.

In addition, we recently began applying the technologies for our industrial-use unmanned helicopters developed over the more than 30 years, to uses on water. The BREEZE10, an autonomous unmanned compact electric survey craft that we developed in 2016, is being used to assist with the measurement of sedimentation in dams, helping to extend their operating life. We will continue to explore ways to support operations in areas including monitoring and security going forward.

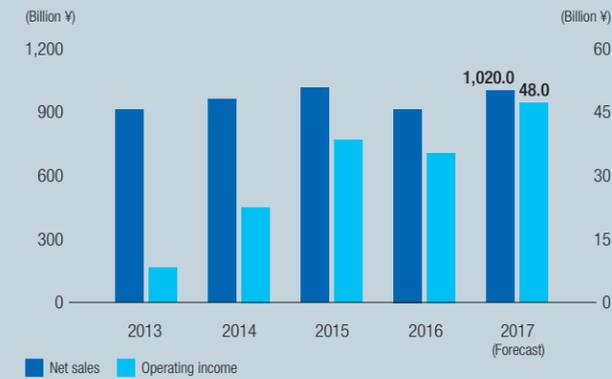


Motorcycles



Creating unique, new products through Yamaha Monozukuri

Net sales and operating income



Katsuaki Watanabe
Director and Managing
Executive Officer
Chief General Manager
of Motorcycle Business
Operations



» Operating environment and areas of focus under the Medium-Term Management Plan

The motorcycle business's geographic focus is on the ASEAN, India, Brazil/China, and developed markets. The economic situation and motorcycle demand in each of these markets are changing rapidly, and we seek to be the first to recognize these market changes by responding quickly and developing products that address them.

Under the Medium-Term Management Plan, we are pursuing highly efficient product development and cost reductions, as we work to create a business structure that maintains stable earnings. In terms of product development, we are developing platform models that consolidate the number of engines and bodies while, at the same time, expanding the model lineup with unique, new products that are "fast," "reasonably priced," and "stylish" in order to meet customers' increasingly diverse

needs. In terms of cost reductions, in addition to savings by promoting platform models, we are pursuing to reduce costs even further in the areas of procurement, manufacturing, and logistics.

	2016 Result	2017 Forecast
Net sales	¥930.1 billion	¥1,020.0 billion
Operating income	¥36.0 billion	¥48.0 billion

» Appraisal of 2016 results

In 2016, unit sales rose in markets including India, Vietnam, and the Philippines, were flat in developed markets, and declined in Indonesia, China, and Brazil. Net sales declined ¥102.4 billion (9.9%) from the previous year, to ¥930.1 billion, as a result of the impact of the exchange rate. Although operating income grew in emerging markets due to increased sales of higher-priced products and cost reductions, the impact of the exchange rate in developed markets resulted in an overall decline in operating income, by ¥3.2 billion (8.1%), to ¥36.0 billion.

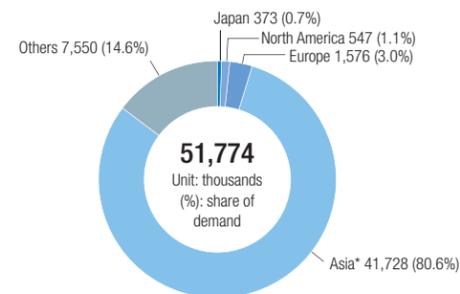
» For long-term growth

During 2017, we will proactively work to increase sales in the growing Indian market and to increase profitability in the ASEAN market even further. In the developed markets of Europe, North America, and Japan, we will introduce attractive products and promote the strength of the Yamaha brand, while maintaining stable profitability.

We have always offered unique, new products that incorporate Yamaha's distinctive originality, technology, and design. Going forward, we will build on this by pursuing innovation through the development of new foundational technologies in areas including robotics and the "Internet of Things," for even greater long-term growth.

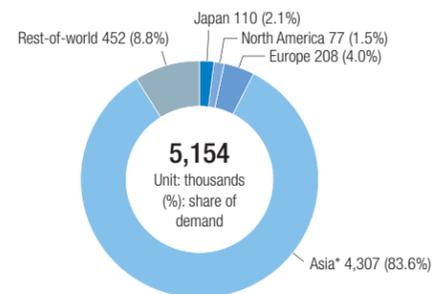
FY2016 worldwide demand

Note: Yamaha Motor surveys



*Asia excludes Japan

FY2016 Yamaha Motor unit sales



*Asia excludes Japan



Marine Products



Aiming to become the No. 1 global brand by spreading marine leisure culture across the world

Net sales and operating income



Takaaki Kimura
Executive Vice President
and Representative Director
Chief General Manager
of Marine Business
Operations



Operating environment and areas of focus under the Medium-Term Management Plan

In addition to a growing trend of wanting to enjoy marine leisure in North America, our biggest market, demand for large outboard motors is increasing, and Yamaha's outboard motors, with their advanced product technology, are gaining an overwhelming level of trust. This trend can also be seen in Europe, and is benefitting Yamaha's lineup of outboard motors, which includes models of up to 350 horsepower. For this to lead to further growth, we are bolstering our brand strength in the global market by enhancing our overall business strength, reliability, and network strength.

The marine products business is well on its way to competing in the 3-trillion-yen global marine market. During the three-year period covered by the Medium-Term Management Plan, we will move beyond being an engine supplier that offers highly reliable, lightweight, and fuel-efficient engines, to enhancing our potential as a system supplier that offers a broad range of value with packages that include hulls and

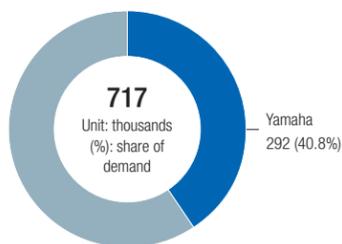
peripheral equipment. This will enable us to establish our position as the No. 1 global brand that gains the trust of professionals, that is highly valued by upper- and mid-tier customers, and that is admired by first-time customers. To achieve this, we will strengthen our capabilities in three areas: our overall business strength that offers outboard motors as well as peripheral equipment; our reliability not only for our products and systems, but also as a business partner; and our network strength that, on a global basis, provides services which are closely linked to individual markets.

	2016 Result	2017 Forecast
Net sales	¥297.2 billion	¥300.0 billion
Operating income	¥55.4 billion	¥57.0 billion



FY2016 worldwide demand and Yamaha Motor unit sales of outboard motors

Note: Yamaha Motor surveys



Appraisal of 2016 results

In 2016, unit sales of outboard motors increased, led by large models in North America and Europe. As we look to the future, we will also build a business model that is aimed at being a system supplier. The business overall recorded declines in sales and profit due to the impact of the exchange rate, but maintained high profitability with an operating income margin of 19%. Net sales declined ¥12.1 billion (3.9%) from the previous year, to ¥297.2 billion, and operating income was down ¥8.6 billion (13.4%), at ¥55.4 billion.



For long-term growth

As demand for outboard motors continues to shift toward larger models, during 2017 we will pursue our system supplier strategy, strengthen our product competitiveness, and increase our cost competitiveness, with the aim of becoming an even more profitable business. We will also fortify our business foundation by cultivating professional human resources who understand the unique features of respective local markets.

Our goal beyond being a system supplier is to provide a richer marine life to people around the world. By creating a solid No. 1 brand as a system supplier that addresses all segments of marine life, we will provide comprehensive marine life value to everyone who comes into contact with Yamaha.



Power Products and Other Products



Aiming to expand our uniquely Yamaha robotics business

Net sales and operating income



Toshizumi Kato
 Director and Managing Executive Officer
 Chief General Manager of Vehicle & Solution Business Operations



» Operating environment and areas of focus under the Medium-Term Management Plan

The ROV market is expanding beyond its commercial uses of agriculture and dairy farming to encompass a wide range of applications and terrains, including leisure use in mountain forests, deserts, and rugged mountains. In 2017, we are forecasting a decline in retail sales as we work to trim inventories of existing models and shift to new platform models, with the aim of restoring to normal operations from 2018. In the IM business, our aim is to strengthen our profit structure even further on the back of increasing sales of high-value-added products including high-speed, multi-function surface mounters and integrated control robot systems. The PAS business will work to broaden its customer base globally through increased exports of E-kits (drive units for electrically power assisted bicycles) to Europe.

	2016 Result	2017 Forecast
Net sales	¥275.5 billion	¥280.0 billion
Operating income	¥17.2 billion	¥15.0 billion



Surface mounters

» Appraisal of 2016 results

The power products and other businesses progressed toward their goal of creating a unique business model. Net sales declined ¥13.8 billion (4.8%) from the previous year, to ¥275.5 billion, and operating income decreased ¥10.0 billion (36.6%), to ¥17.2 billion. Both net sales and the operating income margin rose in the IM and PAS businesses, but higher expenses as a result of production adjustments in the ROV business, and the impact of the exchange rate led to a decline in sales and profit in the business as a whole.

using industrial-use unmanned helicopters, and self-driving testing for golf cars. In addition, we will lay the path for future growth by accelerating our development of motor and battery technologies, our development of software, applications, and business models for automated controls, collaboration with outside parties, and our efforts to identify, retain, and cultivate top-tier engineers.

» For long-term growth

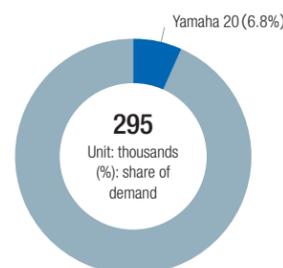
The power products and other businesses are developing uniquely Yamaha robotics businesses that operate on land, in the sea, and in the air. The robotics industry is expected to grow significantly. Currently, the majority of the industry operates in the factory automation sector, but going forward, growth is expected in outdoor sectors such as unmanned operations in agriculture and other industries and self-driving vehicles, as well as in indoor sectors such as nursing care and home automation.



Industrial-use unmanned helicopter

FY2016 North American demand and Yamaha Motor unit sales of ROVs

Note: Yamaha Motor surveys



PAS

Yamaha Motor's strengths lie in its modes of mobility, including industrial-use unmanned helicopters, recreational vehicles, and golf cars, and we believe that we can become a pioneer in terms of robotics in these areas.

During 2017, we will work to grow our surface mounters for the existing factory automation field, while also stepping up our efforts in areas including the crop dusting business for vineyards in California



Golf car

CSR SECTION

Customers	34
Employees	36
Shareholders and Investors	38
Business Partners	39
The Community	40
The Environment	42



Basic Policies of CSR



The Yamaha Motor Group strives to contribute to the sustainable development of society through our business activities based on our corporate philosophy and to always abide by the letter and spirit of domestic and international laws and regulations. We are dedicated to earning the trust of the global community, and we place great value on communicating with all stakeholders.

We expect all of our business partners to share our principles and to act in accordance.

Customers

- We offer new excitement and a more fulfilling life for people all over the world through high-quality products and services that combine safety and innovation.
- We provide practical, helpful information about products and services to customers.
- We make every effort to protect the personal information of our customers and others involved in our business.

Shareholders and Investors

- We aim to deliver stable, long-term growth to enhance corporate value.
- We disclose appropriate corporate operational results and financial status in a timely manner.

Employees

- We provide equal employment opportunities to build a diverse and discrimination-free workforce.
- We provide fair working conditions while maintaining and improving a safe and healthy working environment.
- We maintain respect for human rights and never tolerate child labor or forced labor in any form.
- We work toward building success for both our employees and the Company through honest communication and dialogue founded on mutual trust.

Business Partners

- We respect our suppliers, dealers, and other business partners and aim to build mutual long-term growth founded on mutual trust.
- We maintain an open door to new business partners around the world and choose companies based on comprehensive value, regardless of nationality or size.
- We respect the competition laws of each nation and region and maintain fair business practices.

The Community

- We honor the culture and customs of every country and community, and we strive as a corporate citizen to act in balance with society.
- We work to contribute to the development of sound communities by providing means of mobility, creating employment opportunities, and fulfilling our tax obligations.
- We promote social action programs including personal mental and physical development, environmental preservation and safety activities, as well as supporting private initiatives undertaken by employees.
- We maintain honest and fair relationships with government agencies and public authorities.

The Environment

- We develop environmental technologies to create products that balance economic needs with environmental well-being.
- We aim to minimize the environmental impacts of our operations and make efficient use of limited natural resources.
- We form wide-ranging partnerships with communities around the world to perform environmental conservation activities.

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

Customers



Aiming to be an engineering, manufacturing and marketing enterprise that gives customers a sense of *Kando**

The Yamaha Motor Group's product quality and *Monozukuri* (engineering, manufacturing and marketing) are based on maintaining ongoing, close relationships with our customers. Going forward, we believe we must continue to strive to enhance this product quality by taking a customer-oriented approach. To do this, all divisions are striving to raise the quality of the work they perform.

The Yamaha Motor Group will continue to undertake activities that provide a sense of excitement to customers. We will strive to achieve the best quality possible and realize safety and reliability, based on a customer-oriented approach that emphasizes a deep sense of emotion in accordance with the spirit of the Yamaha Brand Charter.

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

Offering New Excitement

Yamaha Motor aims to be a "*Kando* Creating Company" through products and services that are in harmony with society and the environment, and that provide customers around the world with joy and unexpected exhilaration of the kind that enriches their lives with new fulfillment.

To achieve this, we want to continue to be an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market. Product creation is a process that begins with customers. Our mission is to create products that are attractive, reliable, and cost competitive, to maximize and optimize the value we provide our customers in ways that exceed their expectations.

Reliable *Monozukuri* that makes dreams come true
<https://global.yamaha-motor.com/about/brand/>



Some of the products and technologies that provide a new sense of excitement are introduced on our corporate website.

Working to Improve Quality

The Yamaha Motor Group places its highest priority on customer safety. In addition to enhancing product quality, we continue to put our maximum effort into activities that provide customers with appropriate explanations on how to use our products properly, to ensure that customers do not suffer any injury or accidents.

Specifically, since 2015 we have been implementing the "I am Yamaha" activities, in which each employee plays a leading role, with the aim of having their customers say, "I'll purchase a Yamaha again," or "My next purchase will be a Yamaha." These activities encourage a strong sense of ownership in every employee, so that each individual believes, "It is I, and no one else, who is personally responsible for making the Yamaha brand shine." This attitude, along with a customer-oriented approach, allows employees to refine their powers of perception (ability to make discoveries) and to enhance the quality of their work. Both as an organization and as individuals, we will strive to

further improve quality by working to: 1) enhance our customer sense; 2) increase interaction; 3) learn from mistakes (see TOPICS); and 4) do high-quality work.

Customer Service

The Yamaha Motor Group views opinions and requests from customers as expressions of their expectations for our products and services, so we carefully respond to each opinion and request we receive, in the belief that raising the level of customer satisfaction will lead to trust. We are continuously working to strengthen our services to learn how customers view and use our products, so that we can use this insight to improve product quality and create new products for the future.

Our Customer Communication Center handles customer inquiries related to our products and services, including motorcycles, marine products, electrically power assisted bicycles, generators, and snow throwers. Comments received from customers are stored in a database, and are made available within the Company so that they can be used to

develop and improve our products and enhance our services.

In addition, in order to enhance the skills of active motorcycle service technicians throughout the world and to further increase customer satisfaction, we hold the "YAMAHA World Technician GP" once every two years. Elite technicians, comprising winners from each region's preliminary competitions, are brought together in Japan for a contest to determine the world's top technician.

Riding Safety Promotion Activities

Customer safety is our first priority, and in addition to enhancing product quality, we continue to put our maximum effort into activities which explain to customers in an appropriate manner how to use our products correctly.

These efforts include the publication of catalogs and brochures that convey the attractiveness of our products and product manuals that explain correct product use, as well as safety promotion activities such as riding schools that allow customers to gain first-hand knowledge about using our products.

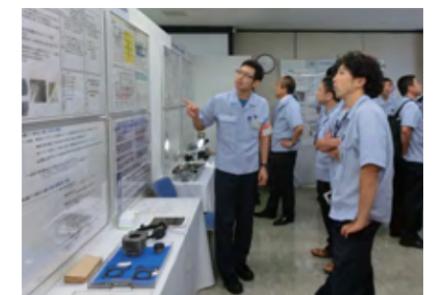
> TOPICS

Exhibition of failure case studies

Our engineering, manufacturing and marketing has grown thanks to our predecessors, who embraced challenges without the fear of failure. However, quality defects cause great inconvenience to our customers and lower the value of our brand.

Since 2016, Yamaha Motor has been holding an exhibition of failure case studies as one of the "I am Yamaha" activities launched in 2015. This is an initiative to enhance our ability to predict and prevent failure by seeking the true causes of mistakes, and conveying that knowledge and experience by means of panel presentations, exhibits of actual objects, and explanations by the persons in charge of cases involving quality defects.

By continuing to implement this initiative, Yamaha Motor will cultivate people and a corporate culture that allows us to learn from the failures that inconvenience our customers and to use those lessons to nourish growth and success.



Employees



Global perspective and respect for diversity

The Yamaha Motor Group strives to create workplaces that respect diversity, with the aim of achieving an organizational structure that is based on the sharing of ideas and equally high ambitions and spirit, cooperation, and joy in our work among the Company and its employees from a global perspective.

Nurturing Personnel

As our business becomes increasingly global in scale, we believe we need to step up our efforts in areas such as human resources development. In terms of human resources development in particular, each year we are enhancing our human resources development programs, which are aimed at various groups of employees.

Workplaces Thriving on Diversity

Based on our fundamental belief that “all corporate activity originates first of all with and for people,” the Yamaha Motor Group has clearly defined its stance on human rights in the Basic Policies on CSR and the Code of Ethics. Moreover, to maintain continuous growth, we believe it is important that our workforce incorporates diverse viewpoints and values, reflecting different experiences, skills, and attributes.

We have therefore established a Global Human Resources Development Division at our headquarters to develop and implement common management development programs around the world, and introduced global human resources systems to train and hire talented staff. We are also working to build an organization that utilizes global experience and knowledge. We will recruit superior management personnel regardless of their nationality or place of birth, and aim to have local managers fill 60% of management positions at overseas subsidiaries by 2018.

In addition, to promote the participation of women, we have set out and are pursuing a goal of doubling the number of female managers

from the 2014 level by 2020, and tripling the 2014 level by 2025. Furthermore, we are striving to further diversify our workforce by hiring non-Japanese managers at headquarters, promoting employment of non-Japanese personnel, and expanding on alternative work styles.

For people with disabilities, in October 2015 we established Yamaha Motor MIRAI Co., Ltd., to provide a place where they can participate actively in accordance with their capabilities, and to promote their social independence. The company began its full-scale operations in 2016.

Supporting Work-Life Balance

The Yamaha Motor Group defines its relationship with employees as a business partnership, and the Company's role as providing an attractive workplace for autonomous individuals. We aim to create workplaces that maintain a positive work-life balance by supporting career advancement plans based on mutual assumptions.

We are enhancing our systems so that employees can work in ways that suit their individual circumstances, by providing childcare leave, nursing care leave, and family illness leave, as well as systems such as flexible work time, short working hours, and the rehiring of employees who resigned to accompany their spouse on overseas postings.

With the aim of reducing overtime, and in consideration of maintaining mental and physical health, we established the Rules Regarding Overtime Work, which are stricter than the legal requirements, based on labor-management consultations. In addition, the Labor-Management Committee on Working Hours, comprising

participants from both the labor union and the Company, meets every month to confirm the present state of working hours.

Regarding the use of paid leave, we make efforts to encourage our employees to take time away from work by setting targets for both employees and management, and sending special notices to those eligible for five consecutive days of paid leave.

Workplace Safety and Health

Under the leadership of the Central Safety and Health Committee, with authority delegated by the President and Chief Executive Officer, Yamaha Motor is promoting the establishment of a safe and healthy working environment around the world.

For example, we strive to prevent occupational accidents by performing risk assessment in accordance with the Occupational Safety and Health Management System (OSHMS), to detect potential dangers and harmful conditions in the workplace. In addition, we are focused on developing human resources that can support workplace safety and a healthy occupational environment through job-specific education and training to improve the skills of safety managers, supervisors, and operations chiefs, and by holding occupational safety and health meetings.

Starting in 2008, our headquarters introduced a system for inspecting Yamaha's main manufacturing centers to determine whether they are meeting OSHMS levels, with group certification granted to centers that have achieved the required level, and follow-ups conducted on a regular basis.

Employee Health

Yamaha Motor engages in a wide range of initiatives to help employees maintain and improve their health.

In addition to health checks, including X-ray and blood tests in accordance with laws and regulations, we offer ongoing health guidance to employees who are at risk for lifestyle-related diseases, and incentives to encourage employees to quit smoking, among other programs. For employees' family members, we provide subsidies through our health insurance association for those receiving regular health checks, cancer screening, complete physical examinations, and other services.

For employees scheduled to be stationed overseas, we hold training prior to posting on infectious diseases such as viral hepatitis and general health management, and provide education on preventing infection and prophylactic medications for employees who are travelling, including on business trips, to areas where there is a risk of contracting endemic diseases such as malaria. In addition, the occupational health physician in charge conducts regular tours of the overseas posting areas, and monitors the health levels and living environments of employees stationed abroad. Furthermore, to handle unexpected circumstances such as sudden illness, we have contracts with private medical service operators who provide both consultations and emergency transportation services.

Moreover, in order to promote health through recreation, we organize events such as the “Walk, Walk Campaign,” led by the Health Promotion Center.

> TOPICS

Start of coaching program

Yamaha Motor conducts an annual Employee Awareness Survey as a means of identifying organizational and management issues through comments from its employees. The survey is intended to provide an understanding of employee perspectives on various topics, including management, the workplace, jobs, supervisors, and the human resources system, and to identify issues that will lead to future improvements and measures.

Based on the 2015 survey, we judged that managers with the role of mediating information flow were not adequately fulfilling their function as the “organization's middle management,” and therefore decided to introduce and deploy the coaching program. We conducted a trial in 2016, and are working on full-fledged implementation by expanding the program to more workplaces in 2017.

Yamaha Motor will continue striving to create an even more open workplace through high-quality communication so that the entire organization, from the front lines to management, is united in the pursuit of its business activities.

Shareholders and Investors

In order to ensure accountability by providing shareholders and investors with appropriate, accurate and timely information, Yamaha Motor has established a specialized division which engages in IR activities inside as well as outside Japan.

In addition to the annual shareholders' meeting and quarterly earnings briefings, the division holds IR meetings with investors from within and outside of Japan, and organizes business briefings. Furthermore, the division discloses IR information on the Company's website, operates a website to provide information to individual investors, and makes videos of earnings briefings and briefings for individual investors publicly available, in an effort to proactively disseminate information so that even more shareholders and investors have a better understanding of Yamaha Motor's business strategies.

Since 2017, a manager in charge of IR has been stationed in Tokyo to handle communications with analysts and investors even more proactively than in the past.

[New Medium-Term Management Plan \(2016–2018\)](https://global.yamaha-motor.com/ir/management/mtp/)

<https://global.yamaha-motor.com/ir/management/mtp/>

[PDF presentation of new Medium-Term Management Plan](https://global.yamaha-motor.com/ir/report/pdf/mmp/2016medium-plan-e.pdf)

<https://global.yamaha-motor.com/ir/report/pdf/mmp/2016medium-plan-e.pdf>

[Video presentation of new Medium-Term Management Plan](https://www.youtube.com/watch?v=phfFnf-0yCO&feature=youtu.be)

<https://www.youtube.com/watch?v=phfFnf-0yCO&feature=youtu.be>

Visits to Overseas Investors

The proportion of overseas shareholders at Yamaha Motor is approximately 30%. We visit local offices and hold IR meetings to provide overseas investors with an accurate understanding of our management and business situation. Moreover, our efforts are not limited to meetings; we also offer activities such as tours of factories in Japan and overseas as well as test rides of products, to provide

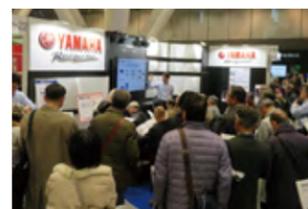
investors with a first-hand look at our business, which has a relatively large number of niche products in a wide range of categories.



Briefings for Individual Investors in Japan

Yamaha Motor, whose main business is B2C, also makes efforts to hold briefings for individual investors. In 2016, we held 23 briefings in 15 major cities in Japan, with approximately 4,000 participants.

As a result of these activities, the number of individual shareholders has been increasing steadily. We plan to further strengthen such initiatives in the future.



Information for shareholders and investors is available on the websites below:

[Disclosure policy](https://global.yamaha-motor.com/ir/policy/)

<https://global.yamaha-motor.com/ir/policy/>

[Dividend policy](https://global.yamaha-motor.com/ir/shareholder/dividend/)

<https://global.yamaha-motor.com/ir/shareholder/dividend/>

[For investors \(index page\)](https://global.yamaha-motor.com/ir/)

<https://global.yamaha-motor.com/ir/>

Business Partners

Working Together on “Procurement for Engineering, Manufacturing and Marketing”

The Yamaha Motor Group regards its relationship with the supply chain not just as conducting procurement, but as procurement that emphasizes the incorporation of both cost and quality into its engineering, manufacturing and marketing.

An example of these activities is the implementation of “theoretical-value-based production” with suppliers. This does not simply mean demanding cost reductions, but instead involves analyzing the absolute value of production activities together with suppliers, and then working to find more ways to improve cost competitiveness. In order to promote these activities, Yamaha Motor has trained some employees to serve as “theoretical-value instructors” at suppliers.

Fair and Clean Procurement Activities

In the Basic Purchasing Policies, Yamaha Motor states its commitment to “conduct fair trading, based on trust and cooperation, and to constantly strive to build better relationships with suppliers through activities to improve quality, price, delivery times, and other factors,” and sets out policies including “fair and impartial trading,” “compliance and confidentiality,” and “emphasis on the global environment.”

We also promote CSR efforts throughout the supply chain based on the CSR Guidelines for Suppliers, in which our policies on safety and quality, human rights and the working environment, consideration for the environment, risk management practices, and strict compliance are communicated to suppliers.

Furthermore, we are pursuing activities to address environmental issues together with our suppliers, such as management and reduction of environmentally hazardous substances and the efficient use of

resources and energy, through our Green Procurement Guidelines.

In addition to raising awareness of these efforts among employees and suppliers during the course of regular operations, Yamaha Motor strives to ensure their thorough implementation through the Global Suppliers Conference, which gathers together suppliers from around the world once a year, in addition to a range of workshops held on various occasions.

Activities at Dealerships

As our contact point with customers around the world, dealerships play an important role in conveying Yamaha's “next *Kando*.” By strengthening relationships with dealers through regularly held dealer meetings and activities to promote safe driving and support local communities, the Yamaha Motor Group is building a sales network that provides common value.

In Japan, dealers mainly in Yamaha Sports Plaza (YSP), an official Yamaha sports bike dealer system, and Yamaha Motorcycle Sales Japan Co., Ltd., play an important role in building ties with local communities and society by cooperating in a range of measures including motorcycle infrastructure development, motorcycle etiquette training, motorcycle recycling, tree planting, and other environmental campaigns, as well as fundraising for seeing-eye dog training.

The Community



Coexistence and mutual prosperity of the Company and local communities

The Yamaha Motor Group operates in locations around the world, and our business activities help support those local communities. Our products also play a role in enriching the lives of people around the world. We recognize the importance of maintaining a sustainable relationship through which the Company and local communities can coexist and mutually prosper, and to achieve this, we place great importance on maintaining and enhancing a relationship of trust through daily communication with stakeholders in those communities.

Important Areas of Activities Contributing to Society

Key Themes	Global Issues			Local Issues
	Developing Future Leaders	Environmental Conservation	Improving Traffic Safety	Community Issues
Activities	<ul style="list-style-type: none"> Promoting mental/emotional and physical health through sports Promoting creativity through engineering, manufacturing, and marketing 	<ul style="list-style-type: none"> Environmental education for local communities Respecting biodiversity 	<ul style="list-style-type: none"> Providing traffic safety education to the community Raising awareness 	<ul style="list-style-type: none"> Supporting the community with Yamaha Motor's products, human resources, and know-how

Developing Future Leaders

Accepting Interns under the ABE Initiative

Yamaha Motor accepted university students who came to Japan in September 2016 as short-term interns under the ABE Initiative.

The ABE Initiative is a program that provides young people from Africa with opportunities to study at universities and graduate schools in Japan, as well as internships at Japanese companies. The program was announced in 2013 at the Fifth Tokyo International Conference on African Development (TICAD V) as a public-private policy to support economic growth in Africa.

For this internship program, Yamaha Motor accepted five interns from five African nations, and held a workshop on the theme of "Proposal of business plan for sale of the Yamaha Clean Water Supply System (small-scale water purification system for villages) in your country."

The interns gave detailed explanations of water issues in their own countries and the problems they wished to solve with the Yamaha Clean

Water Supply System, as well as the institutions to be involved and the people that would become potential customers. There was a lively exchange of opinions regarding the efforts required for expanding sales and the methods for enhancing the appeal of the Yamaha brand in Africa.



Find out about our other activities at:

<https://global.yamaha-motor.com/about/csr/communities/activities/human-resource/>

Environmental Conservation

Beach Cleanup Campaign

The Yamaha Motor Group continuously engages in various environmental conservation activities required by local communities, including beach cleanup activities that aim to support the preservation and sustainable use of beach environments, which promote coastal fishing and marine sports.

In June 2016, 178 volunteers participated in the cleanup of a commemorative park organized by three Group companies in Thailand. At beaches near our headquarters, we held our baby turtle observation tour and sustainable beach cleanup campaign for the 26th year. Roughly 400 people participated in this joint event with Yamaha Corporation to strengthen the bond of our common brand.



Find out about our other activities at:

<https://global.yamaha-motor.com/about/csr/communities/activities/environment/index.html>

Improving Traffic Safety

University Students in Turkey Learning About Traffic Safety from a Scientific Perspective

To reduce the number of traffic accidents involving motorcycles, the Yamaha Motor Group holds a variety of safe riding programs around the world.

In 2016, YMTR*¹ in Turkey held its YSRs*² program, which adopts a scientific approach to teaching the basics of traffic rules, safe riding,



and the importance of hazard anticipation. Over 180 university students participated in this program.

*1 YMTR: YAMAHA MOTOR SANAYI VE TICARET LTD.SIRKETI

*2 YSRs: YAMAHA SAFE RIDING SCIENCE

Find out about our other activities at:

<https://global.yamaha-motor.com/about/csr/communities/activities/safe-driving-diffusion/>

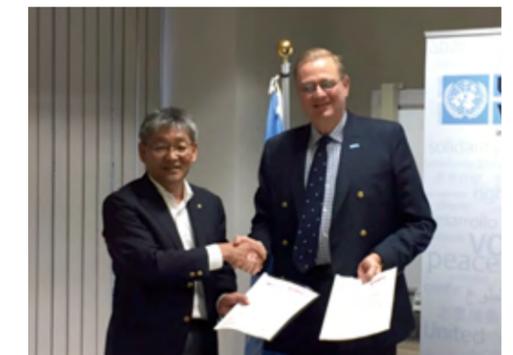
Community Issues

Supporting Indian BoP Improvement Projects at UN Agencies

Yamaha Motor concluded a partnership agreement with the United Nations Volunteers (UNV) programme, the first partnership in Japan between a private-sector company and the UNV. Based on this agreement and working through the UNV, one employee is dispatched to the United Nations Development Programme (UNDP) in India for one year, from August 2016 to July 2017, to support BoP* improvement projects through the use of renewable energy.

Since the 1960s, Yamaha Motor has been expanding businesses that can contribute to improving the standard of living of people in developing countries in Africa and Central and South America. We recognize that cooperation with the United Nations will become increasingly important for the continuance of business activities that work toward resolving issues in the international community.

*BoP: Base of the Economic Pyramid



Find out about our other activities at:

<https://global.yamaha-motor.com/about/csr/communities/activities/local-society-task/>

The Environment

Striving to harmonize with the environment for sustainable social development

Based on the Yamaha Motor Group Environmental Plan 2020, formulated in 2010, the Yamaha Motor Group aims to be a company that fulfills its corporate social responsibilities by striving to maintain harmony with the environment, which serves as the stage for our products.

Plan for Environmental Activities

Yamaha Motor Group Environmental Plan 2020

Action Areas		Priority Actions	2020 Targets
Eco Products	Raise environmental attractiveness through product development from the perspectives of the environment and customers	In the Eco Products area, implement the Frontier 2020 Groupwide long-term vision	
		<ul style="list-style-type: none"> Reduce risks from environmentally hazardous substances Implement green procurement 	Identify environmentally hazardous substances and support the use of alternatives
Eco Operations	Environmental preservation through global business activities that aim to minimize environmental impact	Reduce emissions of greenhouse gases	Reduce CO ₂ emissions per unit of sales by 1% (annual average)
		<ul style="list-style-type: none"> Implement the 3 R's through the 3 E's <ul style="list-style-type: none"> Reduce water consumption (3 E's: Easy to make, Easy to repair, Easy to disassemble) (3 R's: Reduce, Reuse, Recycle) 	Support the effective use and recycling of limited resources
Eco Management	Environmental management through reinforcement of Group environmental governance systems	Create and operate Groupwide environmental management systems	Link Groupwide operations with local activities
Eco Mind	Environmental contributions through diverse initiatives that seek to create a sustainable environment	Change attitudes through continuous environmental education	Have all Group employees actively undertake environmental measures with a high awareness of targets
		<ul style="list-style-type: none"> Improve sensory environments (odors, noise, etc.) Communicate with local communities Preserve ecosystems 	Be trusted and respected as a corporate citizen by local communities
		Proactively disclose information from an environmental perspective	Well received by the community as an environmentally advanced company

Organizational Structure for Promoting Environmental Management

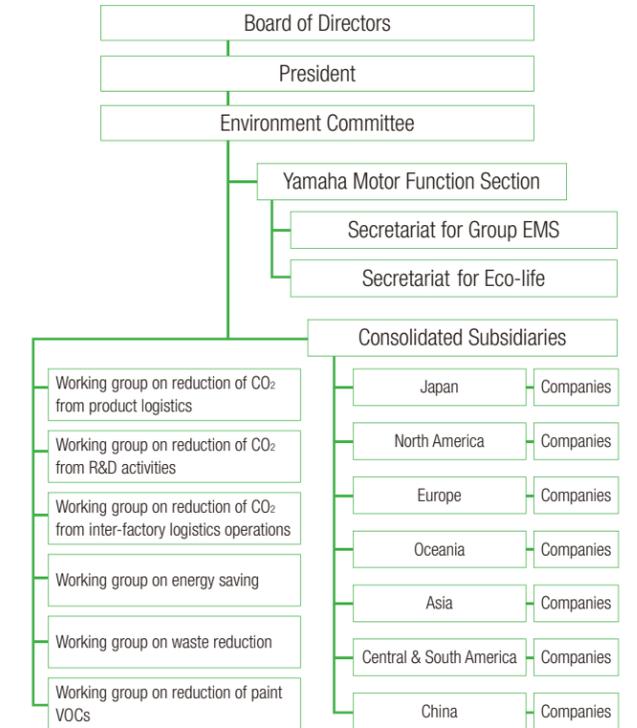
The Yamaha Motor Group has established an Environment Committee, chaired by the Executive Vice President, as the central organization responsible for the Group's environmental activities in Japan and overseas. The committee deliberates on policies and visions for the future concerning environmental initiatives, medium- and long-term environmental policies, strategic investment proposals relating to environmental preservation, environmental monitoring topics and responses to issues, and other key issues relating to environmental management. The policies and activities discussed are reported to the Board of Directors as necessary.

Activities for Identifying and Reducing Both Direct and Indirect Greenhouse Gas Emissions

The Yamaha Motor Group endeavors to identify greenhouse gas emissions resulting both directly (e.g., from the burning of fuel at factories) and indirectly (e.g., from electricity use at factories and offices) from its corporate activities at the locations in which it operates, and to reduce those amounts.

We will also work to more precisely measure direct and indirect emissions at each location, and to further reduce emissions at each factory and office.

The Yamaha Motor Group Organizational Structure for Environmental Planning and Promotion

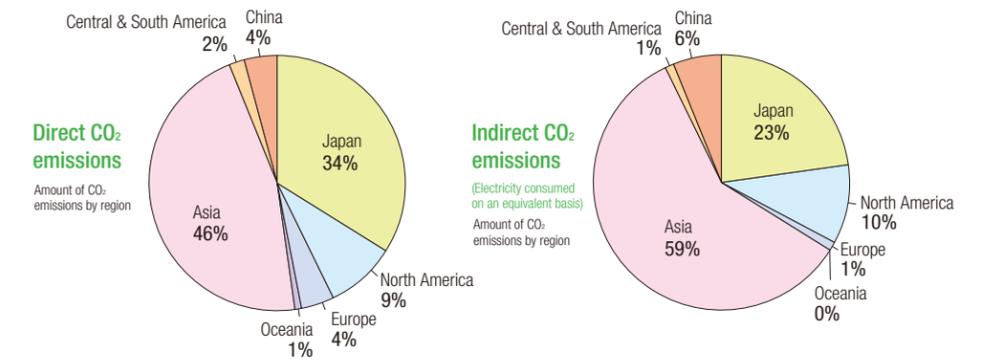


Direct emissions

147 thousand t-CO₂

Indirect emissions

401 thousand t-CO₂



> TOPICS

Promotion of water purification system in cooperation with local NGOs

Water stress due to climate change has led to greater water pollution, which has led in turn to poor health conditions and a growing number of sicknesses, thus hindering socio-economic development. Accordingly, Yamaha Motor has installed its proprietary Clean Water Supply System in regions that lack drinking water due to the underdevelopment of waterworks. At the same time, we cooperate with local NGOs to organize water management committees, and provide expert support with regard to coordinating operation, maintenance, and management.



By the end of 2016, we had set up 22 systems, mainly in African countries and Indonesia. Going forward, we will enhance our support in terms of know-how, while increasing the number of established systems, as we continue our efforts to ensure a constant supply of safe water and a hygienic environment in areas that lack drinking water.

CO₂ Emissions at the Yamaha Motor Group

As a manufacturer of motorcycles and other transportation machinery, the Yamaha Motor Group considers the reduction of greenhouse gas emissions to be the most critical environmental issue facing the world today. We are targeting an annual 1% reduction in CO₂ emissions per unit of sales as a common goal for the entire Group, and are working to reduce emissions in all of our business activities including product development and manufacturing.

Since 2013, we have been implementing global energy-saving activities at all of our manufacturing sites including those overseas, with the aim of achieving a balance between economic and environmental considerations (CO₂ reductions). We are also promoting the efficient use of energy by introducing energy-saving technologies developed in Japan to Group companies at home and overseas.

CO₂ emissions: **548 thousand** t-CO₂

Energy Input at the Yamaha Motor Group

We are systematically implementing various measures to reduce energy consumption, such as the "visualization" of energy to make energy losses visible, and introducing loss prevention measures and high-efficiency equipment.

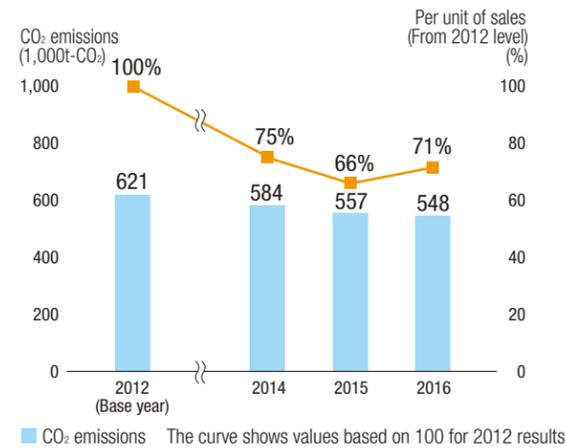
Total energy input: **10.13 million** GJ (electricity: 7.50 million GJ)

Measuring and Reducing Water Resources

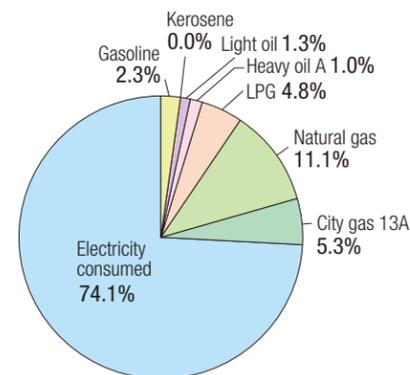
We are working to reduce our consumption of water resources, and have set the support of effective use and recycling of limited resources as our target for 2020. We will continue to strive to measure our global use of water resources and reduce our water resource consumption through programs including the reuse of coolant water and water collection (rainwater and other sources) at factories.

Water consumption: **5.47 million** m³

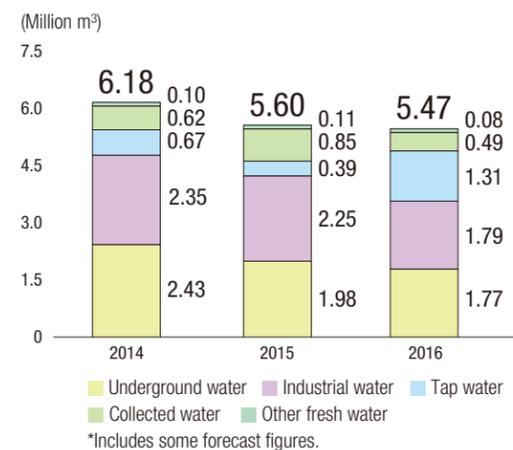
Yamaha Motor Group CO₂ Emissions



Yamaha Motor Group Energy Input



Yamaha Motor Group Water Consumption



> TOPICS

Launch of the ASEAN strategic model GDR155

Yamaha Motor developed the GDR155, a new scooter that blends a stylish form with a sporty ride, as a strategic model for ASEAN markets. Launched in Vietnam as the NVX and in Thailand as the AEROX in December 2016, the GDR155 will be introduced in Indonesia and other ASEAN markets hereafter.

The GDR155 is equipped with a BLUE CORE engine, which incorporates Yamaha's first Smart Motor Generator combining startup and power generation functionality, to deliver quieter startups and reduce power generation loss.

The main features of the GDR155 include:

- 1) a 155cc liquid-cooled BLUE CORE engine providing superior acceleration and fuel efficiency;
- 2) a lightweight 116kg body for sporty handling; and
- 3) a new design that exudes both high maneuverability and a luxurious feel.

The GDR155 will be manufactured at factories in Vietnam, Thailand, and Indonesia, and a rich variety of color and graphics tailored to the tastes of customers in each country will be offered.



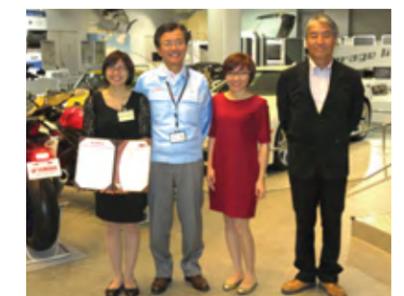
Strengthening environmental governance through global environmental ISO 14001 unified certification

"Eco management" is one of the action areas in Yamaha Motor Group Environmental Plan 2020, and based on this the Group has pursued global environmental ISO 14001 unified certification, which strengthens the Group's environmental governance framework and achieves efficient environmental management operations, at locations in Japan and overseas since 2012.

This program has been expanded to 44 companies, mainly manufacturing companies in Japan, Asia, Europe, the United States, and South America, and as of the end of 2016, unified certification had been obtained by 41 companies (93%). All target companies plan to join the program in 2017, which will complete the global unified certification framework.

In addition, the Yamaha Motor Group has introduced an in-house environmental management certification system for companies that have a relatively small impact on the environment. For overseas Group companies in particular, we have introduced customized third-party audits, and are seeing the results of these activities in terms of effectiveness and efficiency.

Through these activities, environmental risks and environmental management system issues at individual Group companies are being shared across the Group, leading to stronger environmental governance. In terms of efficiency, we have achieved significant cost reductions through the promotion of global unified certification.



ISO 14001 certificate award ceremony for YPMV (Vietnam) held at Yamaha Motor headquarters

GOVERNANCE INFORMATION

Corporate Governance	48
Directors, Audit & Supervisory Board Members, and Executive Officers	56
Comments from an Outside Director	59



Corporate Governance

Basic Corporate Governance Policies

The Company's Management Principles and Management Strategies

Yamaha Motor's corporate objective is to be a "Kando* Creating Company." We aspire to offer new excitement and a more fulfilling life for people all over the world. To this end, we provide unique and high-quality products and services made available through our technology to interweave human logic with sensibility by continuously striving to achieve "the unique style of Yamaha Motor's engineering, manufacturing and marketing," aiming at creating "new, original and innovative ideas and messages," "technology that creates joy and trust among customers," "attractive designs to express Refined Dynamism," and "power to build up a lifetime relationship with customers."

We make ongoing efforts to gain recognition from our various stakeholders that "the unique style of Yamaha Motor" constitutes the "Yamaha" brand, and to make our products and services the lifelong preferred choice for stakeholders. We believe that these efforts will enable us to achieve sustainable growth and enhance our medium- to long-term corporate value.

Under the Medium-Term Management Plan (2016–2018), we will carry out specific measures to achieve sustainable growth and enhancement of corporate value. While maintaining and strengthening a stable financial base, we proactively make strategic investments for growth in the following three domains: "fulfilling lifestyles," "enjoyment in personal mobility," and "innovative technologies that harmonize with people, society and the Earth," to provide our shareholders with enhanced returns.

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

Basic Views on Corporate Governance

To ensure the implementation of the Company's growth strategies for the future, Yamaha Motor's Board of Directors 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, we

formulate 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 "Yamaha Motor's Corporate Governance Guidelines," please visit our website:

https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf

Chapter 1

Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders

1-1. Ensuring shareholders' rights and equality

We treat all shareholders equally based on the class and number of shares held by them. We provide sufficient consideration for the exercise of rights allowed for minority shareholders.

1-2. Basic views on dialogue with shareholders

To facilitate effective and constructive dialogue with shareholders and investors, we are actively engaged in dialogue, led primarily by the President and Representative Director, the Chief General Manager of the Corporate Planning & Finance Center, and the division in charge of IR and SR. These activities include individual meetings and briefing sessions for shareholders and investors, which are held in a systematic manner in Japan and overseas. Opinions, inquiries, and other information obtained through these activities are shared with the management and Directors (including Outside Directors).

The Company also utilizes the results of periodic shareholder surveys and related efforts to monitor the sufficiency of information disclosed and appropriateness of the method of explanation for fostering continuous dialogue.

We also develop disclosure policies for the management of insider information and take appropriate measures based on those policies.

1-3. General Meeting of Shareholders

Yamaha Motor endeavors to create an environment that enables all shareholders to appropriately exercise their voting rights upon due consideration of agenda items of the General Meeting of Shareholders.

Agenda items of the General Meeting of Shareholders that are deemed to require a sufficient period of consideration for shareholders are posted on the websites of the Tokyo Stock Exchange and the Company in a prompt manner after they are resolved by the Board of Directors. The notice of convocation for the Ordinary General Meeting of Shareholders is dispatched at least three weeks prior to the meeting date. The notice of convocation is also posted, along with its English translation, on the websites of the Tokyo Stock Exchange and the Company prior to the day on which the notice is dispatched.

1-4. Basic capital policies

Under the Medium-Term Management Plan (2016–2018), we will proactively make strategic investments for growth and provide our shareholders with enhanced returns while maintaining and strengthening a stable financial base. Major target figures are as follows. The Company strives to achieve these targets.

- (1) As a guideline to build a stable financial base, an equity ratio target of 40% or higher.
- (2) To maintain a stable and continuous distribution of dividends as returns to shareholders, achieve a consolidated dividend payout ratio of 30%.
- (3) To promote the effective use of shareholders' equity, we consider return on equity (ROE) to be one of the most important management indicators, and target ROE of around 15%, which exceeds the capital cost.

1-5. Cross-shareholdings

(1) Basic policies on cross-shareholdings

Yamaha Motor's development, procurement, production, and sales have expanded globally. We believe that strengthening business relationships with business partners and maintaining stable relationships with financial institutions and other parties are necessary for achieving continuous growth. In considering our business strategies, business relationships with our business partners, and enhancement of our financial base, we intend to hold shares under cross-shareholdings when it is deemed necessary and appropriate in order to enhance corporate value from a medium- to long-term perspective.

The Board of Directors annually examines medium- to long-term economic rationality and future outlook concerning its major

cross-shareholdings, taking into account factors including return and associated risks.

(2) Shareholdings of Yamaha Corporation

Yamaha Motor was established by spinning off the motorcycle division from Nippon Gakki Co., Ltd. (current Yamaha Corporation). Today, the two companies' management is conducted separately, with both using the same "Yamaha" brand. We are undertaking various measures in collaboration with Yamaha Corporation through the "Joint Brand Committee," and under the "Yamaha Brand Charter" and "Joint Brand Regulations." Both companies appropriately monitor measures for mutual sustainable growth through shareholdings and dispatching Directors. We believe that maintaining and improving the shared value of the "Yamaha" brand by building a monitoring and collaborating relationship with Yamaha Corporation will contribute to the medium- to long-term enhancement of Yamaha Motor's corporate value.

(3) Basic policies on exercise of voting rights

Yamaha Motor does not take a uniform approach in determining whether to approve or disapprove when exercising voting rights associated with cross-shareholdings; instead, it thoroughly examines and discusses whether the decisions contribute to the medium- to long-term enhancement of corporate value of the issuing company, and comprehensively assesses potential damage to its own corporate value. We may request further explanations on agenda items when necessary and make decisions on approval or disapproval.

1-6. Related party transactions, transactions with competitors, and transactions involving any conflict of interests

When carrying out related party transactions, transactions with competitors, and transactions involving any conflict of interests, we set out appropriate procedures according to the degree of importance and the nature of those transactions as per the Board of Directors' Rules and the Decision-making Rules, etc. The Board of Directors deliberates upon and resolves these transactions to protect the interests of the Company and all of its shareholders. The status of transactions is reported to the Board of Directors, which is in charge of monitoring said transactions.

Chapter 2

Appropriate collaboration with various stakeholders

2-1. Relationships with stakeholders

Yamaha Motor has consolidated subsidiaries and equity-method affiliates in 30 countries and regions. Approximately 90% of its consolidated net sales are generated overseas. The Company's development, procurement, production, and sales activities have expanded globally, and its products are sold in more than 200 countries and regions. We need to be well aware that our sustainable growth and medium- to long-term enhancement of corporate value are greatly supported by the resources and efforts provided by all stakeholders, namely, customers, employees, business partners, communities, the greater society, and the global environment that interact with Yamaha Motor worldwide.

We have been sharing the brand slogan "Revs your Heart," adopted in 2013, with Group employees around the world. "Revs your Heart" has the meaning of "uplifting and exciting your heart just like revving up an engine." The slogan is trying to convey the Group's strong wish to provide exceptional value and experiences that enrich the lives of its customers by exceeding the expectations of all stakeholders. To this end, we think very carefully about what "the unique style of Yamaha Motor" means in our overall operations including planning, development, production and sales, and place great importance on the spirit of challenge.

2-2. Putting Code of Ethics into practice

Yamaha Motor has formulated the "Code of Ethics," which describes topics including appropriate collaboration with stakeholders, respect for their interests, and sound business activity ethics, and shares these with our subsidiaries. Directors, Executive Officers and employees always act in accordance with the "fair and honest business" and "rules on business activities" provided for in the Code of Ethics in daily activities, so that we can continue building a corporate culture that can strengthen the trust of society.

The Board of Directors periodically reviews whether the Company's corporate culture has been established in a way that respects the objective and spirit of the Code of Ethics, and confirms the degree of awareness of and compliance with the Code throughout the Company's business activities in Japan and overseas.

2-3. Handling issues concerning sustainability

Issues regarding sustainability, including ongoing global warming, energy and water use, and conservation of biodiversity are growing in intensity on a worldwide level. We believe that handling these issues is

an important risk management task, which leads to the generation of growth opportunities.

We have successfully delivered technological innovations in compact engines with little environmental impact and commercialized Smart Power products like electrically power assisted bicycles and electric motorcycles, conducted research and development in next generation power sources, and promoted social contribution activities by making use of human resources, tangible assets and know-how built through our business operations, while maintaining harmony with the global environment. Yamaha Motor continues to engage in these initiatives to develop further an internal promotion system.

The Board of Directors formulates policies on dealing with issues concerning sustainability and regularly reviews their implementation status.

2-4. Ensuring diversity

To ensure sustainable growth, Yamaha Motor places importance on incorporating various perspectives and values reflecting different experiences, skills, and attribution. Therefore, we aim to secure diverse human resources.

To this end, we have established a Global Human Resources Development Division at the corporate headquarters to implement globally common, training programs to develop senior management and to adopt a global human resource system designed for developing and appointing individuals with a competitive edge. We also work on creating an organization that can effectively make use of global experience and knowledge.

To facilitate global management, we promote talented individuals for senior management positions regardless of nationality or background. With regard to management executives at overseas subsidiaries in particular, we actively promote local talent, aiming to attain a localized ratio of 60% by 2018. At the same time, we strive to develop headquarters talent on an ongoing basis, to create an organization that can maximize management potential by mutually complementing experiences and skills with locally developed talent.

In addition, to promote career development for women, we aim to double by 2020 the number of women in management positions as of 2014, and triple by 2025. We disclose these target figures and promote them.

2-5. Whistle-blowing systems

Yamaha Motor has established a Compliance Hotline and a Harassment Hotline to which employees, etc., can report any unlawful behavior or conduct that may result in harming trust in the Company, without fear of

being treated unfavorably. A Compliance Hotline, in particular, is established in an external third-party organization so that Audit & Supervisory Board Members can directly collect information.

The Board of Directors carries out a review on the implementation status of these whistle-blowing systems on a regular basis.

Chapter 3

Appropriate information disclosure and ensuring transparency

3-1. Appropriate information disclosure and ensuring transparency

In order to carry out constructive dialogue with stakeholders in Japan and overseas, Yamaha Motor proactively provides non-financial information like its management strategies and risk governance in addition to disclosure items required by laws and regulations. We also strive to disclose information in English to the extent reasonably possible. The Board of Directors strives to ensure that disclosed and provided information is accurate, comprehensive and highly useful for users, and appropriately supervises the content of such disclosure.

3-2. External Accounting Auditor

To ensure adequate audits by an External Accounting Auditor, the Board of Directors and the Audit & Supervisory Board secure the following systems:

- (1) To secure sufficient time to enable high-quality audits, the division in charge of finance & accounting consults with the External Accounting Auditor in advance to decide upon an adequate auditing schedule.
- (2) The management arranges meetings with the External Accounting Auditor on a regular basis or when necessary upon request.
- (3) The Audit & Supervisory Board regularly receives reports on auditing plans and audit progress from the External Accounting Auditor, and deliberates on the content of the reports in order to adequately collaborate with the External Accounting Auditor. In addition, the Internal Auditing Division collaborates with External Accounting Auditors by exchanging information when necessary as well as sharing information concerning internal control and compliance.
- (4) If External Accounting Auditors find any fraud, inadequacy or issues and request the Company to take appropriate actions in this respect, the management, the Audit & Supervisory Board, Internal Auditing Division, Finance & Accounting Division and Risk Management Division take necessary measures in accordance with the degree of importance thereof.

Chapter 4

Responsibilities of the Board of Directors, etc.

4-1. Basic views on corporate governance

Yamaha Motor supplies various kinds of products and services to markets around the world, including sensibility-focused personal mobility for individual customers' recreational purposes, user friendly and practicality-focused personal mobility for travelling and transportation purposes, marine products to be used for a wide range of applications from recreational to business purposes, industrial robots, vehicle engines, and unmanned helicopters for corporate customers' business use.

Overseas sales account for approximately 90% of the Company's consolidated net sales. With the principal concept of developing and producing locally where the products are consumed, our development, procurement, production and sales and other activities have expanded worldwide.

To sustainably develop operational activities that are capable of flexibly responding to customer diversity, product diversity and the globally expanding market, we acknowledge that adequate risk-taking and decisive decision-making are necessary. We also place importance on multilaterally understanding and appropriately overseeing issues and risks associated with the implementation of management strategies. We believe it is effective to structure a corporate governance system consisting of the Board of Directors, made up of Directors of the Company who are familiar with the Company's customer characteristics, products, business operations and functions and Outside Directors who have a wealth of knowledge in global corporate management, and the Audit & Supervisory Board whose members include Outside Audit & Supervisory Board Members with professional knowledge in areas including accounting, legal affairs, and management administration.

Under this corporate governance system, Executive Officers are appointed to execute operational duties in a timely manner, and the Board of Directors delegates matters related to the execution of business operations to the Executive Officers.

4-2. Composition of the Board of Directors and Audit & Supervisory Board

The Board of Directors and the Audit & Supervisory Board, which implement corporate governance in accordance with the "Basic views on corporate governance" outlined in 4-1, consist of nine Directors, four Outside Directors (including three Independent Outside Directors), two Standing Audit & Supervisory Board Members, and two Independent Outside Audit & Supervisory Board Members. Of the seventeen Directors and Audit & Supervisory Board Members in total, six are Outside Officers.

From the viewpoint of maintaining an overall balance in terms of knowledge, experience and ability, and in consideration of diversity and size, the composition of the Board of Directors and Audit & Supervisory Board are defined as follows:

- (1) The Articles of Incorporation stipulate the number of Directors to be up to fifteen, and the number of Audit & Supervisory Board Members to be up to five.
- (2) Regardless of gender, age, or nationality, executives must adequately understand the viewpoints and standpoints of various stakeholders including shareholders, and must have long-term visions, abundant experience, extensive insight, and a high degree of expertise in addition to appropriate human characteristic elements such as ethical views and fairness.
- (3) Directors of the Company shall be individuals who can deal with the

diversity of customers' special characteristics, products, business operations, and functions, as well as global aspects of markets.

- (4) Outside Directors shall be individuals who have experience in global corporate management, professional insight in management, and knowledge of the industry among others.
- (5) At least one-half of Audit & Supervisory Board Members shall be made up of Outside Audit & Supervisory Board Members, including those who have adequate insight in areas such as accounting, legal affairs and management administration.

4-3. Roles of the Board of Directors

To ensure the implementation of growth strategies for the future, the Board of Directors establishes an environment that supports management's appropriate risk-taking and decisive decision-making

Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Position	Name	Reasons for appointment
Outside Directors	Tamotsu Adachi	Tamotsu Adachi provides management with advice and supervision as an Outside Director, based on his ample experience in international business and in the formulation of management strategy, investment activities and wide range of insights. Mr. Adachi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Takuya Nakata	As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Takuya Nakata provides management with advice and supervision as a corporate executive, and has been elected as an Outside Director to enhance the value of the Yamaha brand name that is used by both companies. Similarly, the Company's President and Representative Director, Hiroyuki Yanagi, concurrently serves as an Outside Director of Yamaha Corporation.
	Atsushi Niimi	Atsushi Niimi provides management with advice and supervision as an Outside Director, based on his extensive experience and wide-ranging knowledge as a corporate executive at several global organizations. Mr. Niimi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Genichi Tamatsuka	Having served as representative director at several major companies, Genichi Tamatsuka provides management with advice and supervision as an Outside Director, based on his extensive experience in corporate management and wide range of insights. Mr. Tamatsuka meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
Outside Audit & Supervisory Board Members	Tomomi Yatsu	Tomomi Yatsu uses her significant expertise as a certified public accountant and attorney as well as her knowledge and experience as an outside officer for a corporation in performing her duties as one of the Company's Audit & Supervisory Board Members (Outside). Ms. Yatsu meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer.
	Masahiko Ikaga	Masahiko Ikaga uses his significant expertise as a certified public accountant, as well as his extensive experience and wide-ranging knowledge as a corporate executive, in performing his duties as one of the Company's Audit & Supervisory Board Members (Outside). Mr. Ikaga meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

activities. In addition, the Board of Directors multilaterally understands and appropriately oversees issues and risks associated with the execution of management strategies from the viewpoint of fulfilling its responsibilities to various stakeholders including shareholders and investors. We acknowledge that these tasks are their roles in supporting the Company's sustainable growth and enhancement of its corporate and brand value.

To ensure prompt execution of business operations, the Board of Directors appoints Executive Officers and delegates matters related to execution of business operations to them.

In accordance with the policies outlined above, matters to be judged and determined by the Board of Directors and matters to be delegated to Executive Officers are as follows:

- (1) Matters to be judged and determined by the Board of Directors
 1. Determining matters provided for in laws and regulations and the Articles of Incorporation
 2. Overseeing the execution of Directors' duties
 3. Determining strategies and policies
 4. Determining Corporate Philosophy, Code of Ethics, Basic Policies on Internal Control, Basic Policies on CSR, Governance Policies on the Yamaha brand, Long-term Management Visions, Medium-Term Management Plan, etc.
 5. Overseeing execution of business operations
 - Approval of annual management plans, approval of financial statements, oversight of the execution of duties, approval of internal auditing plans, oversight of the status of development of internal control systems and risk management systems in accordance with Basic Policies on Internal Control, etc.
- (2) Matters to be delegated to Executive Officers
 1. Matters related to the execution of business operations
 - Formulating the Medium-Term Management Plan, annual management plans and other plans and decision-making on the execution thereof, preparing the draft of financial results, formulating individual business strategies, decision-making on the execution of operations such as development, production and sales, developing risk management systems, and other related matters.
 2. Other matters delegated by the Board of Directors, excluding matters to be judged and determined by the Board of Directors

4-4. Independent Outside Directors

Yamaha Motor appoints Independent Outside Directors in accordance with its "Standards for Selecting Independent Outside Officers," which are disclosed to the public.

Independent Outside Directors are expected to independently and objectively oversee conflicts of interest between the Company's management and shareholders from social perspectives and from the standpoints of various stakeholders including shareholders and investors. They are also expected to actively provide the Company with advice on management policies and improvements.

Independent Outside Directors and Outside Audit & Supervisory Board Members endeavor to understand a complete view of Yamaha Motor's business operations by inspecting the minutes and reference materials of Management Committee meetings and other important meetings, and by visiting its worldwide development, procurement, production and sales locations, and markets. They attend the Management Discussion meeting held after the Board of Directors' meetings on a regular basis, and the Executive Discussion meeting held more than once a year to openly exchange opinions on the Company's medium- to long-term management strategies and important management matters.

4-5. Responsibilities of Directors

On the basis of fiduciary responsibilities to shareholders, Directors collect adequate information, understand relevant laws and regulations and other necessary rules, actively express opinions, discuss and make decisions at Board of Directors' meetings, Management Discussion meetings and other important meetings in order to obtain sufficient knowledge on viewpoints and standpoints of various stakeholders including shareholders, and to achieve sustainable growth and medium- to long-term enhancement of corporate value.

4-6. The Board evaluation

Pursuant to Yamaha Motor's Corporate Governance Guidelines, the Board of Directors analyses and evaluates the effectiveness of roles and responsibilities of the Board as a whole on a yearly basis. The analysis and evaluation are carried out from the following perspectives and a summary of the results is appropriately disclosed. (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 meetings of the Board of Directors
6. Relationships and dialogue with shareholders
7. Dealing with stakeholders other than shareholders

4-7. Executive Personnel Committee

Yamaha Motor has established an Executive Personnel Committee as a voluntary advisory body of the Board of Directors, to improve transparency and validity in nominating candidates for executive positions, and to determine their remuneration.

The Executive Personnel Committee deliberates matters including candidates for executive positions, the remuneration system, remuneration and bonus plans, composition of Directors, Audit & Supervisory Board Members and Executive Officers, and the evaluation of Executive Officers. The Executive Personnel Committee reports to the Board of Directors.

The Executive Personnel Committee also evaluates candidates for senior executive positions including the Chief Executive Officer.

The Executive Personnel Committee consists of Representative Directors and Outside Directors of the Company, and the current members are as follows:

Chairman: President and Representative Director	Hiroyuki Yanagi
Committee member: Representative Director	Takaaki Kimura
Committee member: Outside Director (Independent)	Tamotsu Adachi
Committee member: Outside Director	Takuya Nakata
Committee member: Outside Director (Independent)	Atsushi Niimi
Committee member: Outside Director (Independent)	Genichi Tamatsuka

Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for Directors and Audit & Supervisory Board Members for fiscal 2016 is as follows:

(Millions of yen)

Officer classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (11)	351	228	32	53	665
Of which, Outside Directors (3)	(25)	—	—	—	(25)
Audit & Supervisory Board Members (4)	77	—	—	—	77
Of which, Audit & Supervisory Board Members (Outside) (2)	(18)	—	—	—	(18)
Total	429	228	32	53	743

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. In addition to the remuneration listed above, ¥39 million was paid as salaries to Directors who serve concurrently as employees.

4-8. Remuneration system for Directors and Executive Officers

The remuneration plan for Directors and Executive Officers consists of basic compensation (a monthly compensation), compensation linked to the individual performance, a stock compensation plan reflecting the Company's medium- to long-term consolidated performance, and bonuses of Directors and Executive Officers reflecting short-term consolidated performance. A stock compensation plan allows Directors and Executive Officers to acquire the Company's shares monthly at a certain amount (via the Director Shareholding Association) and to hold them during their term of office. This stock compensation plan is intended to be linked to shareholder value. Directors' bonuses are calculated, up to a maximum of 0.5% of consolidated net income, in correlation with consolidated net income and return on assets for the previous fiscal year, as well as taking into account factors including dividends to shareholders and the level of consolidated performance against the budget.

Based on the policies outlined above, the Executive Personnel Committee deliberates on the level, structure and allocation of basic compensation, compensation linked to individual performance, and the stock compensation plan for Directors and Executive Officers, as well as Directors' and Executive Officers' bonuses. The process and results are proposed to the Board of Directors. The Board of Directors discusses the proposals from the Executive Personnel Committee and makes decisions.

Director or Audit & Supervisory Board Member received more than ¥100 million in aggregate remuneration and other compensation

(Millions of yen)

Name	Officer classification	Company classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
				Directors' bonuses	Compensation linked to each Director's individual performance		
Hiroyuki Yanagi	Director	The Company	80	70	—	11	162
Takaaki Kimura	Director	The Company	68	60	—	9	138

4-9. Roles and responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board

On the basis of fiduciary responsibilities to shareholders, Audit & Supervisory Board Members and the Audit & Supervisory Board, as a body independent from the Board of Directors, request the Company and its subsidiaries to submit reports on their business activities in accordance with laws and regulations, survey the status of business operations and property, exercise rights in respect of appointing or dismissing an External Accounting Auditor and audit compensation, attend meetings of the Board of Directors and other important meetings, and provide opinions as needed. Through these tasks, Audit & Supervisory Board Members and the Audit & Supervisory Board audit the legality and appropriateness of Directors' execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries.

4-10. Cooperation between Outside Directors and Audit & Supervisory Board Members

In order for Outside Directors and Audit & Supervisory Board Members to contribute actively to discussions of the Board of Directors, meetings are held on a regular basis so that Outside Directors can collect sufficient information without affecting their independence, exchange information, and share understanding from their independent and objective perspectives.

To enable Outside Directors and Audit & Supervisory Board Members to obtain necessary information and adequately communicate, coordinate, and collaborate with the management, the Audit & Supervisory Board Members' Office assists with the duties of the Corporate Planning Division and Audit & Supervisory Board Members.

4-11. Status of Directors and Audit & Supervisory Board Members who also serve as directors, etc., at other companies

When Directors and Audit & Supervisory Board Members serve as executives of listed companies other than Yamaha Motor, the number of these positions shall be within a reasonable extent in consideration of their own fiduciary responsibilities. The status of Directors and Audit & Supervisory Board Members who also serve as directors, etc., at other companies is disclosed every year in the Business Report and Reference Documents of the "Notice of the Ordinary General Meeting of Shareholders" posted on the Company's website.

4-12. Training for Directors and Audit & Supervisory Board Members

- Directors and Standing Audit & Supervisory Board Members are required to attend a third-party-hosted training program upon their appointment, to deepen their understanding of their respective duties and responsibilities, and corporate governance. The cost of attending this training is borne by the Company.
- Opportunities for briefings and question-and-answer sessions concerning the status of corporate governance, transitional management changes, management issues, and progress under the Medium-Term Management Plan, etc., are provided to the candidates for Outside Directors and Outside Audit & Supervisory Board Members before their appointment to help them gain an overall understanding of the present situation and awareness of issues.
- All Directors and Audit & Supervisory Board Members attend the Management Discussion meeting held after meetings of the Board of Directors, and the Executive Discussion meeting held more than once a year. These committees provide opportunities to openly discuss and exchange opinions and information on Yamaha Motor's medium- to long-term management strategies and important management issues, through which they can mutually sharpen the management sense.

Directors, Audit & Supervisory Board Members, and Executive Officers

As of April 1, 2017

MC: Motorcycle
AM: Automotive
WV: Water Vehicle
ME: Marine Engine
NLV: New Land Vehicle
PF: Platform

Board of Directors

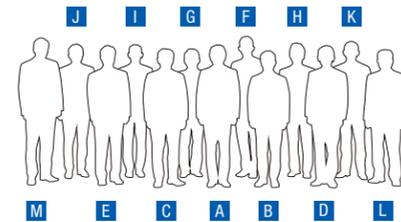


A President and Representative Director Hiroyuki Yanagi

April 1978: Joined the Company
March 2009: Senior Executive Officer, Chief General Manager of Manufacturing Center
November 2009: Senior Executive Officer, Senior General Manager of MC Business Section, MC Business Operations
March 2010: President, Chief Executive Officer and Representative Director
June 2011: Director of Yamaha Corporation (to present)
January 2012: President, Chief Executive Officer and Representative Director, Chief General Manager of MC Business Operations
January 2015: President, Chief Executive Officer and Representative Director (to present)

B Representative Director Takaaki Kimura

April 1976: Joined the Company
March 2005: Director, Senior General Manager of AM Operations
March 2007: Senior Executive Officer and Director, Senior General Manager of AM Operations
January 2009: Senior Executive Officer and Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations
November 2009: Managing Executive Officer and Representative Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations
March 2010: Senior Managing Executive Officer and Representative Director, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations
January 2012: Senior Managing Executive Officer and Representative Director, Chief General Manager of Technology Center and Chief General Manager of Marine Business Operations
March 2014: Executive Vice President and Representative Director, Chief General Manager of Technology Center, Chief General Manager of Design Center, and Chief General Manager of Marine Business Operations
January 2017: Executive Vice President and Representative Director, Chief General Manager of Marine Business Operations (to present)



C Director Masahiro Takizawa

April 1978: Joined the Company
March 2010: Senior Executive Officer, Senior General Manager of Corporate Planning Section and General Manager of Corporate Planning Division, Corporate Planning Section
January 2011: Senior Executive Officer, Chief General Manager of Business Development Operations
March 2011: Senior Executive Officer and Director, Chief General Manager of Business Development Operations
March 2013: Managing Executive Officer and Director, Chief General Manager of Business Development Operations
January 2016: Managing Executive Officer and Director, Chief General Manager of New Business Development Center (to present)

D Director Katsuaki Watanabe

April 1982: Joined the Company
March 2011: Senior Executive Officer and Chief General Manager of Manufacturing Center
April 2013: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Manufacturing Center
January 2015: Senior Executive Officer and Director, Chief General Manager of MC Business Operations and Executive General Manager of 1st Business Unit, MC Business Operations
March 2016: Managing Executive Officer and Director, Chief General Manager of MC Business Operations (to present)

E Director Toshizumi Kato

June 1986: Joined the Company
January 2011: Director and President of Yamaha Motor Corporation, U.S.A.
March 2012: Senior Executive Officer
March 2014: Senior Executive Officer and Director
January 2016: Senior Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations
March 2016: Managing Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations (to present)

F Director Yoichiro Kojima

April 1981: Joined the Company
March 2012: Senior Executive Officer, and Executive General Manager of ME Business Unit, Marine Business Operations
January 2013: Director and President of PT. Yamaha Indonesia Motor Manufacturing
March 2015: Senior Executive Officer and Director, Deputy Chief General Manager of New Business Development Center, and Senior General Manager of New Land Vehicle Business Development Section, New Business Development Center
January 2017: Senior Executive Officer and Director, Deputy Chief General Manager of New Business Development Center, Senior General Manager of New Land Vehicle Business Development Section, New Business Development Center, and Deputy Chief General Manager of MC Business Operations (to present)

G Director Katsuhito Yamaji

April 1982: Joined the Company
April 2003: Director of Yamaha Motor da Amazonia Ltda.
March 2015: Senior Executive Officer, Chief General Manager of Manufacturing Center
March 2017: Senior Executive Officer and Director, Chief General Manager of Manufacturing Center (to present)

H Director Makoto Shimamoto

April 1983: Joined the Company
March 2015: Senior Executive Officer, Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit
January 2017: Senior Executive Officer, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit
March 2017: Senior Executive Officer and Director, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit (to present)

I Director Yoshihiro Hidaka

April 1987: Joined the Company
July 2010: Vice President of Yamaha Motor Corporation, U.S.A.
March 2017: Senior Executive Officer and Director, Executive General Manager of Corporate Planning & Finance Center (to present)

J Director (Outside) Tamotsu Adachi

April 1977: Joined Mitsubishi Corporation
January 1988: Joined McKinsey & Company, Inc. Japan
June 1995: Partner of McKinsey & Company, Inc. Japan
March 1997: Managing Director of Business Development Department, GE Capital Japan
March 1999: President and CEO of Japan Lease Auto Co.
December 2000: President and CEO of GE Fleet Services Co.
May 2003: Managing Director and Japan Representative of Carlyle Japan LLC
June 2003: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.)
November 2007: Managing Director and Co-Representative of Carlyle Japan LLC
June 2009: Outside Director of Benesse Corporation (currently Benesse Holdings, Inc.) (to present)
March 2013: Outside Director (to present)
June 2016: Chairman of Carlyle Japan LLC
October 2016: Senior Advisor of Carlyle Japan LLC (to present)
October 2016: Representative Director and President, CEO of Benesse Holdings, Inc. (to present)

K Director (Outside) Takuya Nakata

April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)
October 2005: General Manager of PA/DI Division of Yamaha Corporation
June 2006: Executive Officer of Yamaha Corporation
June 2009: Director & Executive Officer of Yamaha Corporation
April 2010: President of Yamaha Corporation of America
June 2010: Senior Executive Officer of Yamaha Corporation
June 2013: President and Representative Director of Yamaha Corporation (to present)
March 2014: Outside Director (to present)

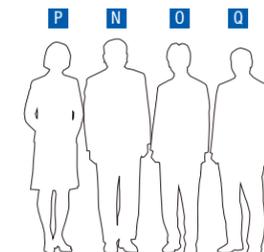
L Director (Outside) Atsushi Niimi

April 1971: Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
June 2000: Director of Toyota Motor Corporation
June 2004: Managing Officer of Toyota Motor Corporation
June 2004: Director of Toyota Motor Corporation
June 2005: Senior Managing Director of Toyota Motor Corporation
June 2009: Executive Vice President, Member of the Board of Toyota Motor Corporation
Outside Member of the Audit & Supervisory Board of JTEKT Corporation
June 2013: Chairman and Representative Director of JTEKT Corporation
March 2015: Outside Director (to present)
June 2016: Advisor of JTEKT Corporation (to present)
June 2016: Outside Director of NIPPON SHARYO, LTD. (to present)

M Director (Outside) Genichi Tamatsuka

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: Chairman of the Board, Representative Director of Lawson, Inc. (to present)
March 2017: Outside Director (to present)

Audit & Supervisory Board Members



N Standing Audit & Supervisory Board Member Hiroshi Ito

April 1980: Joined the Company
January 2011: Director and President of Yamaha Motor Manufacturing Corporation of America
January 2015: Chief General Manager in charge of planning, Corporate Planning Division, Corporate Planning & Finance Center
March 2015: Audit & Supervisory Board Member (to present)

P Audit & Supervisory Board Member (Outside) Tomomi Yatsu

April 1983: Joined Tokyo Electron Limited
October 1986: Joined Tohmatsu Awoki & Sawai (currently Deloitte Touche Tohmatsu LLC)
September 1990: Registered as a certified public accountant
November 2001: Registered as an attorney
Joined New Tokyo Law Office (currently Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise)
Partner of Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise (to present)
June 2009: Outside Audit & Supervisory Board Member of CALBEE, Inc.
June 2010: Outside Audit & Supervisory Board Member of Taiko Pharmaceutical Co., Ltd.
March 2012: Outside Statutory Auditor of Kokuyo Co., Ltd.
March 2015: Outside Audit & Supervisory Board Member (to present)
April 2015: Partner of TMI Associates (to present)
June 2016: Outside Executive Director of SMBC Nikko Securities Inc.

O Standing Audit & Supervisory Board Member Kenji Hironaga

April 1982: Joined the Company
February 2010: General Manager of Human Resources Development Division, Human Resources & General Affairs Section
September 2014: Chief General Manager in charge of planning, Audit & Supervisory Board Member's Office
March 2015: Audit & Supervisory Board Member (to present)

Q Audit & Supervisory Board Member (Outside) Masahiko Ikaga

October 1979: Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
March 1988: Registered as a Certified Public Accountant
May 1988: Director of Tohmatsu Touche Ross Consulting Co., Ltd. (currently ABeam Consulting Ltd.)
May 1990: Partner of Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
April 1993: Director of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)
March 2000: Representative Director and President of Tohmatsu Consulting Co., Ltd.
October 2010: Chairman and Director of Tohmatsu Consulting Co., Ltd.
November 2013: CSO of Deloitte Touche Tohmatsu LLC
April 2016: Established Masahiko Ikaga Certified Public Accounting Office
May 2016: Representative Director of PrajnaLink Co., Ltd. (to present)
June 2016: External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (to present)
March 2017: Outside Director (to present)

Executive Officers

President and Chief Executive Officer Hiroyuki Yanagi	Executive Vice President Takaaki Kimura Chief General Manager of Marine Business Operations			
Managing Executive Officer Masahiro Takizawa Chief General Manager of New Business Development Center	Managing Executive Officer Katsuaki Watanabe Chief General Manager of Motorcycle Business Operations	Managing Executive Officer Toshizumi Kato Chief General Manager of Vehicle & Solution Business Operations		
Senior Executive Officer Yoichiro Kojima Deputy Chief General Manager of New Business Development Center, Senior General Manager of New Land Vehicle Business Development Section, New Business Development Center, and Deputy Chief General Manager of Motorcycle Business Operations	Senior Executive Officer Katsuhito Yamaji Chief General Manager of Manufacturing Center	Senior Executive Officer Makoto Shimamoto Chief General Manager of Technology Center, and Chief General Manager of PF Model Unit	Senior Executive Officer Yoshihiro Hidaka Chief General Manager of Corporate Planning & Finance Center	Senior Executive Officer Hiroaki Fujita President of Yamaha Motor India Pvt. Ltd.
Senior Executive Officer Masaru Ono Chief General Manager of CS Center	Senior Executive Officer Masahiro Inoue Chief General Manager of Procurement Center, and Senior General Manager of Cost Innovation Section, PF Model Unit	Senior Executive Officer Junzo Saitoh Chief General Manager of Human Resources & General Affairs Center		
Executive Officer Masaki Asano President of Yamaha Motor India Sales Pvt. Ltd.	Executive Officer Yoshitaka Noda Senior General Manager of Engine Unit	Executive Officer Kazuhiro Kuwata President of Yamaha Motor Europe N.V.	Executive Officer Tatsumi Okawa President of Yamaha Motor Corporation, U.S.A., and Deputy Chief General Manager of Marine Business Operations	Executive Officer Akihiro Nagaya Chief General Manager of Design Center
Executive Officer Heiji Maruyama Deputy Chief General Manager of Engine Unit, Senior General Manager of Engine Development Section, Engine Unit, and Executive General Manager of Automotive Business Unit	Executive Officer Hirofumi Usui Senior General Manager of Marine Business Section, Marine Business Operations, and General Manager of Product Planning Division, Marine Business Section, Marine Business Operations	Executive Officer Satohiko Matsuyama Executive General Manager of Recreational Vehicle Business Unit, Vehicle & Solution Business Operations	Executive Officer Minoru Morimoto President of PT. Yamaha Indonesia Motor Manufacturing	Executive Officer Yasuo Tanaka Senior General Manager of After Sales Section, CS Center
Executive Officer Motofumi Shitara Deputy Chief General Manager of Corporate Planning & Finance Center	Executive Officer Eric de Seynes COO of Yamaha Motor Europe N.V.	Executive Officer Dyonisius Beti COO of PT. Yamaha Indonesia Motor Manufacturing	Executive Officer Toshihiro Nozue Executive General Manager of Marine Engine Business Unit, Marine Business Operations	Executive Officer Satoshi Hirose Deputy Chief General Manager of Manufacturing Center, and Senior General Manager of Engine Manufacturing Section, Manufacturing Center

CS: Customer Service
PF: Platform

Comments from an Outside Director



Atsushi Niimi
Outside Director

Based on our highly transparent management, I hope to continue to create products that deliver excitement to customers.

In recent years, Yamaha Motor has gone through painful restructuring, and managed to create a solid management base by steadily pursuing to achieve the targets of the Medium-Term Management Plan under a management policy of emphasizing ROE. We are now embarking on the next step toward becoming a unique company that continues to achieve dynamic milestones. I feel privileged to be able to join the Board of Directors of the Company at this time.

Our operating divisions are currently streamlining and realigning businesses while continuing to formulate new plans and pursue the challenge of new markets for further growth. The Company is also exploring new business opportunities with a view toward the future. Important management issues are discussed at meetings of the Management Committee and the Management Research Committee, on which I serve, before being proposed at meetings of the Board of Directors. This ensures ample opportunity for free and thorough exchange of opinions, and I believe this also has the benefit of enhancing the transparency of management decision-making by clarifying risks and implementing decisions with the firm backing of management.

We are also making steady progress in creating a management structure that conforms to the Corporate Governance Code, while adding improvements such as regular reviews of the structure's effectiveness.

From this perspective, it is clear to me that Yamaha Motor is a solid company where management takes its responsibilities vigilantly and seriously and strives to be accountable to all stakeholders.

Our products do not just give customers pleasure; they are also intended to benefit the world at large. To achieve this, we make sure that the employees who make our products enjoy their work of creating uniquely Yamaha products, based on the idea that "our customers will not be satisfied unless our employees are satisfied." I believe this is an excellent concept.

Enjoying one's work, however, does not mean that we can ignore the difficult times and stop aiming to be a continually growing company with solid profitability. I hope to continue our efforts in all areas to constantly strive for reductions in lead times from order to delivery, and create workplaces with tightly honed operations that thoroughly eliminate inefficiencies.

My hope is that going forward, Yamaha Motor will continue to deliver excitement to customers and benefit the world at large, as a unique company that continues to achieve dynamic milestones with solid profitability.

Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2012, 2013, 2014, 2015 and 2016

	Millions of yen					% change 2016/2015
	2012	2013	2014	2015	2016	
For the year:						
Net sales	¥1,207,675	¥1,410,472	¥1,521,207	¥1,631,158	¥1,502,834	(7.9)%
Sales by market:						
Japan	152,283	147,806	162,824	166,017	164,233	(1.1)
Overseas	1,055,391	1,262,665	1,358,383	1,465,141	1,338,601	(8.6)
Sales by product:						
Motorcycles	798,676	928,203	977,580	1,032,560	930,112	(9.9)
Marine products	196,320	243,362	276,367	309,337	297,216	(3.9)
Power products	103,588	126,722	142,204	169,495	152,310	(10.1)
Industrial machinery and robots	30,813	32,261	38,942	46,501	46,871	0.8
Other products	78,276	79,922	86,113	73,262	76,322	4.2
Cost of sales	235,068	318,765	372,849	436,525	402,660	(7.8)
Operating income	18,598	55,137	87,249	130,329	108,594	(16.7)
Ordinary income	27,267	60,092	97,279	125,231	102,073	(18.5)
Profit attributable to owners of parent	7,489	44,057	68,452	60,023	63,153	5.2
Net cash provided by (used in) operating activities	(2,385)	66,976	93,618	28,475	143,163	402.8
Net cash used in investing activities	(51,081)	(62,679)	(72,470)	(68,475)	(46,541)	(32.0)
Free cash flows	(53,466)	4,296	21,148	(40,000)	96,622	—
Net cash provided by (used in) financing activities	15,761	3,620	(8,908)	6,845	(67,627)	—
Capital expenditures	48,788	56,800	65,871	64,064	61,330	(4.3)
Depreciation expenses	34,278	36,407	37,667	44,324	42,434	(4.3)
At year-end:						
Total assets	¥ 962,329	¥1,146,591	¥1,310,040	¥1,305,236	¥1,318,776	1.0 %
Net assets	341,561	422,792	503,224	531,700	575,404	8.2
Interest-bearing debt	326,976	382,929	403,652	410,148	364,381	(11.2)
Ratios:						
Operating income margin (%)	1.5	3.9	5.7	8.0	7.2	
Return on equity (%)	2.5	12.7	16.2	12.6	12.3	
Equity ratio (%)	32.0	33.5	35.1	37.6	40.5	
Price/earnings ratio (times)	44.2	12.5	12.5	16.0	14.2	
Debt/equity ratio (%)	106.2	99.7	87.8	83.6	68.2	
Per share amounts:						
Net income—basic	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89	¥ 180.84	5.2 %
Net income—diluted	—	126.20	196.04	171.88	180.83	5.2
Net assets	881.88	1,099.84	1,316.58	1,405.35	1,529.53	8.8
Cash dividends	10.00	26.00	40.00	44.00	60.00	36.4
Share performance (at year-end):						
Price per share (yen)	¥ 949	¥ 1,577	¥ 2,442	¥ 2,744	¥ 2,574	(6.2)%
Market capitalization	331,288	550,585	852,683	958,264	898,931	(6.2)
Other data (at year-end):						
Number of shareholders	32,873	29,474	30,416	34,214	42,031	22.8 %
Number of employees	53,958	53,382	52,662	53,306	53,150	(0.3)

Notes: • References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.

• With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.

• From the fiscal year ended December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses." To reflect this change in presentation method, the consolidated financial statements for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015 have been reclassified.

Financial Data by Market

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2015 and 2016

Motorcycle Unit Sales by Market

	Thousand units		% change 2016/2015
	2015	2016	
Japan	110	110	(0.0)%
North America	89	77	(13.3)
Europe	209	208	(0.8)
Asia ^{Note}	4,286	4,307	0.5
Others	524	452	(13.7)
Total	5,218	5,154	(1.2)%

Note: Excluding Japan

Sales by Market

	Motorcycles			Marine products			Power products		
	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015
	2015	2016		2015	2016		2015	2016	
Japan	¥ 46,289	¥ 47,000	1.5 %	¥ 26,607	¥ 28,484	7.1 %	¥ 15,586	¥ 14,339	(8.0)%
North America	72,289	55,894	(22.7)	180,691	172,236	(4.7)	116,939	104,642	(10.5)
Europe	136,185	127,868	(6.1)	39,187	40,804	4.1	17,456	16,365	(6.2)
Asia ^{Note}	628,705	579,594	(7.8)	18,696	17,022	(9.0)	5,931	5,118	(13.7)
Others	149,092	119,754	(19.7)	44,155	38,668	(12.4)	13,581	11,845	(12.8)
Total	¥1,032,560	¥930,112	(9.9)%	¥309,337	¥297,216	(3.9)%	¥169,495	¥152,310	(10.1)%

	Industrial machinery and robots			Other products		
	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015
	2015	2016		2015	2016	
Japan	¥17,686	¥15,979	(9.7)%	¥59,847	¥58,429	(2.4)%
North America	2,661	3,469	30.4	120	219	81.9
Europe	4,463	5,306	18.9	5,301	8,571	61.7
Asia ^{Note}	20,877	20,481	(1.9)	3,336	4,528	35.7
Others	811	1,634	101.4	4,657	4,573	(1.8)
Total	¥46,501	¥46,871	0.8 %	¥73,262	¥76,322	4.2 %

Note: Excluding Japan

Financial Highlights

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31

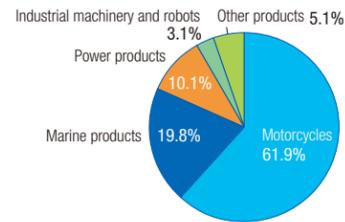
POINT

Net sales declined 7.9% from the previous year, to ¥1,502.8 billion, due to the yen's appreciation against various currencies.

In terms of profit, despite improved profitability as a result of cost reductions, the significant impact of the exchange rate resulted in a 16.7% decline in operating income, to ¥108.6 billion. Profit attributable to owners of parent increased in the absence of one-time negative items recorded in the previous year.

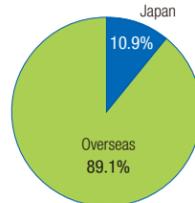
Percentage of sales by product segment

(Year ended December 31, 2016)



Percentage of sales by market

(Year ended December 31, 2016)



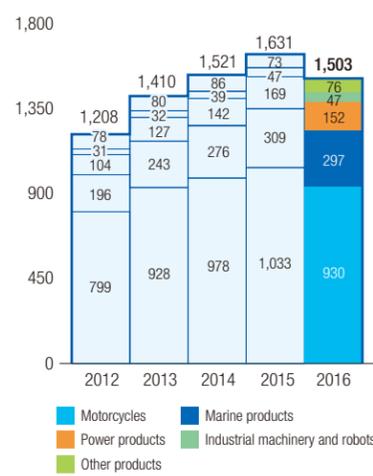
Operating income and operating income margin

(Billion ¥) (%)



Sales by product segment

(Billion ¥)



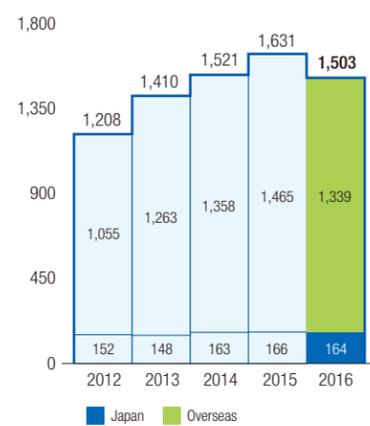
Profit attributable to owners of parent and ratio of profit attributable to owners of parent to net sales

(Billion ¥) (%)



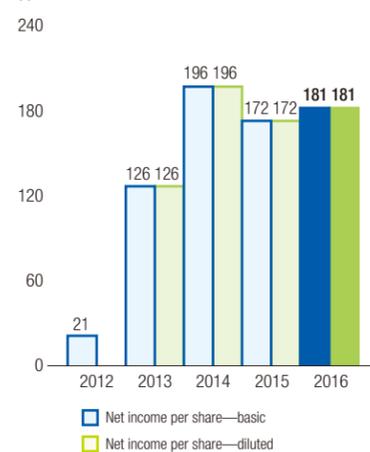
Sales by market

(Billion ¥)



Net income per share

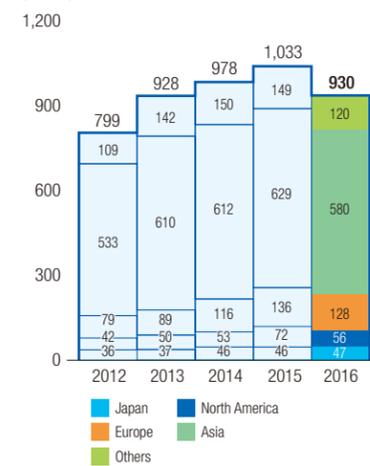
(¥)



Note: Net income per share—diluted for fiscal 2012 is not listed as there were no potential shares with dilutive effect.

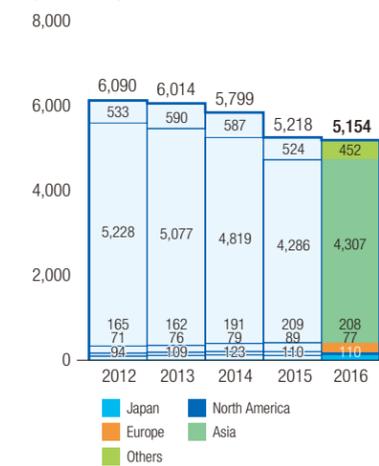
Motorcycle sales by market

(Billion ¥)



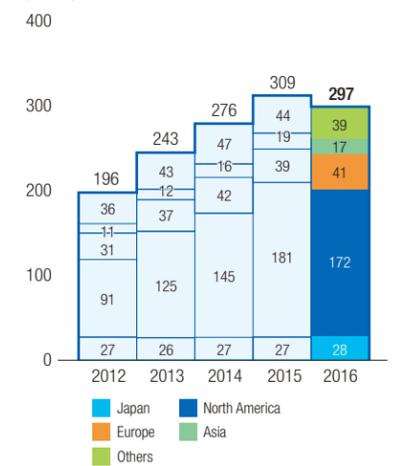
Motorcycle unit sales by market

(Thousand units)



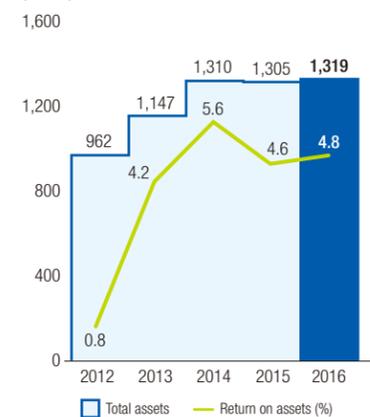
Marine product sales by market

(Billion ¥)



Total assets and return on assets

(Billion ¥) (%)



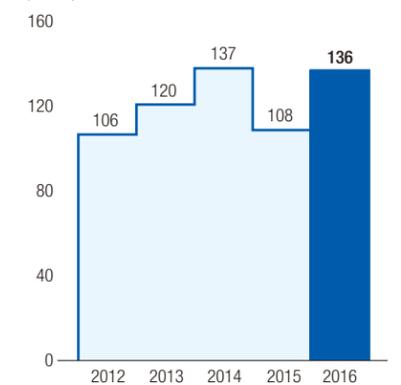
Net assets and % of net income to shareholders' equity

(Billion ¥) (%)



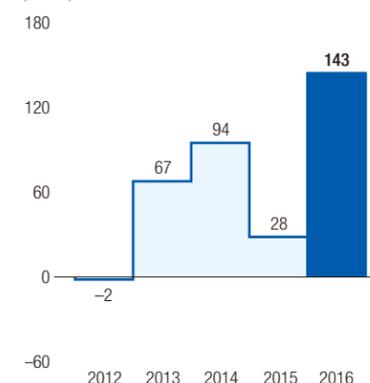
Cash and cash equivalents at the end of the year

(Billion ¥)



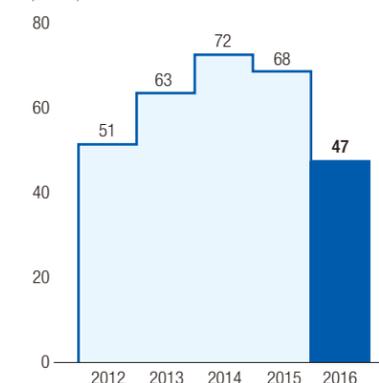
Cash provided by (used in) operating activities

(Billion ¥)



Cash used in investing activities

(Billion ¥)



Free cash flows

(Billion ¥)



Management Discussion and Analysis of Operations

Overview

During the fiscal year ended December 31, 2016 (fiscal 2016), the global economy saw a spate of transformations from conventional systems and frameworks, including the U.K.'s decision to leave the E.U. and anti-globalization following the U.S. presidential election. In Japan, corporate earnings, employment and personal income conditions improved against a backdrop of government economic policy and the monetary easing policy of the Bank of Japan, but a sense of stagnation remained with regard to escape from deflation and economic growth.

In terms of the Company's major markets, a sense of economic stability generally continued in the developed markets. Meanwhile, in the emerging markets, the situation differed in each country. The economy recovered in ASEAN countries excluding Indonesia, and India achieved favorable growth. However, economic recovery was stagnant in Indonesia, and the economy was sluggish in China and Brazil.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review declined ¥128.3 billion, or 7.9%, year on year, to ¥1,502.8 billion, and operating income declined ¥21.7 billion, or 16.7%, to ¥108.6 billion. Ordinary income declined ¥23.2 billion, or 18.5%, to ¥102.1 billion, and profit attributable to owners of parent rose ¥3.1 billion, or 5.2%, to ¥63.2 billion.

Sales Performance by Business Segment

Motorcycles

Net sales declined ¥102.4 billion, or 9.9%, year on year, to ¥930.1 billion, and operating income declined ¥3.2 billion, or 8.1%, year on year, to ¥36.0 billion.

Unit sales increased in countries such as India, Vietnam and the Philippines, remained at the same level as the previous year in developed markets, and declined in countries such as Indonesia, China and Brazil. Net sales declined in the business as a whole owing to the impact of exchange rates. Operating income rose in emerging markets due to increased sales of higher-priced products and the effects of cost reductions, fell in developed markets due to the effects of exchange rates, and declined in the business as a whole.

In developed markets, the Company is implementing initiatives focusing on inventory reduction, the financial business and further structural reforms. In addition, amid a robust market in India, the Company continues to make efforts to proactively increase sales and at the same time lower the break-even point. While sluggish economic conditions continue in Brazil and China, the Company strives for further structural reforms.

Marine Products

Net sales declined ¥12.1 billion, or 3.9%, year on year, to ¥297.2 billion, and operating income declined ¥8.6 billion, or 13.4%, to ¥55.4 billion.

Unit sales of outboard motors expanded in North America and Europe, where sales are centered on large models. Although sales and profit declined due to the effects of exchange rates in the business as a whole, a high earnings structure with an operating margin of 19% was maintained. For the future, the Company is creating a business model aimed at becoming a system supplier.

Power Products

Net sales declined ¥17.2 billion, or 10.1%, year on year, to ¥152.3 billion, and operating income declined ¥11.5 billion, or 71.8%, to ¥4.5 billion.

ROV retail units sold increased, but the number of units produced and sold declined in line with inventory adjustments. Increased expenses as a result and the effects of exchange rates led to a decline in sales and profit in the business as a whole. For fiscal 2017, the Company will bring new platform models to market, while swiftly realizing business normalization.

Industrial Machinery and Robots

Net sales rose ¥0.4 billion, or 0.8%, year on year, to ¥46.9 billion, and operating income rose ¥0.3 billion, or 4.2%, to ¥7.5 billion.

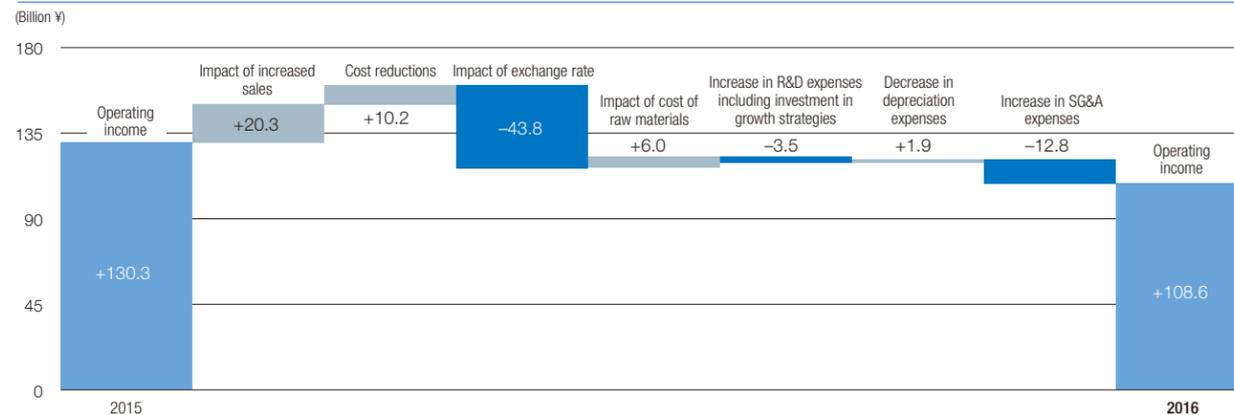
While the unit sales of surface mounters decreased owing to sluggish economic conditions in China, increased sales of high-value-added products, etc., led sales and profit to increase. An operating margin of 16% was achieved, and the Company's high earnings structure has further progressed. The Company is broadening its customer base in the next-generation solutions business, including high speed and multi-feature surface mounters and integrated control robot systems.

Other Products

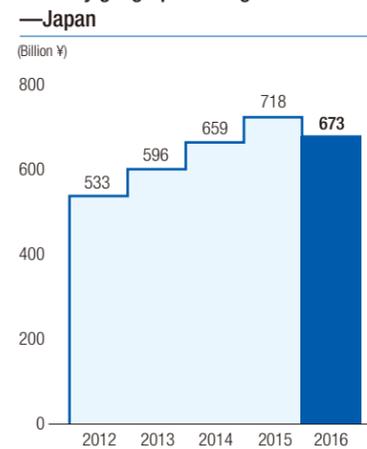
Net sales rose ¥3.1 billion, or 4.2%, year on year, to ¥76.3 billion, and operating income rose ¥1.2 billion, or 30.1%, to ¥5.2 billion.

In electrically power assisted bicycles, exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe and sales of finished units in Japan grew. As a result, sales and profit increased for the other products business overall. In global markets, the Company is further broadening its customer base.

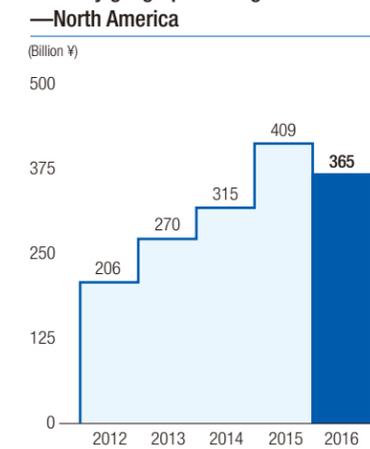
Factors Impacting Operating Income



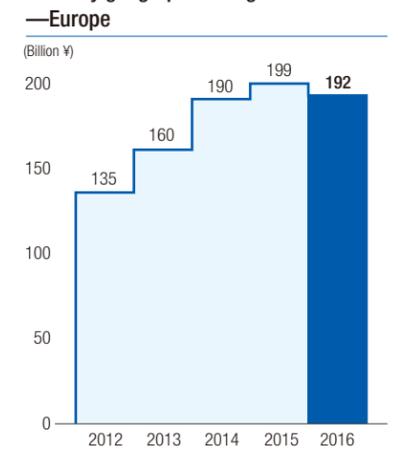
Sales by geographical segment ^{Note 1}



Sales by geographical segment ^{Note 1}



Sales by geographical segment ^{Note 1}



Sales Performance and Operating Income by Geographical Segment Note 1

Japan

Net sales in Japan declined ¥45.1 billion, or 6.3%, year on year, to ¥673.2 billion, and operating income declined ¥13.5 billion, or 31.5%, to ¥29.3 billion.

Unit sales of electrically power assisted bicycles and other items increased, but motorcycle shipments to North America and unit sales of surface mounters and other items decreased. In addition, unit sales of motorcycles in Japan remained flat versus the previous year.

North America

Net sales in North America declined ¥44.3 billion, or 10.8%, year on year, to ¥364.8 billion, and operating income declined ¥20.9 billion, or 56.7%, to ¥16.0 billion.

Unit sales of outboard motors rose; however, unit sales of motorcycles decreased due to the effect of planned distribution inventory reduction.

Europe

Net sales in Europe declined ¥7.0 billion, or 3.5%, year on year, to ¥191.9 billion, and operating income rose ¥0.9 billion, or 8.4%, to ¥11.1 billion.

Unit sales of motorcycles remained at the same level as the previous year. Unit sales of outboard motors and snowmobiles decreased mainly in Russia.

Asia

Net sales in Asia (excluding Japan) declined ¥73.8 billion, or 9.6%, year on year, to ¥692.0 billion, while operating income rose ¥8.0 billion, or 20.8%, to ¥46.6 billion.

Unit sales of motorcycles grew in India, Vietnam, and the Philippines, but declined in Indonesia and China.

Others

Net sales in other areas declined ¥29.4 billion, or 18.2%, year on year, to ¥132.6 billion, and operating income rose ¥0.7 billion, or 14.9%, to ¥5.6 billion.

Unit sales of motorcycles decreased in Brazil and other markets.

Note 1: Net sales by geographical segment include intersegment sales.

Income and Expenses

R&D Expenses

The Yamaha Motor Group aims to be a “Kando Creating Company,” and seeks to achieve this through continuous growth as an excellent engineering, manufacturing and marketing enterprise with a

prominent presence in the global market, while also pursuing customers’ changing dreams. Our technological development uses original and innovative ideas to provide pure enjoyment backed by reliability, together with a refined uniqueness that people find attractive. From this, our mission is to create products and technologies that embody the unique style of Yamaha.

As we continue to take on new challenges in the three areas of “creating enjoyment in personal mobility,” “socially and environmentally creative technology” and “helping create more fulfilling lifestyles,” we will pursue proactive R&D activities through particular use of our three core competencies in small-engine technology, electronic control technology, and chassis/hull technology.

By delivering products that embody the unique style of Yamaha, we seek to create strong connections with customers around the world. Our global R&D structure is at the core of these efforts, and we are proactively pursuing R&D activities in close cooperation with affiliated companies in Japan and overseas.

Under these circumstances, the Group’s overall R&D expenses were ¥94.9 billion.

Non-Operating Income and Expenses

Net non-operating income was negative in the amount of ¥6.5 billion, compared with a negative ¥5.1 billion in the previous year. This included

foreign exchange losses of ¥8.3 billion (compared with ¥9.2 billion in the previous year), interest expenses of ¥4.6 billion (compared with ¥5.7 billion in the previous year), and interest income of ¥4.3 billion (compared with ¥4.7 billion in the previous year).

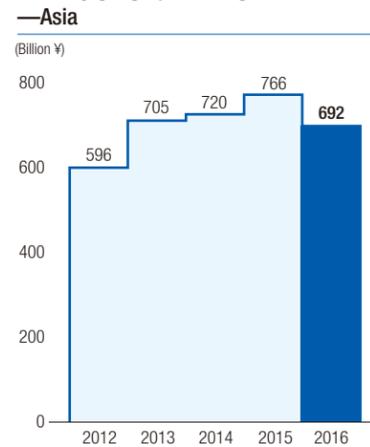
Extraordinary Income and Loss

Net extraordinary income was negative in the amount of ¥2.3 billion, compared with a negative ¥2.6 billion in the previous year. This was mainly from an impairment loss totaling ¥1.4 billion (compared with ¥0.3 billion in the previous year) and a loss on disposal of non-current assets of ¥1.0 billion (compared with ¥1.1 billion in the previous year) at the Company and overseas subsidiaries.

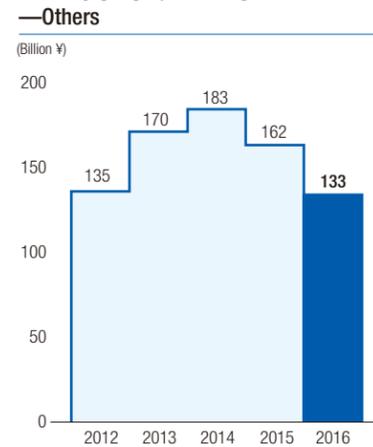
Income Taxes

Income taxes decreased ¥28.7 billion, or 52.9%, year on year, to ¥25.5 billion. This decrease reflects the absence of ¥35.6 billion in additional payment for corporate income taxes by U.S. subsidiaries in the previous year, as a result of a mutual agreement procedure between Japan and U.S. tax authorities regarding the Advance Pricing Agreement (APA) pertaining to transfer pricing, as well as the additional recording of ¥14.4 billion in deferred tax assets at the Company.

Sales by geographical segment Note 1



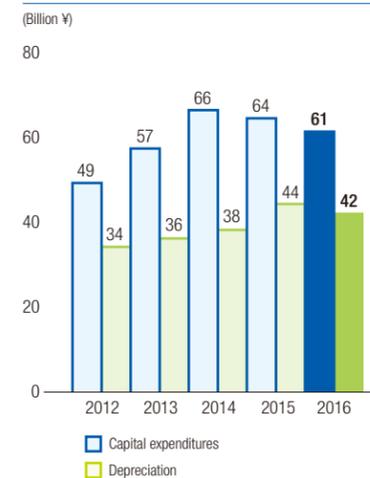
Sales by geographical segment Note 1



R&D expenses and % of R&D expenses to net sales



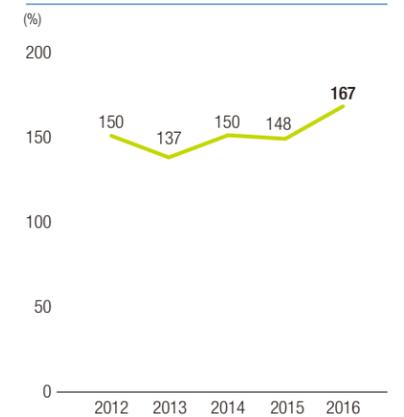
Capital expenditures and depreciation



Net assets per share and equity ratio Note 2



Current ratio



Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests includes interests owned by non-controlling shareholders in Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd., PT. Yamaha Indonesia Motor Manufacturing, Industria Colombiana de Motocicletas Yamaha S.A., and India Yamaha Motor Pvt. Ltd., and increased ¥2.7 billion, or 31.7%, from the previous year, to ¥11.1 billion.

Capital Resources and Liquidity Assets, Liabilities and Total Net Assets

Total assets as of December 31, 2016, increased ¥13.5 billion, from December 31, 2015, to ¥1,318.8 billion. Current assets fell ¥5.6 billion, due to a decrease in inventories and other factors. Non-current assets increased ¥19.1 billion as a result of factors including an increase in property, plant and equipment.

Total liabilities decreased ¥30.2 billion, to ¥743.4 billion, mainly from the repayment of interest-bearing debt.

Total net assets increased ¥43.7 billion, to ¥575.4 billion, which included the recording of ¥63.2 billion of profit attributable to owners of parent, ¥18.2 billion of cash dividends paid, and a change in foreign currency translation adjustment of ¥7.6 billion. As a result, the shareholders' equity ratio as of December 31, 2016, was 40.5% (an improvement of 2.9 percentage points from the end of the previous fiscal year). The net debt-equity ratio was 0.4 times, compared with 0.6

times at the end of the previous fiscal year.

Note 2: Equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / Total assets x 100 (%)

Capital Expenditures

The Group made investments of ¥61.3 billion in total during fiscal 2016.

The motorcycle business invested ¥32.0 billion for new products in Japan and overseas, and for the transfer of production facilities of multi-cylinder engines to Indonesia. The marine products business invested ¥9.4 billion for new products, research and development, and the restructuring of the domestic manufacturing system. The power products business invested ¥7.1 billion, mainly for new products of recreational off-highway vehicles (ROVs), and the industrial machinery and robots business invested ¥8.4 billion, primarily for the relocation of its office. The other products business invested ¥4.4 billion, mainly for new products and research and development of electrically power assisted bicycles.

Cash Flows

Net cash provided by operating activities during fiscal 2016 was ¥143.2 billion (compared with ¥28.5 billion provided in the previous year), which included profit before income taxes of ¥99.7 billion (¥122.6 billion), depreciation of ¥42.4 billion (¥44.3 billion), and a decrease in working capital of ¥9.8 billion (compared with an increase of ¥38.8

billion in the previous year), due to factors including a decrease in inventories.

Net cash used in investing activities during fiscal 2016 was ¥46.5 billion (compared with ¥68.5 billion used in the previous year), which included ¥50.4 billion used for purchase of property, plant and equipment and intangible assets (¥67.5 billion).

Net cash used in financing activities during fiscal 2016 was ¥67.6 billion (compared with ¥6.8 billion provided in the previous year), which included the repayment of loans payable and cash dividends paid.

As a result of the activities discussed above, free cash flows for fiscal 2016 were a positive ¥96.6 billion (compared with a ¥40.0 billion negative free cash flow in fiscal 2015). Interest-bearing debt at the end of the fiscal year was ¥364.4 billion (a ¥45.8 billion decrease), and cash and cash equivalents totaled ¥135.5 billion (a ¥27.9 billion increase). Interest-bearing debt included ¥214.6 billion (a ¥12.2 billion increase) in borrowings for sales finance.

Cash Dividends

In the current Medium-term Plan, the Company seeks to "create a stable financial foundation, and increase new growth investment and stock dividends," and sets the benchmark at dividend payout ratio of 30% of profit attributable to owners of parent.

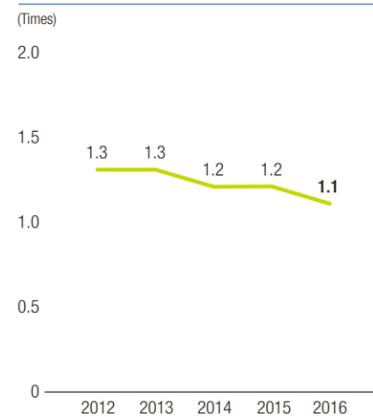
The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company's Articles of Incorporation provides that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company decided to pay a year-end dividend of ¥30 per share for fiscal 2016. Added to the interim dividend (¥30 per share), this gave a total dividend for the year of ¥60 per share.

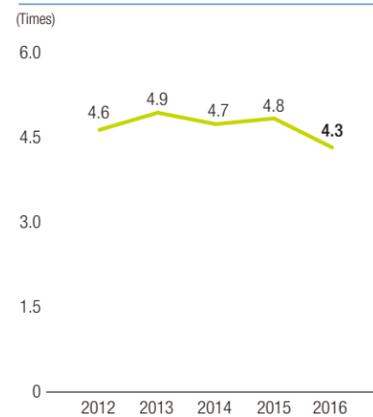
Demand for Funds

The Group's fund requirements are primarily to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs for products and merchandise, SG&A expenses, working capital and capital expenditures.

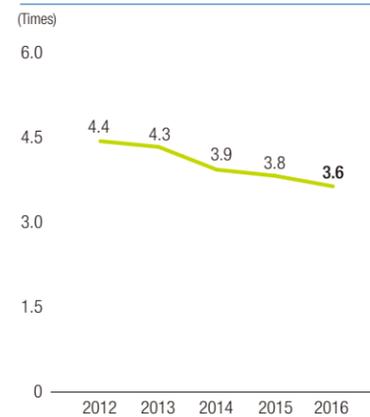
Total asset turnover



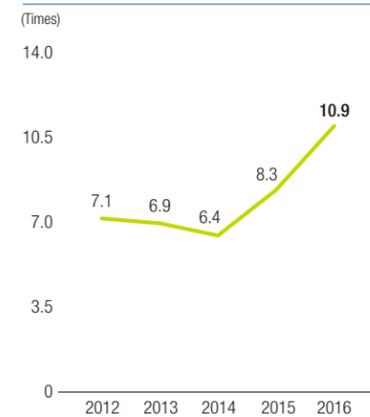
Property, plant and equipment turnover



Inventory turnover



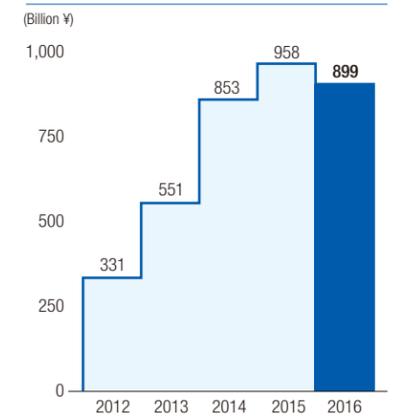
Account receivable turnover



Interest-bearing debt and debt/equity ratio



Market capitalization



Fund Procurement Conditions

Group companies acquire short-term loans payable denominated in local currencies to use as working capital. Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

The annual amounts of interest-bearing debt to be repaid are as follows:

(Billion ¥)							
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	128.5	128.5	—	—	—	—	—
Long-term loans payable	235.9	53.9	51.1	102.5	11.8	16.5	—

Note: Long-term loans payable includes current portion of long-term loans payable.

Share Performance

Price per share decreased from ¥2,744 at December 31, 2015, to ¥2,574 at December 31, 2016. The number of shares outstanding, excluding treasury stock, increased from 349,221,663 shares at December 31, 2015, to 349,235,122 shares at December 31, 2016. As a result, the market capitalization of the Company decreased from ¥958.3 billion at December 31, 2015, to ¥898.9 billion at December 31, 2016.

Forecast for Fiscal 2017

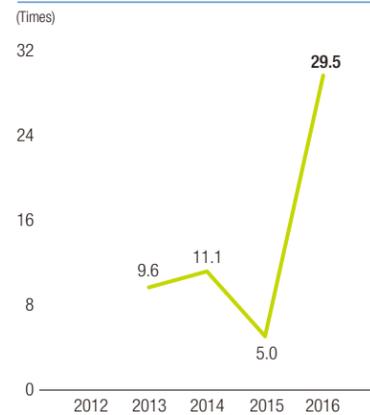
In the fiscal year ending December 31, 2017, the Company expects market conditions and business environment continue to be similar to those of the previous fiscal year. Under these conditions, the Company plans to maintain stable profits while steadily implementing medium-term initiatives. Consolidated financial results forecast is as follows.

(Billion ¥)	
Net sales	1,600.0 (+97.2, 6.5%)
Operating income	120.0 (+11.4, 10.5%)
Ordinary income	120.0 (+17.9, 17.6%)
Profit attributable to owners of parent	75.0 (+11.8, 18.8%)

Note: The figures in parentheses indicate amount and percentage changes from the fiscal year ended December 31, 2016.

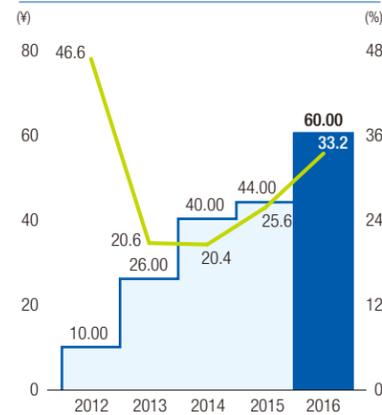
The forecast is based on the assumption that the exchange rates are ¥110 against the U.S. dollar (a depreciation of ¥1 from the previous fiscal year) and ¥115 against the euro (an appreciation of ¥5 from the previous fiscal year).

Interest coverage

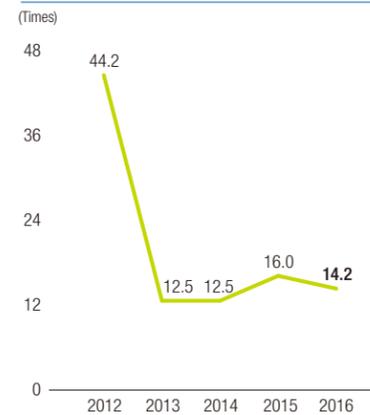


Note: Interest coverage for fiscal 2012 is not listed, due to the negative status of cash flow from operating activities during the period.

Cash dividends per share and payout ratio

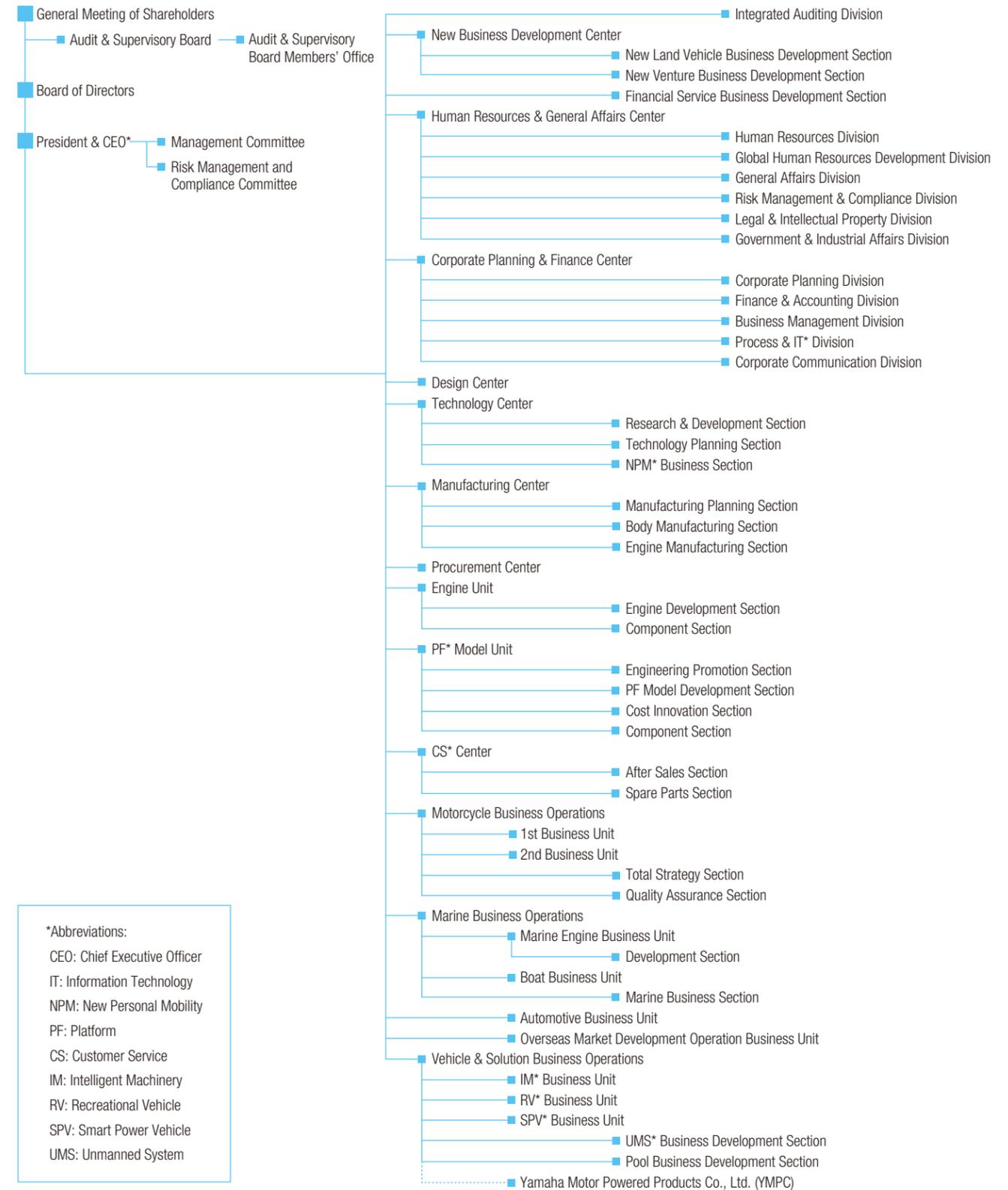


Price/earnings ratio



Organization

Yamaha Motor Co., Ltd., as of April 1, 2017



***Abbreviations:**

- CEO: Chief Executive Officer
- IT: Information Technology
- NPM: New Personal Mobility
- PF: Platform
- CS: Customer Service
- IM: Intelligent Machinery
- RV: Recreational Vehicle
- SPV: Smart Power Vehicle
- UMS: Unmanned System

Investor Information

As of December 31, 2016

Yamaha Motor Co., Ltd.

Headquarters

2500 Shingai, Iwata, Shizuoka 438-8501, Japan
Telephone: +81-538-37-0134
Facsimile: +81-538-37-4250

Date of Establishment

July 1, 1955

Major Consolidated Subsidiaries

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

Capital Stock

Authorized: 900,000,000 shares
Issued: 349,914,284 shares
Number of Shareholders: 42,031

Principal Shareholders

Yamaha Corporation	12.19%
State Street Bank & Trust Company	9.73
The Master Trust Bank of Japan, Ltd. (trust account)	8.20
Japan Trustee Services Bank, Ltd. (trust account)	5.54
Toyota Motor Corporation	3.57
Mizuho Bank, Ltd.	3.38
Mitsui & Co., Ltd.	2.45
The Shizuoka Bank, Ltd.	1.95
Trust & Custody Service Bank, Ltd. (securities investment trust account)	1.79
Japan Trustee Services Bank, Ltd. (trust account 9)	1.60

Annual Meeting of Shareholders

The Ordinary General Meeting of Shareholders is held in March each year in Iwata, Shizuoka, Japan.

Securities Exchange

Tokyo Stock Exchange, Inc.

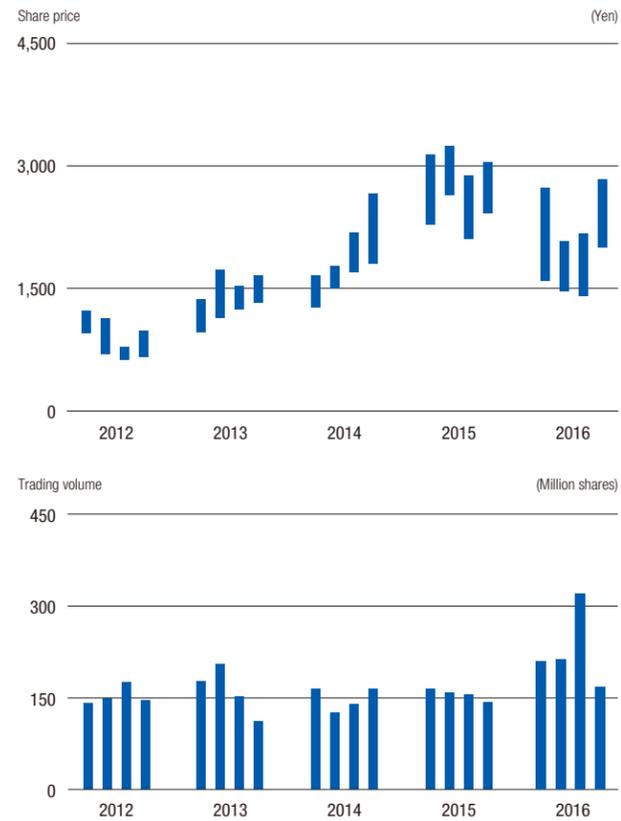
Transfer Agent for Capital Stock

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

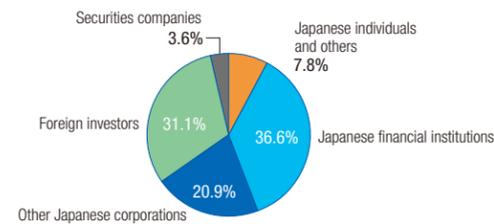
Auditor

Ernst & Young ShinNihon LLC

Yamaha Motor's Share Price and Trading Volume on the Tokyo Stock Exchange



Shareholder Composition



For further information, please contact:

Yamaha Motor Co., Ltd.
IR/SR Group, Corporate Communication Division
2500 Shingai, Iwata, Shizuoka 438-8501, Japan
Telephone: +81-538-37-0134
Facsimile: +81-538-37-4250
<https://global.yamaha-motor.com/ir/>

You are also invited to review the Fact Book and Financial Data on Yamaha Motor's website at <https://global.yamaha-motor.com/>



YAMAHA MOTOR CO., LTD.
2500 SHINGAI, IWATA, SHIZUOKA, JAPAN
www.yamaha-motor.co.jp

