

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

Code No: 7272
March 4, 2008

Notice of the 73rd Ordinary General Meeting of Shareholders

This document has been translated from the Japanese original, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders:

This is to inform you of the 73rd Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or online. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on March 25 (Tuesday), 2008.

[Exercising Voting Rights by Mail]

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

[Exercising Voting Rights via the Internet]

Please read the attached documents on page 55 "Procedures for Exercising Voting Rights via the Internet," and exercise your voting rights online.

1. **Date and Time:** Wednesday, March 26, 2008 at 10:00 a.m.
2. **Location:** Yamaha Motor Communication Plaza, Third Floor, Large Hall
2500 Shingai, Iwata-shi, Shizuoka Prefecture, Japan

3. Agenda of the Meeting

Items to be reported:

1. Business Report for the 73rd Fiscal Year (from January 1, 2007 through December 31, 2007); Consolidated Financial Statements applicable to the 73rd Fiscal Year (from January 1, 2007 through December 31, 2007); Report of Accounting Auditor on Consolidated Financial Statements; and Report of Board of Corporate Auditors on Consolidated Financial Statements
2. Non-consolidated Financial Statements applicable to the 73rd Fiscal Year (from January 1, 2007 through December 31, 2007);

Items to be resolved:

- | | |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus |
| Proposed Resolution 2 | Amendments to the Articles of Incorporation |
| Proposed Resolution 3 | Election of Twelve Directors |
| Proposed Resolution 4 | Election of One Substitute Corporate Auditor |
| Proposed Resolution 5 | Presentation of Retirement Benefits for Retiring Director, and Payment of Retirement Benefits for Termination resulting from the Abolition of the Retirement Benefits System for Directors and Corporate Auditors |

Proposed Resolution 6 Payment of Bonuses for Directors

Proposed Resolution 7 Revision of the Amount of Remuneration for Directors, and Details of Stock Acquisition Rights

4. Predetermined Terms of the Convening

(1) If you do not indicate your vote of approval or disapproval for each proposed resolution on the Exercise of Voting Rights Form, we will consider you to have approved any proposed resolution on which you did not vote.

(2) Duplicate voting

- ① If you vote online more than once, only the last vote cast will be regarded as valid.
- ② If you vote both by mail and online, only the vote received last will be regarded as valid. If both votes arrive on the same day, your online vote will prevail and be regarded as valid.

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

Attached Documents

Business Report

(From January 1, 2007 to December 31, 2007)

1. Current Conditions of the Yamaha Motor Group**(1) Business Developments and Results**

During the fiscal year ended December 31, 2007 (“fiscal 2007”), the U.S. economy experienced a slowdown due to declining personal consumption as a result of the soaring prices for crude oil for the whole of the year and the disturbances of the financial markets by the sub-prime debacle in the latter half of the year. The Japanese economy continued its mild growth throughout the year due to increased exports and capital investments, but the receding U.S. economy and soaring prices for crude oil and raw materials led to ongoing uncertainty.

Within this business environment, the Yamaha Motor Co., Ltd. and its consolidated subsidiary (the “Company” or “Group”) remained focused on the three key priorities specified in its three-year medium-term management plan, NEXT50-Phase II, in the final year of the plan: “maximizing opportunities for business growth”; “continuing the profit-oriented approach”; and “creating value that differentiates Yamaha.” In “maximizing opportunities for business growth,” the Group seized opportunities to expand growth in markets in Indonesia, Vietnam, and other ASEAN countries, invested aggressively in line with the growth of markets, and managed to expand both sales and profits. The Group established a new manufacturing and marketing company in the Philippines. Sales grew more than previously forecasted under the Plan, as a result of expanding demand in Brazil and Russia. In “continuing the profit-oriented approach,” high-profitability in the motorcycle business was maintained in the ASEAN countries, but the Group was prevented from achieving the operating income ratio targeted under the medium-term management plan, mainly as a result of stagnant demand and stiffening competition in motorcycles, ATVs, outboard motors and surface mounters, and soaring prices for raw materials in the advanced countries. In “creating value that differentiates Yamaha,” the Company enhanced the value of Yamaha brand through marketing activities of the products, sales channels, advertisements and services, and was able to acquire a high market share in the ASEAN countries. Further, the Group introduced the world’s highest horsepower (maximum horsepower: 350) four-stroke outboard motor into the market.

As a result of the Group’s operations and activities discussed above, consolidated net sales for fiscal 2007 increased by 11.0 percent from fiscal 2006, to 1,756,707 million yen. Operating income rose by 2.8 percent, to 126,998 million yen. Ordinary income increased by 11.9 percent, to 140,338 million yen. Net income decreased by 7.8 percent, to 71,222 million yen.

Performance by business segment was as follows:

[Motorcycles]

In Japan, motorcycle sales decreased from the previous year, owing mainly to reduced unit sales in the small-sized (engine displacement of 251cc and over) and mini-sized (126cc to 250cc) categories, although unit sales in the Class-1 category (50cc and under) increased.

Sales in Asia excluding Japan rose 20.4% from the previous year, reflecting significant sales growth in Indonesia and Vietnam, etc., driven by robust demand. However, sales in India decreased, affected by sluggish demand and other negative factors. Sales in Latin America also climbed substantially. However, in the U.S., sales decreased, reflecting a slowing economy. In Europe, sales increased, due mainly to the weaker yen against the euro.

Total motorcycle sales increased 15.5% from the previous year, to 1,056,212 million yen, and operating income rose 15.4%, to 63,030 million yen.

[Marine products]

In Japan, sales of marine products decreased from the previous year, due to demand slowed by plunging stock prices in the second half of the year, high crude oil prices and other negative factors.

In the United States, marine product sales rose significantly from the previous year, although personal watercraft demand remained flat. Outboard motor sales fell, owing to sluggish boat demand amid an economic slowdown and high crude oil prices, among other negative factors. In Europe, sales increased, thanks to expansion in Russia, coupled with the weaker yen against the euro.

Overall, marine product sales climbed 8.8% from the previous year, to 289,867 million yen. Operating income rose 21.6%, to 28,204 million yen.

[Power products]

Sales of all-terrain vehicles decreased in the United States from the previous year, although total demand remained virtually unchanged. Meanwhile, sales of side-by-side vehicles grew substantially.

Overall, power product sales increased 6.1% from the previous year, to 265,606 million yen, reflecting the weaker yen against the U.S. dollar; however, operating income decreased 19.5%, to 22,214 million yen, resulting from increases in promotional and other expenses.

[Other products]

Surface moulder sales decreased from the previous year, due mainly to slow demand in Japan and other Asian countries. Sales of automotive engines also fell from the previous year.

In total, sales of other products decreased 3.5% from the previous year, to 145,021 million yen, while operating income decreased 25.3%, to 13,549 million yen, due principally to intensified competition in the surface moulder market and the appropriation of an allowance for the repair of defects in electro-hybrid bicycles.

Business segment	Sales		Sales as a percentage of net sales (%)	Overseas sales as a percentage of net sales (%)	Operating income	
	Amount (millions of yen)	Annual change (%)			Amount (millions of yen)	Annual change (%)
Motorcycles	1,056,212	+15.5	60.1	95.6	63,030	+15.4
Marine products	289,867	+8.8	16.5	89.8	28,204	+21.6
Power products	265,606	+6.1	15.1	94.6	22,214	-19.5
Other products	145,021	-3.5	8.3	37.0	13,549	-25.3
Total	1,756,707	+11.0	100.0	89.7	126,998	+2.8

(2) Capital Expenditures

Capital expenditures for fiscal 2007 amounted to 84,789 million yen, most of which was invested in facilities to boost production. In Japan, the Group invested in manufacturing equipment for new motorcycle models and enhanced facilities for the marine products business. Overseas, the Company invested in improved production capacity in motorcycle plants in Indonesia and Vietnam.

(3) Fund raising

No related items.

(4) Key Priorities the Group Must Address

In the spirit of its corporate mission - offering new excitement and a fulfilling life for people all over the world - the Company works together with other Group companies in a diversity of global business activities. By maximizing its ingenuity and enthusiasm, the Yamaha Motor Group is committed to becoming a company of value that people can always count on to take *Kando** to the next stage, and help realize their dreams.

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

In the previous three-year medium-term management plan, NEXT 50-Phase II, completed in 2007, the Group implemented a business strategy designed to balance value, profitability and growth, thus making Yamaha *Your Only One* brand for consumers in the global marketplace.

Sales figures and operating income exceeded the targets specified in the previous medium-term management plan, while operating income ratio did not meet the target, due to such negative factors as higher raw material prices and motorcycle inventory adjustment in North America. With regard to the business strategies outlined in the plan, the Group achieved concrete results in a diversity of fields. It succeeded in building and expanding the market foundation in the ASEAN region, Russia and Brazil; introducing the world's most powerful four-stroke outboard motors, with 350-horsepower at maximum output; and launching the

life-science business. On the other hand, outstanding issues remain. These involve restructuring the motorcycle business in India; improving the profitability of the businesses in Japan, the U.S. and Europe; and strengthening brand equity. Meanwhile, in establishing a strong corporate foundation, the Company focused on fulfilling corporate social responsibility (CSR); enhancing corporate governance; and vitalizing personnel and organizations. However, there are still some outstanding issues: attaining full-scale implementation of CSR activities throughout the Group companies; improving the internal control system; and securing human resources toward further business growth.

Against this backdrop, the Group has formulated a long-term vision, known as Frontier 2020. It suggests a direction for the Group's management and businesses progress toward the year 2020. As the first phase of its drive to realize the vision, the Group has launched a new medium-term management plan to run from 2008 through 2010. With the new plan, the Group is focusing on increasing profits, achieving further growth, and creating higher customer value, in order to build the foundation from which to spring into the next era.

To this end, the Group is determined to address the following key priorities during the new medium term.

Ultimately, the effort represents a commitment to realizing the Group's corporate mission - becoming a *Kando*-creating company.

- Strengthening management quality to meet the public trust
- Creating value from a long-term perspective
- Investing management resources strategically in strengthening management quality and creating value

By successfully addressing these key priorities, in addition to solving issues left over from the previous medium-term management plan, the Group aims to achieve 2,100 billion yen in net sales; 143 billion yen in operating income; and 150 billion yen in ordinary income for the fiscal year ending December 2010, the final year of the first phase of the new medium-term management plan.

With regard to risk management and compliance issues, the Group is implementing recommendations put forth by the Compliance Special Committee. These measures will continue until a risk management system and compliance approach is shared everywhere throughout the Group companies.

We ask for the continued support and patronage of our shareholders during the years ahead.

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

Item	Millions of yen, except net income per share			
	70 th Fiscal Year (Apr. 1, 2004–Dec. 31, 2004)	71 st Fiscal Year (Jan. 1, 2005–Dec. 31, 2005)	72 nd Fiscal Year (Jan. 1, 2006–Dec. 31, 2006)	73 rd Fiscal Year (Jan. 1, 2007–Dec. 31, 2007)
Net sales	1,011,976	1,375,249	1,582,046	1,756,707
Ordinary income	70,386	103,101	125,371	140,338
Net income	38,150	64,024	77,233	71,222
Net income per share (yen)	136.93	224.42	270.09	248.81
Total assets	767,727	958,476	1,128,688	1,258,430
Net assets	293,761	383,895	501,054	569,221

Notes: 1. Effective from the 72nd fiscal period, the Company adopted the “Accounting Standard for the Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan (ASBJ), December 9, 2005, Corporate Accounting Standard No. 5) and the “Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ, December 9, 2005, Corporate Accounting Standard Guidance No. 8)

2. The Company and certain of its consolidated subsidiaries changed their fiscal year-end from March 31 to December 31, effective from the 70th fiscal period ended December 31, 2004. Accordingly, the accounting period for the 70th fiscal period corresponded to April 1, 2004 through December 31, 2004 for the Company and a number of its consolidated subsidiaries (mainly in Japan and North America), while that for other consolidated subsidiaries of the Company (principally in Asia and Europe) spanned the period from January 1, 2004 through December 31, 2004. Nevertheless, consolidated net sales for the 70th fiscal period remained substantially the same as that in the 69th fiscal year, due to positive factors (including favorable business results in the motorcycle segment and other business segments).

3. In spite of negative factors (including higher raw materials prices) net sales and profits in the 71st fiscal year both increased compared to the 12-month converted results in the 70th fiscal period,

reflecting robust motorcycle sales in Asia (excluding Japan), the United States, and Latin America, and favorable outboard motor sales in the United States.

4. Although there were causes for concern (including soaring prices for crude oil and raw materials), net sales and profits in the 72nd fiscal year both increased, reflecting steady motorcycle sales in Asia (excluding Japan) and favorable side-by-side vehicles sales in the United States.
5. Performance in the 73rd fiscal year (consolidated financial year under review) is described in Section 1-(1) above, "Business Developments and Results."

(6) Principal Parent Company and Subsidiaries

① Relations with a parent company

No related items.

② Principal subsidiaries

Name	Capital	Percentage of ownership (%)	Main business lines
Yamaha Motorcycle Sales Japan Co., Ltd.	490 million yen	100.0	Marketing of motorcycles, electro-hybrid bicycles
Yamaha Marine Co., Ltd.	664 million yen	100.0	Manufacture and marketing of outboard motors and personal watercraft engines
Yamaha Motor Powered Products Co., Ltd.	275 million yen	100.0	Manufacture and marketing of ATVs, golf cars, and generators
Yamaha Motor Electronics Co., Ltd.	272 million yen	*100.0	Manufacture and marketing of electric components for motorcycles and electro-hybrid bicycles
Yamaha Motor Corporation, U.S.A.	185,020 thousand U.S. dollars	100.0	Import and marketing of motorcycles, outboard motors, personal watercraft, ATVs, side-by-side vehicles, snowmobiles, and golf cars
Yamaha Motor Manufacturing Corporation of America	107,790 thousand U.S. dollars	*100.0	Manufacture and marketing of personal watercraft, ATVs, side-by-side vehicles and golf cars
Yamaha Motor Europe N.V.	149,759 thousand euros	100.0	Import and marketing of motorcycles, outboard motors, personal watercraft, ATVs, side-by-side vehicles, snowmobiles, and golf cars
Yamaha Motor Espana S.A.	9,511 thousand euros	*100.0	Manufacture and marketing of motorcycles
PT. Yamaha Indonesia Motor Manufacturing	25,647,000 thousand Indonesian rupiahs	85.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	1,820,312 thousand Thai baht	*91.2	Manufacture and marketing of motorcycles
Yamaha Motor Vietnam Co., Ltd.	37,000 thousand U.S. dollars	46.0	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd.	2,250,000 thousand new Taiwan dollars	51.0	Manufacture and marketing of motorcycles

Notes: 1. Percentages with * include the Company's indirect ownership.

2. Yamaha Motorcycle Sales Japan Co., Ltd. changed its name from YMSJ Co., Ltd. on January 1, 2007;

Yamaha Motor Electronics Co., Ltd. changed its name from Moric Co., Ltd. on March 1, 2007.

3. The Company has a total of 111 consolidated subsidiaries, including the 12 principal subsidiaries listed above and 38 companies accounted for by the equity method of accounting.

In the fiscal year ended December 31, 2007, the Company's consolidated net sales were 1,756,707 million yen and consolidated net income was 71,222 million yen.

(7) Significant Business Combinations

Yamaha Motor Co., Ltd. and its consolidated subsidiaries implemented the following organizational reforms, effective January 1, 2007. Note that the companies indicated in parentheses are successors arising from the divestiture described below.

- ① The Company undertook a divestiture of its multi-purpose engine business, centering on generators. (Yamaha Motor Powered Products Co., Ltd.)
- ② Yamaha Motor Marketing Japan Co., Ltd. divested its sales business for motorcycles and other vehicles (YMSJ Co., Ltd.), its sales business for multi-purpose engines, centering on generators (Yamaha Motor Powered Products Co., Ltd.), and its sales business for mobile phones (YS Co., Ltd.).
- ③ The Company acquired Yamaha Motor Marketing Japan Co., Ltd., with Yamaha Motor Co., Ltd. as the surviving company.

(8) Acquisition of Shares of Other Companies

The Company acquired 8,345 thousand shares of Yamaha Corporation in fiscal 2007.

As Yamaha Corporation sold a part of the shares of the Company in its possession, the Company is no longer an affiliated company accounted for by the equity method of Yamaha Corporation. Yamaha Corporation will continue to possess the shares held after the sale to build a new relationship with the Company, with the objective of working together to enhance the value of the brand shared by the two companies in common. The Company will purchase up to 5 percent of the total number of shares of Yamaha Corporation issued and outstanding as of May 21, 2007, in its efforts to further strengthen the capital relationship and collaboration between the two companies.

(9) Main Business Lines

Segment	Major products
Motorcycles	Motorcycles and knockdown parts for overseas production
Marine products	Outboard motors, personal watercraft, pleasure boats, FRP swimming pools, fishing boats, utility boats and diesel engines
Power products	All-terrain vehicles, side-side-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Other products	Surface mounters, industrial robots, automotive engines, automotive components, electro-hybrid bicycles, unmanned industrial helicopters, electrically powered wheelchairs and the intermediate parts for all business segments

(10) Main Bases and Facilities for the Group

① Yamaha Motor Co., Ltd.

Head Office	Iwata City, Shizuoka Prefecture
Category	Name (location)
Factories	Iwata Factory (Iwata City, Shizuoka Prefecture)
	Hamakita Factory (Hamamatsu City, Shizuoka Prefecture)
	Arai Factory (Araimachi, Hamana-gun, Shizuoka Prefecture)
	Nakaze Factory (Hamamatsu City, Shizuoka Prefecture)
	Fukuroi Factory (Fukuroi City, Shizuoka Prefecture)
	2 nd Fukuroi Factory (Fukuroi City, Shizuoka Prefecture)
	Toyooka Factory (Iwata City, Shizuoka Prefecture)
	Soude Factory (Hamamatsu City, Shizuoka Prefecture)
Morimachi Factory (Morimachi, Shuchi-gun, Shizuoka Prefecture)	

② Subsidiaries

Category	Name (location)
Domestic	Yamaha Motorcycle Sales Japan Co., Ltd. (Minato-ku, Tokyo)
	Yamaha Marine Co., Ltd. (Hamamatsu City, Shizuoka Prefecture)
	Yamaha Motor Powered Products Co., Ltd. (Kakegawa City, Shizuoka Prefecture)
	Yamaha Motor Electronics Co., Ltd. (Morimachi, Shuchi-gun, Shizuoka Prefecture)
Overseas	Yamaha Motor Corporation, U.S.A. (U.S.A.)
	Yamaha Motor Manufacturing Corporation of America (U.S.A.)
	Yamaha Motor Europe N.V. (The Netherlands)
	Yamaha Motor Espana S.A. (Spain)
	PT. Yamaha Indonesia Motor Manufacturing (Indonesia)
	Thai Yamaha Motor Co., Ltd. (Thailand)
	Yamaha Motor Vietnam Co., Ltd. (Vietnam)
	Yamaha Motor Taiwan Co., Ltd. (Taiwan)

(11) Employees

Segment	Number of employees	Annual change
Motorcycles	32,744	+4,258
Marine products	5,080	+41
Power products	2,895	+431
Other products	6,131	+162
Total	46,850	+4,892

Notes: 1. The figures above represent the number of workers employed full time and exclude temporary employees.

2. The number of employees in the motorcycles business increased by 4,258 compared to the previous fiscal year. This was mainly due to increases in the numbers of employees of PT. Yamaha Indonesia Motor Manufacturing and its consolidated subsidiaries (increase of 2,040 employees), Yamaha Motor Vietnam Co., Ltd. (increase of 734 employees), and Yamaha Motor Co., Ltd. (increase of 558 employees).

(12) Principal Lenders and Loan Amounts

Millions of yen	
Lender	Loan amount
Mizuho Corporate Bank, Ltd.	40,366
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,909
Sumitomo Mitsui Banking Corporation	17,577
The Shizuoka Bank, Ltd.	16,935
Bank of Tokyo-Mitsubishi UFJ (Holland) N. V.	7,333

(13) Other Important Matters Relating to the Present Situation of the Group

On January 23, 2006, the Company was placed under investigation by a joint task force of the Shizuoka Prefectural Police and Fukuoka Prefectural Police, following an indictment by Japan's Ministry of Economy, Trade and Industry on suspicion of violating Japan's Foreign Exchange and Foreign Trade Law. The indictment alleged a breach of regulatory requirements regarding the export of unmanned industrial helicopters. On February 23, 2007, three employees of the Company were arrested. The following day, on February 24, the case concerning these three employees and the Company was referred to the prosecutors. Also, on March 15, 2007, the Company and the three employees were accused by Nagoya Customs of violating the Customs Law.

The three employees of the Company arrested on the charge of violating the Japanese Foreign Exchange and Foreign Trade Law were released from custody on March 22, 2007, and the case against them was dropped. Prosecutors had filed a summary indictment for 1 million yen against the Company on March 19. The Company immediately accepted the summary indictment and the fine. With regard to the violation of the Customs Law, the cases against the Company and the three employees were dismissed on March 22, 2007.

On May 11, 2007, the Company was subjected to an administrative sanction from the Ministry of Economy, Trade and Industry, prohibiting exports of unmanned industrial helicopters and their accessories anywhere in the world, for a period spanning nine months from the date the sanction was imposed.

2. The Company's Stocks

(1) Number of Shares Outstanding: 286,354,990 (excluding 102,794 shares of treasury stock)

(2) Number of Shareholders: 26,948

(3) Principal Shareholders

Thousand shares	
Shareholders	Number of shares held
Yamaha Corporation	42,271
State Street Bank & Trust Company	27,301
Toyota Motor Corporation	12,500
Mizuho Bank, Ltd.	10,938
The Master Trust Bank of Japan, Ltd. (trust account)	10,721
Japan Trustee Services Bank, Ltd. (trust account)	9,515
Mitsui & Co., Ltd.	8,586
The Shizuoka Bank, Ltd.	6,813
The Bank of New York-JASDEC Treaty Account	5,121
Nomura Securities Co., Ltd.	4,485

(4) Other Important Matters Relating to Stocks

No related items.

3. The Company's Stock Acquisition Rights**(1) Stock Acquisition Rights outstanding as of December 31, 2007**

Issue	Third stock acquisition rights
Issue date of stock acquisition rights	August 2, 2004
Number of stock acquisition rights	560
Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Common stock: 56,000
Issue price of stock acquisition rights	Free of charge
Paid-in amount upon exercise of stock acquisition rights	1,705 yen per share
Expiration date of stock acquisition rights	August 1, 2008

Details on the above-listed stock acquisition rights held by Directors and Corporate Auditors are as follows:

Category	Number of stock acquisition rights	Number of holders of stock acquisition rights
Directors (excluding Outside Directors)	70	2
Outside Directors	—	—
Corporate Auditors	50	1

(2) Stock Acquisition Rights Issued during Fiscal 2007

No related items.

(3) Other Important Matters Relating to Stock Acquisition Rights

No related items.

4. Directors and Corporate Auditors

(1) Names, Positions, and Responsibilities of Directors and Corporate Auditors

Name	Position	Responsibility
Tsuneji Togami	Chairman and Director	
Takashi Kajikawa*	President and Director	President and Chief Executive Officer In charge of Brand Promotion; Chief General Manager of Motorcycle Headquarters
Tetsuo Uchiyama*	Director	Managing Executive Officer In charge of finance; Senior General Manager of Japan Headquarters
Hiroyasu Miyao	Director	Managing Executive Officer In charge of Public Affairs (stationed in Tokyo)
Shuji Ito	Director	Chairman and Director of Yamaha Corporation President of Yamaha Music Foundation
Wataru Suzuki	Director	Senior Executive Officer In charge of Corporate Quality Assurance; Senior General Manager of Product Assurance Operations
Shohei Kato	Director	Senior Executive Officer President of ME Company President of Yamaha Marine Co., Ltd.
Toyoo Ohtsubo	Director	Senior Executive Officer General Manager of the Process & IT Division
Takaaki Kimura	Director	Senior Executive Officer Senior General Manager of Automotive Operations
Toru Watabiki**	Director	Senior Executive Officer Senior General Manager of Security Trade Control Operations; Senior General Manager of Planning Operations in the Motorcycle Headquarters
Akira Sano**	Director	Senior Executive Officer In charge of the Accessories Business Project of the Motorcycle Headquarters
Masayoshi Furuhashi**	Director	Representative Director of Office Furuhashi Co., Ltd
Eizo Kobayashi**	Director	
Haruhiko Wakuda	Standing Corporate Auditor	
Hiroshi Tanaka	Standing Corporate Auditor	
Naomoto Ohta	Corporate Auditor	
Norihiko Shimizu**	Corporate Auditor	

Notes: 1. Directors denoted by an asterisk (*) are Representative Directors.

2. The Directors Shuji Ito, Masayoshi Furuhashi, and Eizo Kobayashi are Outside Directors as stipulated in Item 15 of Article 2 of the Corporation Law of Japan.

3. The Corporate Auditors Naomoto Ohta and Norihiko Shimizu are Outside Corporate Auditors as stipulated in Item 16 of Article 2 of the Corporation Law of Japan.

4. Personnel changes during fiscal 2007:

The Directors and Outside Corporate Auditors denoted by double asterisks (**) were newly elected by resolution of the 72nd General Meeting of Shareholders held on March 27, 2007 and took office as indicated, pursuant to the resolution.

5. Abbreviations: MC, Motorcycle; ME, Marine Engine; AM, Automotive

6. Changes in Directors' responsibilities as of January 1, 2008 are as follows.

Name	Responsibility after the change	Responsibility before the change
Takashi Kajikawa*	President and Chief Executive Officer In charge of Brand Promotion	President and Chief Executive Officer In charge of Brand Promotion; Chief General Manager of Motorcycle Headquarters
Hiroyasu Miyao	Managing Executive Officer Senior General Manager of Security Trade Control Operations concurrently in charge of Public Affairs (stationed in Tokyo);	Managing Executive Officer In charge of Public Affairs (stationed in Tokyo)
Toru Watabiki	Managing Executive Officer Chief General Manager of Motorcycle Headquarters	Senior Executive Officer Senior General Manager of Security Trade Control Operations; Senior General Manager of Planning Operations in the Motorcycle Headquarters

Note: The Director denoted by an asterisk (*) is a Representative Director

(2) Remuneration for Directors and Corporate Auditors

Classification	Directors		Corporate Auditors		Total	
	Number	Amount paid	Number	Amount paid	Number	Amount paid
Remuneration based on the Articles of Incorporation or resolutions of the General Meeting of Shareholders (including remuneration for Outside Officers)	16 (3)	288 (18)	5 (3)	65 (14)	21 (6)	354 (33)
Remuneration charged to expenses (including remuneration for Outside Officers)	13 (3)	230 (—)	—	—	13 (3)	230 (—)
Total (including remuneration for Outside Officers)		518 (18)		65 (14)		584 (33)

Note: In addition to the remuneration listed above, 99 million yen was paid to Directors and concurrent employees, as the equivalent of salary to employees.

(3) Matters Relating to Outside Directors and Outside Corporate Auditors

- ① Positions as executive director, etc. concurrently held at other companies
Shuji Ito, Outside Director, serves concurrently as executive director of Yamaha Corporation, a company which holds 14.8 % of the Company's shares.
Masayoshi Furuhashi, Outside Director, serves concurrently as executive director of Office Furuhashi Co., Ltd..
- ② Positions as outside officer concurrently held at other companies
Eizo Kobayashi, Outside Director, serves as Outside Director of CROSS PLUS INC.
Norihiko Shimizu, Outside Corporate Auditor, serves as Outside Corporate Auditor of FAST RETAILING CO., Ltd. and Nissin Sugar Manufacturing Co., Ltd.
- ③ Relationships with main customers, suppliers and others
No important items.

④ Main activities during fiscal 2007

Category	Name	Main activities
Outside Director	Shuji Ito	Attended 12 of the 14 Meetings of the Board of Directors held during fiscal 2007. He stated his opinions based on his viewpoint as a shareholder and on his knowledge acquired as a Chairman and Director of a listed company.
Outside Director	Masayoshi Furuhashi	Attended all 3 Meetings of the Board of Directors and all 4 Meetings of the Board of Corporate Auditors held during his term as Outside Corporate Auditor until March 2007. He attended all 11 Meetings of the Board of Directors held after his reappointment as Outside Director in the same month. He stated his opinions on the basis of his long international experience and knowledge of the industry
Outside Director	Eizo Kobayashi	Attended all 11 Meetings of the Board of Directors held after his appointment as Outside Director in March 2007. He stated his opinions based on his extensive knowledge of economics and financial conditions in general.
Outside Corporate Auditor	Naomoto Ohta	Attended 13 of the 14 Meetings of the Board of Director, 14 of the 15 Meetings of the Board of Corporate Auditors, and both of the regular conferences of Representative Director and Board of Corporate Auditors Meeting held during fiscal 2007. He stated his opinions based on his extensive experience and knowledge as a Standing Corporate Auditor for other companies.
Outside Corporate Auditor	Norihiko Shimizu	Attended 10 of the 11 Meetings of the Board of Directors, 10 of the 11 Meetings of the Board of Corporate Auditors, and both regular conferences with the Representative Director and the Board of Corporate Auditors Meeting held after his appointment as Outside Corporate Auditor in March 2007. He stated his opinions based on his extensive experience and knowledge from his research on international corporate strategies and his experience as a Corporate Auditor for other companies.

⑤ Agreement on Limitation of Liability

The Company has concluded liability limitation agreements with all Outside Directors and Outside Corporate Auditors in accordance with the provisions of Item 1 of Article 427 of the Corporation Law of Japan, to limit the liability for damages stipulated in Item 1 of Article 423 of the said Law.

The maximum liability for damages to be borne by the Outside Directors and Outside Corporate Auditors under the agreement is the minimum amount of liability stipulated in Item 1 of Article 425 of the Corporate Law of Japan.

5. Accounting Auditor

(1) Contracted Accounting Auditor

Ernst & Young ShinNihon

(2) Remuneration Paid to the Accounting Auditor during Fiscal 2007

- | | |
|--|-----------------|
| ① Remuneration Paid to the Accounting Auditor during fiscal 2007: | 53 million yen |
| ② Total remuneration payable by the Company and its consolidated subsidiaries to the Accounting Auditor: | 163 million yen |

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

Each of the following important subsidiaries of the Company employs another certified public accountant or audit corporation (or a person having an equivalent qualification in the foreign country concerned) for auditing (or equivalent service prescribed by a law equivalent to the Corporate Law of Japan or the Financial Instruments and Exchange Law in the foreign country): Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America; Yamaha Motor Europe N.V.; Yamaha Motor Espana S.A.; PT. Yamaha Indonesia Motor Manufacturing; Thai Yamaha Motor Co., Ltd.; Yamaha Motor Vietnam Co., Ltd.; and Yamaha Motor Taiwan Co., Ltd.;

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

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

- ① Review of documents related to the unification of accounting policies of overseas subsidiaries.
- ② Review of the annual report
- ③ Review of the English translation of the notice of convocation of the ordinary general meeting of shareholders.
- ④ Review of English translations of the news releases on issuance registration of stock acquisition rights

(4) Policy for Decisions on Dismissal or Non Re-appointment

Apart from cases of dismissal of an accounting auditor by the Board of Corporate Auditors as prescribed in Article 340 of the Corporate Law of Japan, if it is determined to be difficult for an Accounting Auditor to appropriately execute his or her duty, the Company will, in principle, forward a proposal for the dismissal or non re-appointment of such Accounting Auditor to the general meeting of shareholders, upon the consent or request of the Board of Corporate Auditors.

6. Systems to Ensure Proper Business Operations

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

- ① The Board of Directors shall supervise the business conduct of the Directors to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
- ② Corporate Auditors, in accordance with the criteria and methodology established by the Board of Corporate Auditors, shall audit the business conduct of the Directors.

(2) System to Maintain and Administer Documentation and Other Information concerning the Business Conduct of Directors

Documents and other forms of information on the business conduct of Directors shall be properly maintained and administered in accordance with internal regulations.

(3) Rules and Other Systems Relating to Risk Control against Loss

- ① A committee shall be established to deliberate and offer opinions concerning measures for integrated risk control, and promote such measures.
- ② Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- ③ If a serious crisis arises, an emergency countermeasures headquarters shall be established, with the Representative Director as its head, in order to minimize damage and negative impact from the event.

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

- ① The powers and responsibilities of the Board of Directors, CEO and departmental executives, and the system for transferring power between them, shall be better defined by strengthening rules directly governing these matters, as well as rules concerning circulation of draft proposals. This will allow these executives to perform the duties of their offices more efficiently.
- ② Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- ③ After the medium-term management plan and the budget for the fiscal year are formulated, management control systems such as a "management by objectives system" and a "departmental business performance assessment system" shall be established to achieve the plan's goals and targets.

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

- ① A committee shall be established to deliberate and offer opinions concerning compliance measures.
- ② The Company shall enhance its code of ethics, and provide ethics and compliance training appropriate to each position in the Company.
- ③ An internal reporting system shall be established to directly inform top executive management concerning any unlawful act, or the possibility of such activity that could damage trust and confidence in the Company.
- ④ An internal audit section shall be established, under the direct control of the CEO for purposes of auditing business operations.

(6) Systems to Ensure Appropriate Business Operations of the Group (Composed of the Company and its Subsidiaries)

- ① Each subsidiary, in principle, shall have a Board of Directors and a Corporate Auditor (a Board of Corporate Auditors and an Accounting Auditor in the case of a large company). At least one director of

each subsidiary shall concurrently serve as a Director, Executive Officer or employee of another company in the Group.

- ② The section supervising compliance shall provide subsidiaries with guidance and education on compliance.
- ③ The internal audit section shall audit subsidiaries.

(7) Employee to Assist Corporate Auditors

A Corporate Auditors' Office shall be established with a full-time employee dedicated to assisting the Corporate Auditors in the execution of their duties.

(8) Independence from Directors of Employee Assisting Corporate Auditors

- ① Any dismissal or personnel changes concerning the employee assisting Corporate Auditors in the execution of their duties shall be approved by the Board of Corporate Auditors in advance.
- ② No employee assisting Corporate Auditors in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Corporate Auditors, whose opinions shall be taken into consideration in evaluating the employee.

(9) Systems concerning Directors and Employees Reporting to the Board of Corporate Auditors

Directors and employees shall report the following matters to the Board of Corporate Auditors periodically, or when necessary, at its request:

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

(10) Other Systems to Ensure Effective Auditing by Corporate Auditors

- ① The Representative Directors shall meet with the Corporate Auditors periodically to exchange opinions.
- ② Corporate Auditors shall attend important meetings of bodies including the Management Committee, Risk Management Committee, Compliance Committee, and Executive Committee.
- ③ The internal audit section shall explain its internal audit plan to Corporate Auditors in advance.
- ④ The minutes of the Management Committee meeting and any other meetings as the Corporate Auditors may specify shall be made available for their perusal. The Corporate Auditors shall be granted similar access to any draft proposal memorandums they may specify.
- ⑤ Auditing assistance from outside experts shall be secured when deemed necessary for auditing activities by the Board of Corporate Auditors.

7. Basic Policy on Control of the Company

(1) Details of the Basic Policy

The Company's field of activities extends beyond its business operations – mainly motorcycles, marine products, and power products – to activities such as philanthropy and environmental preservation. The Company fully recognizes that a wide variety of business operations coupled with such activities can produce a synergy that builds Yamaha Motor's brand and corporate value. To further enhance such brand value and corporate value, the Company must aggressively introduce new models and develop new value-added products incorporating new technologies. As a prerequisite for creating breakthrough technologies, the Company must strengthen its research and development (R&D) activities. Furthermore, high profitability and growth are projected in environmental technologies and new fields of activities in the life science business. In order to earn profit in these fields of activities, it is crucial to aggressively promote an R&D basis for the foundation of these activities. The Company believes that an acquisition of the Company by parties who poorly understand the elements that comprise the brand and corporate value of the Group (described above) would damage the corporate value and hinder the common interests of the shareholders. Once in control of financial and business decisions, such parties could act from short-term profit motives and dismantle management policies that have been planned and developed over time from a medium-and long-term perspective. Such actions might include excessive reductions in manufacturing costs, R&D expenses, and other expenditures – all decisions which would damage the Group's competitiveness. Not only above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.

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

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

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

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

In January 2005, on its 50th anniversary, the Company launched a new three-year, medium-term management plan, "NEXT 50-Phase II." The plan is designed to build on the global standards for profitability the Company established in the previous medium-term management plan, "NEXT 50." With this solid foundation, the Company has been implementing a new business strategy that balances value, profitability and growth, toward making Yamaha *Your Only One* brand in the global marketplace. Specifically, the Company is focused on creating value that differentiates Yamaha; continuing the profit-oriented approach; maximizing growth opportunities in existing businesses, especially in Asia; developing new business domains for further growth; and vitalizing its human resources and organizations. Through these efforts, the Company is committed to benefiting its stakeholders, including shareholders, customers, employees and local communities, and delivering distinctive value as a *Kando* Creating Company. The Group has formulated its long-term vision, "Frontier 2020," outlining the direction of the Company's management and business progress toward the year 2020, taking into consideration the external environment and prospects of existing business. As Phase one, the Company will work to further enhance the three factors of "increasing profits," "achieving further growth," and "creating higher customer value" through the following efforts, with a focus on "establishing a structure to prepare for a leap to the next generation" for the new medium-term management plan (2008-2010). The Company's ultimate goal in Phase one will be to achieve its corporate mission of becoming a "*Kando* Creating Company."

- strengthen "management quality" to earn the trust of clients
- work to "create value" from a long-term perspective
- "invest management resources strategically" to create management quality and value

② Efforts to increase corporate value by strengthening corporate governance

The Company recognizes that corporate governance is an important tool to ensure disciplined management and maximize long-term corporate value. Based on this realization, the Company has been striving to speed up management decision-making; clarify the performance accountability of Directors; and develop a more transparent system concerning Director remuneration and personnel issues. Specifically, the Company introduced an Executive Officer system, identified the role of the Board of Directors as “approval of basic policy and the supervision of business execution of the Group,” identified the role of Executive Officers as “management and business execution of the Group,” and continued to build management system corresponding to this separation of duties. On the other hand, the Company shortened the term of office for Directors from two years to one year in order to increase Director accountability to shareholders, and set the number of Outside Director candidates as three (3) in order to strengthen management supervisory capabilities. In addition, the Company established the Executive Personnel Committee, a body of outside experts, to enhance the propriety and transparency of executive personnel decisions. The Committee deliberates candidates for Director and other executive officers, the remuneration system for these positions, and the specific amounts of compensation for individual executives. Based on these Committee discussions, the Company has reshaped the remuneration system into a form that more closely reflects corporate and individual performance. It has also abolished the executive retirement benefits system.

(3) Efforts to Prevent the Decisions on Financial and Business Policies of the Company to be Controlled by Persons Undesirable in the Light of the Company’s Basic Policy

In order to secure and enhance the corporate value and the common interests of the shareholders, the Company adopted measures using Gratis Issue of Stock Acquisition Rights, according to the details of “The Adoption of Takeover Defense Measures against Attempts at Mass Acquisition of the Company’s Shares (Defense Measures against Takeover Bids),” approved at the 72nd General Meeting of Shareholders held on March 27, 2007 (“the Plan”). An overview of the Plan is as follows:

① The Board of Directors shall, by its resolution, set up a Corporate Value Committee. Committee members shall be appointed only from within the Company’s Outside Directors and the Corporate Value Committee resolutions shall pass with the majority of all committee members’ votes.

② The Board of Directors shall require parties intending to engage in specific takeover attempts, prior to commencing such takeover attempts, to submit the following written proposal, and to make the Company issue a Confirmation Resolution. Accordingly, parties proposing specific takeover attempts shall, prior to commencing such takeover attempts, submit the following written proposal to obtain a Confirmation Resolution from the Company:

Information regarding the persons proposing the specific takeover attempts, including their group companies and related parties;

The purposes of the proposed takeover bid; proposed post-takeover management policy and business plan; basis and method of takeover price calculation;

Proof of takeover fund availability;

Potential impact of the takeover on the interests of the Company’s stakeholders; and

Other necessary information which the Company reasonably requires, as described in ④ 1) to 7) below.

A proposal that fulfills these requirements shall be hereafter referred to as a “Takeover Proposal,” and any party who makes such a proposal shall be hereafter referred to as a “Takeover Proposer.”

“Specific Takeover Attempts” refer to either, (i) the act of purchasing the Company’s shares to a shareholding ratio exceeding 20 percent, or similar acts as defined by the Board of Directors; or (ii) the act of initiating an open takeover bid designed to acquire of the Company’s shares such that the post-acquisition shareholding ratio would exceed 20 percent.

“Confirmation resolution” shall mean a resolution passed by the Board of Directors based on an advisory resolution made by the Corporate Value Committee as prescribed in ③ below that holds the Gratis Issue of Stock Acquisition Rights that shall not be executed.

③ The Board of Directors shall promptly forward the received Takeover Proposal to the Corporate Value Committee to request its recommendation. The Corporate Value Committee shall examine the Takeover Proposal in order to determine whether to issue an advisory resolution (hereafter referred to as “Advisory Resolution”) to the Board of Directors, requesting the Board issue a Confirmation Resolution for the Takeover Proposal. The content of the Corporate Value Committee’s resolution shall be disclosed. The Corporate Value Committee shall be granted 60 business days from its receipt of the Takeover Proposal to examine and discuss it (or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company’s shares by a cash-only tender offer in Japanese yen). If the

examination and discussion period is extended for reasonable cause, the reasons for the extension shall be disclosed.

- ④ The Corporate Value Committee shall examine and discuss the Takeover Proposal in good faith. This deliberation of the Advisory Resolution is conducted from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and shareholders' common interests. The Corporate Value Committee is required to adopt an Advisory Resolution if a Takeover Proposal satisfies all the following requirements:
- 1) None of the following categories is applicable to the Takeover Proposal:
 - (a) It is a share buyout, in which the Takeover Proposer demands that the Company or its related parties buy back purchased shares at high prices;
 - (b) It is structured to further the interests of the Takeover Proposer or its group companies, as well as other related parties, at the expense of the Company, such as by ceding them temporary control of the Company in order to transfer the Company's major assets;
 - (c) It makes the Company's assets subject to use as a collateral guarantee, or to repay debts of the Takeover Proposer, its group companies, or other related parties;
 - (d) It seeks to obtain a temporary high return at the expense of the Company's sustainable growth, such as by temporarily controlling the Company's management in order to reduce assets and funds necessary for the Company's future business and product development; by using profits from disposing of such assets and funds in order to obtain high temporary dividends, and/or by selling the Company's shares at peak prices in an attempt to drive up the Company's share price; and/or,
 - (e) It otherwise realizes the interests of the Takeover Proposer, its group companies, and other related parties by damaging the interests of the Company's stakeholders, including shareholders, business partners, customers, and employees.
 - 2) The mechanism and content of the Takeover Proposal comply with all relevant laws and regulations;
 - 3) The mechanism and content of the Takeover Proposal do not threaten to actually or essentially compel shareholders of the Company to sell their shares, such as is consistent with a coercive two-tier tender offer (meaning a tender offer that does not seek to acquire all shares in the initial acquisition, and sets unfavorable or unclear acquisition terms for the second stage);
 - 4) Any and all information required, and which is not fallacious, to properly examine the Takeover Proposal is offered, as necessary, to the Company upon its request, and the Takeover Proposer responds in good faith to the procedures prescribed in the Plan;
 - 5) A specified period for the Company to examine the Takeover Proposal (including the examination and proposal of alternate plans to the Company's shareholders) is provided (60 business days for examination and discussion of the Takeover Proposal from the time it is received, or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company's shares by a cash-only tender offer in Japanese yen. If there is reasonable cause to exceed the period, the applicable number of business days).
 - 6) The Takeover Proposal does not contain any provisions that can be deemed insufficient or inappropriate to maintain the Company's fundamental value; and,
 - 7) The Takeover Proposal can reasonably be deemed to protect and increase the Company's corporate value and shareholders' common interests.
- ⑤ The Board of Directors shall adopt the Confirmation Resolution based on the Advisory Resolution of the Corporate Value Committee. If the Corporate Value Committee adopts an Advisory Resolution, the Board of Directors is obliged to adopt a Confirmation Resolution, unless it finds particular grounds to rule that adopting such a Confirmation Resolution obviously violates the Directors' duty of care. The Board of Directors shall not be empowered to execute a Gratis Issue of Stock Acquisition Rights against any Takeover Proposal which is endorsed by a Confirmation Resolution.
- ⑥ If a specific takeover attempt is executed without obtaining a Confirmation Resolution, the Board of Directors shall set a date for Gratis Issue of Stock Acquisition Rights, and execute this Gratis Issue such that the Company's eligible shareholders receive the Stock Acquisition Rights on the issuance date. However, if it becomes clear that a specific acquirer's shareholding ratio does not reach 20 percent by a specific date, prior to the issuance date set forth by the Board of Directors (including special cases which the Board of Directors deems to be pursuant to this shareholding ratio case), the Board can suspend the Gratis Issue, and stop the Stock Acquisition Rights from taking effect.

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

The Plan complies with the basic policy stated above, and special measures mentioned hereafter have been implemented to enhance the rationality of the Plan. Nothing in the Plan is detrimental to the corporate value

or common interests of the Company's shareholders, nor does the Plan aim to preserve the positions of the Company officers.

- ① The Plan is approved by the Company's shareholders in advance at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007.
- ② The term of office for Directors is set at one year, and a system with staggered terms or requirements for dismissal is not added to the normal resolutions. Consequently, the Plan can be terminated by the resolution of the Board of Directors, through election and removal of Directors through normal resolutions of a General Meeting of Shareholders.
- ③ In order to guarantee the neutrality of the Board of Director's decision concerning the Plan, the Corporate Value Committee - a body comprised solely of outside officers not engaged in the execution of duties of the Company - will deliberate whether the Takeover Proposal serves the purpose of protecting and increasing corporate value and the common interests of shareholders, based on the legal obligations owed to the Company by the officers of the Company. If the Corporate Value Committee adopts an Advisory Resolution recommending that the Board of Directors adopt a Confirmation Resolution, the Board of Directors is required to follow the Advisory Resolution unless it finds particular grounds to rule that the adoption of such a Confirmation Resolution obviously violates the Directors' duty of care.
- ④ When a Takeover Proposal satisfies all requirements defined in (3), ④ 1) to 7) above, the Corporate Value Committee is required to adopt an Advisory Resolution, in order to ensure objectiveness.
- ⑤ The effective term of the Plan is three years from the approval by shareholders at this 72nd Meeting of Shareholders. During the term, the Board of Directors will determine the specifics of the Plan annually, within the scope of the Directors' rights voted for in the relevant General Meeting of Shareholders' proposal. This makes it possible to respond to various potential changes in the relevant laws and regulations, and to the development of situations as they affect the Company. The Plan, including the review of collateral conditions, will be resubmitted for a vote of affirmation by shareholders upon expiration of the current three-year term.
- ⑥ The Plan complies with all requirements of legitimacy (the requirements preventing suspension of the Issue of the Stock Acquisition Rights) and requirements of propriety (requirements for securing the understanding of shareholders, investors, and other concerned parties) as set forth in the "Guidelines Regarding Takeover Defense Measures for Protecting and Increasing the Corporate Value and the Common Interests of Shareholders," dated May 27, 2005, provided by the Ministry of Economy, Trade and Industry and the Ministry of Justice (the "Government Guidelines").

Consolidated Balance Sheet

(As of December 31, 2007)

Millions of yen

ASSETS		LIABILITIES	
I. Current assets:		I. Current liabilities:	
Cash and deposits in banks	110,702	Notes and accounts payable	196,118
Trade notes and accounts receivable	243,482	Short-term loans	148,819
Inventories	325,173	Current portion of long-term debt	6,881
Deferred tax assets	40,330	Commercial paper	35,000
Other	40,499	Accrued expenses	35,717
Less: Allowance for doubtful receivables	(7,089)	Income taxes payable	9,563
Total current assets	753,098	Accrued bonuses	10,636
		Accrued bonuses for Directors	230
		Accrued warranty costs	32,116
		Other	101,325
		Total current liabilities	576,409
II. Fixed assets:		II. Long-term liabilities	
Tangible fixed assets:		Bonds	3
Buildings and structures	107,940	Long-term debt	39,051
Machinery and transportation equipment	119,208	Deferred tax liabilities on unrealized revaluation gain on land	12,630
Land	94,174	Accrued employees' retirement benefits	34,633
Construction in progress	33,212	Accrued retirement benefits for Directors and Corporate Auditors	220
Other	30,065	Accrual for product liabilities	16,768
Total tangible fixed assets	384,601	Accrual for motorcycle recycling costs	1,061
		Other	8,430
Intangible fixed assets:		Total long-term liabilities	112,799
Leasehold rights	2,992	Total liabilities	689,209
Other	2,619		
Total intangible fixed assets	5,612		
		NET ASSETS	
Investments and other assets:		I. Shareholders' equity:	
Investment securities	55,938	Common stock	48,300
Long-term loans receivable	31,127	Capital surplus	60,784
Deferred tax assets	22,435	Retained earnings	401,972
Other	6,887	Treasury stock	(186)
Less: Allowance for doubtful receivables	(1,271)	Total shareholders' equity	510,870
Total investments and other assets	115,117	II. Valuation and translation adjustments:	
		Unrealized holding gain on other securities	4,660
Total fixed assets	505,331	Deferred gains or losses on hedges	(253)
		Unrealized revaluation gain on land	17,198
		Translation adjustments	(2,251)
		Total valuation and translation adjustments	19,353
		III. Minority interests	38,997
		Total net assets	569,221
Total assets	1,258,430	Total liabilities and net assets	1,258,430

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

(TRANSLATION ONLY)

Consolidated Statement of Income
(From January 1, 2007 through December 31, 2007)

		Millions of yen
I. Net sales		1,756,707
II. Cost of sales		1,280,616
Gross profit		476,090
III. Selling, general and administrative expenses		349,092
Operating income		126,998
IV. Non-operating income		
Interest income	16,355	
Dividend income	826	
Equity in earnings of affiliates	2,669	
Foreign exchange gain	696	
Unrealized gain on financial assets for sale	4,339	
Other	10,150	35,038
V. Non-operating expenses		
Interest expense	8,520	
Retirement benefit expenses	606	
Sales-finance-related expenses	2,804	
Other	9,767	21,697
Ordinary income		140,338
VI. Extraordinary profits		
Gain on sale of fixed assets	1,297	
Gain on sale of investment securities	1,522	
Other	4	2,824
VII. Extraordinary loss		
Loss on disposal of fixed assets	2,869	
Special provision for accrued warranty costs of products liabilities	15,530	18,399
Income before income taxes and minority interests		124,764
Corporation, inhabitant and enterprise taxes	49,176	
Deferred income taxes	(5,542)	43,633
Minority interests		9,908
Net income		71,222

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

(TRANSLATION ONLY)

Consolidated Statement of Changes in Net Assets

(From January 1, 2007 through December 31, 2007)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2006	48,168	60,651	343,529	(157)	452,190
Changes in items during the period					
Issuance of new shares	131	131			263
Reversal of unrealized revaluation gain on land			340		340
Dividends from surplus			(11,879)		(11,879)
Net income			71,222		71,222
Increase in consolidated subsidiaries			1,000		1,000
Decrease in consolidated subsidiaries			(1,239)		(1,239)
Decrease in subsidiaries and affiliates accounted for by the equity method of accounting			(1,000)		(1,000)
Acquisition of treasury stock				(30)	(30)
Disposal of treasury stock		1		1	2
Net changes of items other than shareholders' equity					
Total of changes in items during the period	131	133	58,443	(28)	58,679
Balance at December 31, 2007	48,300	60,784	401,972	(186)	510,870

	Valuation and translation adjustments				
	Unrealized holding gain on other securities	Deferred gains or losses on hedges	Unrealized revaluation gain on land	Translation adjustments	Total valuation and translation adjustments
Balance at December 31, 2006	6,745	(1,773)	17,538	(4,068)	18,442
Changes in items during the period					
Issuance of new shares					
Reversal of unrealized revaluation gain on land					
Dividends from surplus					
Net income					
Increase in consolidated subsidiaries					
Decrease in consolidated subsidiaries					
Decrease in subsidiaries and affiliates accounted for by the equity method of accounting					
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity	(2,084)	1,520	(340)	1,816	911
Total of changes in items during the period	(2,084)	1,520	(340)	1,816	911
Balance at December 31, 2007	4,660	(253)	17,198	(2,251)	19,353

	Minority interests	Total net assets
Balance at December 31, 2006	30,421	501,054
Changes in items during the period		
Issuance of new shares		263
Reversal of unrealized revaluation gain on land		340
Dividends from surplus		(11,879)
Net income		71,222
Increase in consolidated subsidiaries		1,000
Decrease in consolidated subsidiaries		(1,239)
Decrease in subsidiaries and affiliates accounted for by the equity method of accounting		(1,000)
Acquisition of treasury stock		(30)
Disposal of treasury stock		2
Net changes of items other than shareholders' equity	8,575	9,487
Total of changes in items during the period	8,575	68,166
Balance at December 31, 2007	38,997	569,221

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

Notes to Consolidated Financial Statements

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

(1) Scope of Consolidation

① Number of consolidated subsidiaries: 111

② Names of principal consolidated subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Marine Co., Ltd., Yamaha Motor Powered Products Co., Ltd., Yamaha Motor Electronics Co., Ltd., Yamaha Motor Corporation, U.S.A., Yamaha Motor Manufacturing Corporation of America, Yamaha Motor Europe N.V., Yamaha Motor Espana S.A., PT. Yamaha Indonesia Motor Manufacturing, Thai Yamaha Motor Co., Ltd., Yamaha Motor Vietnam Co., Ltd., and Yamaha Motor Taiwan Co., Ltd.

③ Principal non-consolidated subsidiaries and the reason for excluding these companies from consolidation:

Total assets, net sales, net income or loss, retained earnings and other financial indexes of non-consolidated subsidiaries, including Yamaha Motor Research & Development Europe S.r.l., were individually insignificant to the Company's consolidated financial statements, and were not significant in the aggregate. Therefore, these companies were excluded from the Company's scope of consolidation.

(2) Scope of Application of Equity Method of Accounting

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

Number of non-consolidated subsidiaries accounted for by the equity method of accounting: 11

Yamaha Motor Research & Development Europe S.r.l. and 10 other subsidiaries

Number of affiliates accounted for by the equity method of accounting: 27

Chongqing Jianshe Yamaha Motor Co., Ltd. and 26 other affiliates

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

Five non-consolidated subsidiaries including PT. Melco Indonesia, and five affiliates including Hainan Kadaya Boat Manufacturing Co., Ltd., were individually insignificant to the Company's consolidated net income, consolidated retained earnings and other consolidated financial indexes, and were not significant in the aggregate. Therefore, the Company's investments in these companies were stated at cost, instead of being accounted for by the equity method of accounting.

(3) Accounting Standards

① Asset valuation

1) Securities

Other securities

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

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

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

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

Inventories are stated at the lower of cost or market, cost being determined primarily by the average method.

② Depreciation and amortization of assets

1) Tangible fixed assets

Depreciation of tangible fixed assets is computed by the declining-balance method.

2) Intangible assets

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

Capitalized software for internal use is amortized by the straight-line method over its estimated useful life (five years).

③ Significant accruals

1) Allowance for doubtful receivables

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

2) Accrued bonuses

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

3) Accrued bonuses for Directors

Accrued bonuses are stated at an estimated amount of the bonuses to be paid to Directors, based on their services for the current fiscal period.

4) Accrued warranty costs

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

5) Accrued employees' retirement benefits

Accrued employees' retirement benefits are provided mainly at an amount, deemed generated on December 31, 2007, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

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

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees.

6) Accrued retirement benefits for Directors and Corporate Auditors

Accrued retirement benefits for Directors and Corporate Auditors are provided based on the amount payable as of the balance sheet date, in accordance with internal regulations of the Companies.

7) Accrual for product liabilities

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

8) Accrual for motorcycle recycling costs

An accrual for motorcycle recycling costs is provided at an estimated amount based on actual sales.

④ Other Items of Significance in Drawing up Consolidated Financial Statements

1) Closing date for consolidated subsidiaries

The annual closing date for Yamaha Motor Polska Sp. z o.o., one of the Company's consolidated subsidiaries, is March 31. When drawing up the consolidated financial statements, the Company has used tentative financial statements for Yamaha Motor Polska Sp. z o.o., compiled as of the Company's annual closing date for its consolidated financial accounting.

2) Lease transactions

Non-cancelable lease transactions are accounted for as operating leases, except those lease agreements that stipulate the transfer of ownership of the lease assets to the lessee, which are accounted for as finance leases.

3) Hedge accounting

a) Accounting for hedging activities

The Group adopts the deferred hedge accounting method. For foreign exchange forward contracts, unrealized gain or loss is deferred as an asset or liability when the criteria for deferral hedge accounting are met, while for interest rate swaps that meet certain conditions, the short-cut method is applied.

b) Hedging instruments and hedged items

To hedge the foreign exchange risks regarding foreign currency monetary assets and liabilities, foreign exchange forward contracts and currency options are employed as hedging instruments. To hedge the interest-rate risks present in the interest expense resulting from long-term loans, interest-rate swaps are employed as hedging instruments.

c) Hedging policy

In order to hedge certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates through business and financing operations, hedging transactions are implemented, in principle, within credits and debts. To reduce credit risks, hedging transactions are implemented with financial institutions with high credit ratings. Foreign exchange forward contracts and interest-rate swaps are employed in compliance with internal rules for forward exchange contracts.

d) Assessment of hedge effectiveness

In the hedging transactions employed by the Group, there are close economic interrelations between hedged items and hedging instruments. The effectiveness of hedging transactions is assessed periodically in accordance with a prearranged program.

4) Consumption taxes

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

5) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

6) Amortization of goodwill and negative goodwill

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

(4) Valuation of Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities of consolidated subsidiaries acquired through business consolidation are carried at fair value.

2. Change in Financial Accounting Method

(1) Changes to Consolidation and Equity Accounting Criteria

① Changes to consolidation

Effective from fiscal 2007, the following companies were consolidated because of their increasing significance: PT. Yamaha Motor Nuansa Indonesia; Yamaha Motor R&D Taiwan Co., Ltd.; and Yamaha Motor R&D (Shanghai) Co., Ltd. The following companies, which were established as subsidiaries in this consolidated fiscal year, are included among the consolidated companies: Yamaha Motor Distribution Latin America Inc.; India Yamaha Motor Pvt. Ltd.; Yamaha Motor Middle Europe B.V.; and Yamaha Motor Personnel Service Mexico, S.A.de C.V. Yamaha Motor Polska Sp. z o.o., which became a subsidiary by acquisition of shares in this consolidated fiscal year, is included among the consolidated companies. Yamaha Motor (UK) Limited and Yamaha Motor Deutschland GmbH, which became subsidiaries by additional acquisition of shares in this consolidated fiscal year, are included among the consolidated companies. Yamaha Motorcycle Marketing Japan Co., Ltd. (Hamamatsu-shi, Shizuoka Prefecture), which was consolidated, is excluded from consolidation due to its merger with the Company. Ohlins Racing AB and Ohlins USA Inc., which were consolidated, are excluded from consolidation due to the sale of their shares. YED Co., Ltd. and Yamaha Engines Co., Ltd., which were consolidated, are excluded from consolidation due to liquidation. Moric Singapore Pte. Ltd. and INNO Reinsurance Pte. Ltd., which were consolidated, are excluded from consolidation due to no significance by winding-up.

② Changes to equity accounting

Effective from fiscal 2007, the following companies became consolidated subsidiaries: PT. Yamaha Motor Nuansa Indonesia,; Yamaha Motor R&D Taiwan Co., Ltd.; and Yamaha Motor R&D (Shanghai) Co., Ltd.; Yamaha Motor (UK) Limited; and Yamaha Motor Deutschland GmbH.

(2) Changes to Accounting Principles and Practices

① Accounting standards for business combinations

Effective from fiscal 2007, the Accounting Standard for Business Combination (Business Accounting Council, October 31, 2003), the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan (ASBJ), Statement No. 7, December 27, 2005), and Guidance on the Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan (ASBJ), Guidance No. 10, December 22, 2006) are applied.

In addition, regarding the Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures, the Accounting Standards Board of Japan (ASBJ) published the revised Guidance No. 10 in November 15, 2007.

② Changes to depreciation of tangible fixed assets

Effective from fiscal 2007, in accordance with the amendment of the Corporate Tax Law, tangible fixed assets acquired on and after April 1, 2007 are depreciated under the depreciation method stipulated in the revised Corporate Tax Law. As a result, operating income, ordinary income, and income before income taxes and minority interests each decreased by 1,144 million yen.

(3) Changes to Classification

Consolidated Statement of Income

“Foreign exchange gain” and “Unrealized gain on financial assets for sale”, both of which were included in “Other” under “Non-operating income” for the previous fiscal year, are stated separately for the current fiscal year in order to present the contents more appropriately.

For the previous fiscal year, “Foreign exchange gain” was 1,292 million yen and “Unrealized gain on financial assets for sale” was 641 million yen.

3. Notes to Consolidated Balance Sheet

	Millions of yen
(1) Accumulated Depreciation of Tangible Fixed Assets	502,562
(2) Pledged Assets	
Trade notes and accounts receivable	22,045
Inventories	1,953
Building and structures	515
Machinery and transportation equipment	3,501
Land	131
Other tangible fixed assets	1
<u>Investment securities</u>	<u>27</u>
Total	28,176
Secured liabilities are as follows.	
Short-term loans	19,164
<u>Other long-term liabilities</u>	<u>503</u>
Total	19,668
(3) Discounts on Trade Notes Receivable	3,402

(4) Guarantee Obligations

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

Subsidiaries or affiliates:	
Amagasaki Woodland of Health Co., Ltd.	362
Fuzhou Jiaxin Soqi Power Products Co., Ltd.	62
Other companies:	
Enrum Marina Muroran Inc.	82
<u>Marina Kawage Co., Ltd.</u>	<u>46</u>
Total	553

Guarantee obligations described above include 408 million yen arising from acts resembling guarantees.

(5) Unrealized Revaluation Gain on Land

Pursuant to the "Law Concerning the Revaluation of Land" (No. 24, enacted on March 31, 1999), land used for the Company's business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as "Deferred tax liabilities on unrealized revaluation gain on land" and the remaining balance has been presented under net assets as "Unrealized revaluation gain on land" in the accompanying consolidated balance sheet.

① Date of revaluation March 31, 2000

② Method of revaluation

Under Item 4 of Article 2 of the Ordinance Implementing the Law Concerning Land Revaluation (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

③ Fair value of the land used for business after revaluation

The fair value of the land used for business after revaluation at the end of fiscal 2007 was below its book value by 22,335 million yen.

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

Common stock 286,457,784 shares

(2) Dividends

① Amount of dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 27, 2007	Common stock	6,009	21.00	Dec. 31, 2006	Mar. 28, 2007
Board of Directors Meeting held on July 31, 2007	Common stock	5,869	20.50	June 30, 2007	Sep. 10, 2007

② Dividends with an effective date after the fiscal year under review, but with a reference date during the period

Resolution	Type of share	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Reference date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 26, 2008	Common stock	5,870	Retained earnings	20.50	Dec. 31, 2007	Mar. 27, 2008

(3) Stock Acquisition Rights

Share purchase warrants at December 31, 2007 are as follows.

	Third stock acquisition rights (issued on August 2, 2004)
Number of stock acquisition rights	560
Class of shares to be issued or transferred upon exercise of stock acquisition rights	Common stock
Number of shares to be issued or transferred upon exercise of stock acquisition rights	56,000

Note: A portion of the Company's Corporate bonds worth 3 million yen at the end of fiscal 2007 – convertible bonds issued under the former Commercial Code – are not described herein, because the number of shares to be issued or transferred upon exercise of stock acquisition rights is not significant in relation to the total number of shares outstanding at the end of fiscal 2007.

5. Notes to Per Share Amounts

(1) Net Assets per Share 1,851.81 yen

(2) Net Income per Share 248.81 yen

6. Other Notes

Consolidated Statement of Income

Gain on sale of investment securities arises from the sale of investment in affiliates' stock.

Non-consolidated Balance Sheet

(As of December 31, 2007)

Millions of yen

ASSETS		LIABILITIES	
I. Current assets:		I. Current liabilities:	
Cash and deposits in banks	15,875	Trade notes payable	9,382
Trade notes receivable	5,150	Construction notes payable	891
Trade accounts receivable	72,939	Trade accounts payable	97,612
Finished and merchandized goods	47,279	Short-term loans	56,207
Raw materials	2,532	Commercial paper	35,000
Work-in-process	12,325	Other payables	19,808
Supplies	8,304	Construction accounts payable	10,491
Advanced payment	205	Accrued expenses	3,209
Prepaid expenses	671	Income taxes payable	4,988
Deferred tax assets	13,144	Advances received	1,663
Other receivables	11,008	Deposits received	2,680
Short-term loans receivable	19,793	Accrued bonuses	5,035
Other	175	Accrued bonuses for Directors	230
Less: Allowances for doubtful receivables	(299)	Accrued warranty costs	17,499
		Other	1,459
Total current assets	209,107	Total current liabilities	266,159
II. Fixed assets:		II. Long-term liabilities:	
Tangible fixed assets:		Convertible bonds	3
Buildings	37,219	Long-term debt	23,100
Structures	5,210	Deferred tax liabilities on unrealized revaluation gain on land	12,630
Machinery and equipment	37,241	Accrued employees' retirement benefits	23,559
Boats	104	Accrued retirement benefits for Directors and Corporate Auditors	158
Vehicles	597	Accrual for product liabilities	1,215
Tools, furniture and fixtures	10,595	Accrual for motorcycle recycling costs	1,061
Land	60,617	Accrual for investment loss	708
Construction in progress	5,509	Other	549
Total tangible fixed assets	157,095	Total long-term liabilities	62,986
		Total liabilities	329,145
		NET ASSETS	
Intangible fixed assets:		I. Shareholders' equity:	
Leasehold rights	511	Common stock	48,300
Other	230	Capital surplus	
Total intangible fixed assets	741	Capital reserve	60,389
		Other capital reserve	394
		Total capital surplus	60,784
Investments and other assets:		Retained earnings	
Investment securities	36,349	Legal reserve	3,775
Investment in affiliates' stock	130,631	Other retained earnings	
Investment in partnership	3	Reserve for special depreciation	49
Investment in affiliates	21,363	Reserve for advanced depreciation	426
Long-term loans to employees	21	General reserve	80,465
Long-term loans to affiliates	62	Retained earnings brought forward	23,912
Deferred tax assets	10,846	Total retained earnings	108,630
Security deposits	1,573	Treasury stock	(159)
Less: Allowance for doubtful receivables	(49)	Total shareholders' equity	217,554
Total investments and other assets	200,803	II. Valuation and translation adjustments:	
Total fixed assets	358,641	Unrealized holding gain on other securities	4,493
		Deferred gains or losses on hedges	(643)
		Unrealized revaluation gain on land	17,198
		Total valuation and translation adjustments	21,048
		Total net assets	238,603
Total assets	567,748	Total liabilities and net assets	567,748

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

(TRANSLATION ONLY)

Non-consolidated Statement of Income

(From January 1, 2007 through December 31, 2007)

	Millions of yen	
I. Net sales		799,209
II. Cost of sales		676,066
Gross profit		123,142
III. Selling, general and administrative expenses		101,456
Operating income		21,686
IV. Non-operating income		
Interest income	1,291	
Dividend income	18,497	
Reversal of allowance for doubtful receivables	308	
Other	3,229	23,327
V. Non-operating expenses		
Interest expense	615	
Outplacement support expenses	606	
Impairment loss on securities	13,240	
Provision for accrual for investment loss	124	
Other	3,415	18,001
Ordinary income		27,012
VI. Extraordinary profits		
Gain on sale of fixed assets	977	
Gain on sale of investment securities	5	
Gain on sale of investment in affiliates' stock	203	
Gain on sale of investment in affiliates	184	
Gain on acquisition of investment in subsidiaries	2,308	3,679
VII. Extraordinary loss		
Loss on disposal of fixed assets	1,513	1,513
Income before income taxes		29,178
Corporation, inhabitant and enterprise taxes	7,902	
Prior period adjustment for income taxes	1,406	
Deferred income taxes	1,035	10,344
Net income		18,833

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

Non-consolidated Statement of Changes in Net Assets

(From January 1, 2007 through December 31, 2007)

Millions of yen

	Shareholders' equity				Retained earnings
	Common stock	Capital surplus			
		Capital reserve	Other capital reserve	Total capital surplus	Legal reserve
Balance at December 31, 2006	48,168	60,257	393	60,651	3,775
Changes in items during the period					
Issuance of new shares	131	131		131	
Saving of reserve for special depreciation					
Reversal of reserve for special depreciation					
Saving of general reserve					
Reversal of unrealized revaluation gain on land					
Dividends from surplus					
Net income					
Acquisition of treasury stock					
Disposal of treasury stock			1	1	
Net changes of items other than shareholders' equity					
Total of changes in items during the period	131	131	1	133	0
Balance at December 31, 2007	48,300	60,389	394	60,784	3,775

	Shareholders' equity					Treasury stock
	Retained earnings					
	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings brought forward	Total retained earnings	
Balance at December 31, 2006	37	426	66,465	30,629	101,335	(132)
Changes in items during the period						
Issuance of new shares						
Saving of reserve for special depreciation	26			(26)	0	
Reversal of reserve for special depreciation	(14)			14	0	
Saving of general reserve			14,000	(14,000)	0	
Reversal of unrealized revaluation gain on land				340	340	
Dividends from surplus				(11,879)	(11,879)	
Net income				18,833	18,833	
Acquisition of treasury stock						(28)
Disposal of treasury stock						1
Net changes of items other than shareholders' equity						
Total of changes in items during the period	11	0	14,000	(6,717)	7,294	(27)
Balance at December 31, 2007	49	426	80,465	23,912	108,630	(159)

	Shareholders' equity	Valuation and translation adjustments				Total net assets
	Total shareholders' equity	Unrealized holding gain on other securities	Deferred gains or losses on hedges	Unrealized revaluation gain on land	Total of valuation and translation adjustments	
Balance at December 31, 2006	210,022	6,570	(1,982)	17,538	22,125	232,148
Changes in items during the period						
Issuance of new shares	263					263
Saving of reserve for special depreciation	0					0
Reversal of reserve for special depreciation	0					0
Saving of general reserve	0					0
Reversal of unrealized revaluation gain on land	340					340
Dividends from surplus	(11,879)					(11,879)
Net income	18,833					18,833
Acquisition of treasury stock	(28)					(28)
Disposal of treasury stock	2					2
Net changes of items other than shareholders' equity		(2,076)	1,339	(340)	(1,077)	(1,077)
Total of changes in items during the period	7,532	(2,076)	1,339	(340)	(1,077)	6,454
Balance at December 31, 2007	217,554	4,493	(643)	17,198	21,048	238,603

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

Notes to Non-consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Asset Valuation

① Securities

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

Other securities

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

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

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

② Derivatives

Derivatives are carried at fair value.

③ Inventories

Finished goods and work-in-process are stated at the lower of cost or market, cost being determined by the average method.

Merchandized goods, raw materials and supplies are stated at the lower of cost or market, cost being determined by the last purchase price method.

(2) Depreciation and Amortization of Assets

① Tangible fixed assets

Depreciation of tangible fixed assets is computed by the declining-balance method.

② Intangible assets

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

Capitalized software for internal use is amortized by the straight-line method over its estimated useful life (five years).

(3) Significant Accruals

① Allowance for doubtful receivables

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

② Accrued bonuses

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

③ Accrued bonuses for Directors

Accrued bonuses are stated at an estimated amount of the bonuses to be paid to Directors, based on their services for the current fiscal period.

④ Accrued warranty costs

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

⑤ Accrued employees' retirement benefits

Accrued employees' retirement benefits are provided mainly at an amount, deemed generated on December 31, 2007, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

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

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees.

⑥ Accrued retirement benefits for Directors and Corporate Auditors

Accrued retirement benefits for Directors and Corporate Auditors are provided based on the amount payable as of the balance sheet date, in accordance with internal regulations of the Company.

⑦ Accrual for product liabilities

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

⑧ Accrual for motorcycle recycling costs

An accrual for motorcycle recycling costs is provided at an estimated amount based on actual sales.

⑨ Accrual for investment losses

In order to prepare against possible losses resulting from the Company's investments in its subsidiaries and affiliates, an accrual for investment losses is provided based on the amount deemed necessary in relation to financial conditions at the subsidiaries and affiliates.

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

① Lease transactions

Non-cancelable lease transactions are accounted for as operating leases, except those lease agreements that stipulate the transfer of ownership of the lease assets to the lessee, which are accounted for as finance leases.

② Hedge accounting

1) Accounting for hedging activities

The Company adopts the deferred hedge accounting method. For foreign exchange forward contracts, unrealized gain or loss is deferred as an asset or liability when the criteria for deferral hedge accounting are met, while for interest rate swaps that meet certain conditions, the short-cut method is applied.

2) Hedging instruments and hedged items

To hedge the foreign exchange risks regarding foreign currency monetary assets and liabilities, foreign exchange forward contracts and currency options are employed as hedging instruments. To hedge the interest-rate risks present in the interest expense resulting from long-term loans, interest-rate swaps are employed as hedging instruments.

3) Hedging policy

In order to hedge certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates through business and financing operations, hedging transactions are implemented, in principle, within credits and debts. To reduce credit risks, hedging transactions are implemented with financial institutions with high credit ratings. Foreign exchange forward contracts and interest-rate swaps are employed in compliance with internal rules for forward exchange contracts.

4) Assessment of hedge effectiveness

In the hedging transactions employed by the Group, there are close economic interrelations between hedged items and hedging instruments. The effectiveness of hedging transactions is assessed periodically in accordance with a prearranged program.

③ Consumption taxes

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

- ④ Application of consolidated tax return system
The Company applies the Consolidated Tax Return System.

2. Change in Financial Accounting Method

(1) Accounting Standards for Business Combinations

Effective from fiscal 2007, the Accounting Standard for Business Combination (Business Accounting Council, October 31, 2003), the Accounting Standard for Business Divestitures (Accounting Standards Board of Japan (ASBJ), Statement No. 7, December 27, 2005), and Guidance on the Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan (ASBJ), Guidance No. 10, December 22, 2006) are applied.

In addition, regarding the Guidance on Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures, the Accounting Standards Board of Japan (ASBJ) published the revised Guidance No. 10 in November 15, 2007.

(2) Changes to Depreciation of Tangible Fixed Assets

Effective from fiscal 2007, in accordance with the amendment of the Corporate Tax Law, tangible fixed assets acquired on and after April 1, 2007 are depreciated under the depreciation method stipulated in the revised Corporate Tax Law. As a result, operating income, ordinary income, and income before income taxes each decreased by 769 million yen.

3. Changes to Classification

Non-consolidated Statement of Income

- (1) "Interest and dividend income" under "Non-operating income" for the previous fiscal year are stated separately as "Interest income" and "Dividend income" for the current fiscal year due to an increase in the quantitative importance of dividend income.
For the previous fiscal year, "Interest income" was 1,343 million yen and "Dividend income" was 11,646 million yen.
- (2) "Reversal of allowance for doubtful receivables", an item which was included in "Other" under "Non-operating income" for the previous fiscal year, is stated separately for the current fiscal year in order to present the contents more appropriately.
"Reversal of allowance for doubtful receivables" for the previous fiscal year was 477 million yen.

5. Notes to Non-consolidated Statement of Income**(1) Transactions with subsidiaries and affiliates**

	Millions of yen
Sales	597,941
Purchases	320,869
Non-operating income	19,614
Non-operating expenses	232

(2) Prior period adjustment for income taxes is additional amount of income taxes for transactions during prior periods.

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

Number of treasury stocks at December 31, 2007

	Shares
Common stock	102,794

7. Notes to Tax Effect Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss on devaluation of securities	17,161
Accrued retirement benefits	9,352
Accrued warranty costs	7,296
Property, plant and equipment	6,677
Accounts payable	2,439
Accrued bonuses	1,998
Loss on devaluation of inventory	991
Accrual for product liabilities	482
Deferred hedge gains	423
Other	1,210
Gross deferral tax assets	48,035
Valuation allowance	(17,780)
Total deferred tax assets	30,254
Deferred tax liabilities:	
Unrealized holding gains on other securities	(2,960)
Loss on devaluation of securities	(2,997)
Reserve for advanced depreciation	(273)
Reserve for special depreciation	(32)
Total deferred tax liabilities	(6,264)
Net deferred tax assets	23,990

8. Notes to Leased Fixed Assets

Millions of yen

(1) Amount Equivalent to Acquisition Costs of Leased Property at December 31, 2007

2,324

(2) Amount Equivalent to Accumulated Depreciation of Leased Property at December 31, 2007

1,486

(3) Amount Equivalent to Future Minimum Lease Payments Subsequent to December 31, 2007

838

Acquisition costs of leased property were computed based on the inclusion of their interest portion, due to the

(TRANSLATION ONLY)

lower ratio of the balance for future minimum lease payments to the balance for tangible fixed assets at December 31, 2007.

9. Notes to Transactions with Affiliated Parties

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with affiliated parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal term
Subsidiary	Yamaha Marine Co., Ltd.	Direct ownership 100.0%	Purchase of products of the subsidiary, etc.	Purchase (Note 1)	123,456	Accounts payable	21,560
				Lending of funds (Note 2)	13,103	Short-term loans receivable	14,889
				Receipt of interest	110	Other receivables	2
Subsidiary	Yamaha Motor Powered Products Co., Ltd.	Direct ownership 100.0%	Purchase of products of the subsidiary, etc.	Purchase (Note 1)	61,486	Accounts payable	10,627
Subsidiary	Yamaha Motor Corporation, U.S.A.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	177,135	Accounts receivable	18,195
Subsidiary	Yamaha Motor Europe N.V.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	157,418	Accounts receivable	10,567

- Notes: 1. Trade conditions such as prices are determined through negotiations with the subsidiaries.
 2. Interest is determined on the basis of the market rate when lending. The amount of the transaction with Yamaha Marine Co., Ltd. is stated as the average balance during the fiscal year.
 3. The amounts of the transaction and accounts receivable are exclusive of consumption taxes. The amount of accounts payable includes consumption taxes.

10. Notes to Per Share Amounts

(1) Net Assets per Share 833.24 yen

(2) Net Income per Share 65.79 yen

Copy of Report of Accounting Auditor on Consolidated Financial Statements

Independent Auditor's Report

January 31, 2008

To the Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young Shin Nihon

Hideo Kojima (Seal)
Designated and Engagement Partner
Certified Public Accountant

Kazuhiro Fujita (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takahiro Takiguchi (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masahiko Tsukahara (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Paragraph 4 of Article 444 of the Corporation Law, we have audited the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements) of Yamaha Motor Co., Ltd. and its consolidated subsidiaries, applicable to the 73rd fiscal year, from January 1, 2007 through December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, their applicable methods and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

As a result of our audit, it is our opinion that the above-mentioned consolidated financial statements present properly the financial position and results of operations of the Yamaha Motor Group, which consists of Yamaha Motor Co., Ltd. and its consolidated subsidiaries, during the period covered by these consolidated financial statements, in accordance with the accounting standards generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law. In addition, we continuously provide the Company with service under Article 2, Item 2 of the Certified Public Accountants Law that we are allowed to provide concurrently with the audit certification.

Copy of Report of Accounting Auditor

Independent Auditor's Report

January 31, 2008

To the Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young Shin Nihon

Hideo Kojima (Seal)
Designated and Engagement Partner
Certified Public Accountant

Kazuhiro Fujita (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takahiro Takiguchi (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masahiko Tsukahara (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Item 1 of Paragraph 2 of Article 436 of the Corporation Law, we have audited the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules of Yamaha Motor Co., Ltd. applicable to the 73rd fiscal year, from January 1, 2007 through December 31, 2007. These non-consolidated financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statements and the supplementary schedules, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used, their applicable methods and significant estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

As a result of our audit, it is our opinion that the above-mentioned non-consolidated financial statements and supplementary schedules present properly the financial position and results of operations of Yamaha Motor Co., Ltd. during the period covered by these non-consolidated financial statements and supplementary schedules, in accordance with the accounting standards generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law. In addition, we continuously provide the Company with service under Article 2, Item 2 of the Certified Public Accountants Law that we are allowed to provide concurrently with the audit certification.

Copy of Audit Report of the Board of Corporate Auditors

Audit Report

February 4, 2008

We at the Board of Corporate Auditors, having discussed the Directors' performance of duties during the 73rd business year, from January 1, 2007 through December 31, 2007, based on audit reports from each Corporate Auditor, prepared this Audit Report of the Board of Corporate Auditors. Our audit opinion is as follows.

1. Methods and Contents of the Audit Implemented by Corporate Auditors and the Board of Corporate Auditors

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

Each corporate auditor, in accordance with the Corporate Auditors standard of audit, established by the Board of Corporate Auditors, as well as other relevant audit policy, executed assigned responsibilities, and communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment. At the same time, each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary, perused important documents, including those subject to executive approval, and examined the conditions of assets and business at the head office and other major business office. In addition, each Corporate Auditor has reviewed the contents of the Board of Directors' resolutions on a system which assures that the execution of Directors' duties comply with laws and ordinances and the Articles of Incorporation, and monitored improvements to the system for assuring the propriety of operations of a corporation, as stipulated in Paragraphs 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law. Each Corporate Auditor also verified that improvements had been made to the internal control system, in accordance with the Board of Directors' resolutions. The contents of the basic policy set forth in Item 1 of Article 127 of the Enforcement Regulations of the Corporation Law stated in the business reports and each approach set forth in Item 2 of the same article are reviewed based on the status of deliberations of the Board of Directors and other management entities. With regard to the Company's subsidiaries, each Corporate Auditor communicated and exchanged information with Directors, Corporate Auditors, and other employees of the subsidiaries, and received reports from them when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed the business report and its supplementary schedules for the business year.

Further, each Corporate Auditor has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Corporate Auditor received a notice from the accounting auditor that "the system for securing appropriate execution of duties" (in each terms, Article 159 of the Corporation Accounting Regulations) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their supplementary schedules, as well as consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the business year.

2. Results of Audit

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

- 1) The business report and its supplementary schedules present fairly the condition of the Company in accordance with applicable laws and regulations, as well as the Articles of Incorporation.
- 2) With regard to the execution of Directors' duties, we have found no misconduct or material matters in

violation of laws, regulations, or the Articles of Incorporation.

3) We find the content of the Board of Directors' resolution on the internal control system sufficient. Also, with regard to the internal control system itself, nothing unusual is to be pointed out.

4) There are no matters requiring additional mention with respect to basic policy on the conduct of persons controlling decisions on the financial and business policies of companies stated in the business reports. We admit that each approach set forth in Article 127, Item 2 of the Enforcement Regulations of the Corporation Law that are stated in the business reports conforms with such basic policy, is in no way obstructive of any common interests of shareholders, and is not adopted with the intention to maintain the positions of Directors and Corporate Auditors.

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

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

(3) Results of the audit of consolidated financial statements

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

[Additional Information]

As stated in the Business Report, the Company was given a summary indictment on suspicion of violating the Japanese Foreign Exchange and Foreign Trade Law. The indictment alleged a breach of regulatory requirements regarding the export of unmanned industrial helicopters. The Company received a summary order on March 19, 2007, and paid a one million yen fine. On May 11, 2007, the Company also received an administrative punishment from the Ministry of Economy, Trade and Industry in the form of a worldwide trade embargo of unmanned industrial helicopters, their accessories, and parts thereof, for a period of nine months.

The Company established a Compliance Special Committee with outside experts and specialists as members on June 1, 2006, in order to maintain its status as a socially trusted company, and has received advice for its compliance system.

As recommended by the committee, the Company has already undertaken several measures to enhance its compliance system. The Corporate Auditors and the Board of Corporate Auditors will also continue to check whether the enforcement of internal control, including compliance management, is being steadily promoted.

**The Board of Corporate Auditors
Yamaha Motor Co., Ltd.**

Haruhiko Wakuda
Standing Corporate Auditor

Hiroshi Tanaka
Standing Corporate Auditor

Naomoto Ohta
Outside Corporate Auditor

Norihiko Shimizu
Outside Corporate Auditor

Reference Documents for the 73rd Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

The Company has resolved to appropriate its surplus as described below.

1. Year-end Dividend

Recognizing that maximizing the shareholders' interests represents one of the highest management priorities of Yamaha Motor, the Company continues working to maximize its corporate value through a diversity of business operations worldwide. Company policy centers on paying each dividends that accurately reflect its business performance, using the payout ratio as an indicator. In addition, the Company is focused on raising its corporate value by investing in new growth fields. Thus, the Company is striving to meet shareholders' expectations.

In accordance with this policy, the Company has resolved to pay the following year-end cash dividend for fiscal 2007. With this year-end dividend, annual cash dividends per share for fiscal 2007 will increase 5 yen to, 41 yen, which includes an interim dividend of 20.50 yen per share, paid in September 2007.

(1) Distribution of dividend property, and the total amount distributed:
20.50 yen per share of common stock Total: 5,870,277,295 yen

(2) Effective date of distribution
March 27, 2008

2. Items Regarding Appropriation of Retained Earnings

(1) Item regarding increased surplus and its amount
General reserve: 6,000,000,000 yen

(2) Item regarding decreased surplus and its amount
Retained earnings carried forward: 6,000,000,000 yen

Proposed Resolution 2 Amendments to the Articles of Incorporation

1. Reasons for the Proposed Amendments

The Company will make an addition to the list of its business purposes, in order to provide for diversification of the Company's business and its future development.

2. Details of the Proposed Amendments

Current Articles of Incorporation	Proposed Amendments
(Purposes) Article 2 The business purposes of the Company are as follows: (1) (Text omitted) (15) (16) General leasing, rental, <u>and</u> financial business (17) (Text omitted) (23)	(Purposes) Article 2 The business purposes of the Company are as follows: (1) (No change) (15) (16) General leasing, rental, financial business, <u>and</u> <u>businesses concerning solicitation for life</u> <u>insurance and brokerage of non-life insurance</u> (17) (No change) (23)

Proposed Resolution 3 Election of Twelve Directors

Thirteen Directors — Tsuneji Togami, Takashi Kajikawa, Tetsuo Uchiyama, Hiroyasu Miyao, Toru Watabiki, Shuji Ito, Wataru Suzuki, Shohei Kato, Toyoo Ohtsubo, Takaaki Kimura, Akira Sano, Masayoshi Furuhashi, and Eizo Kobayashi— will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Consequently, the Company proposes to elect twelve (12) Directors.

The Director candidates are as follows.

Candidate No.	Name (Date of birth)	Brief personal history, position and responsibility in the Company (representative positions held at other companies)	No. of the Company shares held
1	Tsuneji Togami (August 13, 1946)	<p>November 1974: Joined the Company</p> <p>May 1997: Senior General Manager of IM Operations of the Company</p> <p>April 2000: President of the IM Company (to present)</p> <p>June 2000: Director of the Company</p> <p>June 2003: Senior Managing Director and Representative Director of the Company (to present)</p> <p>June 2003: In charge of technology and manufacturing of the Company</p> <p>March 2007: Chairman and Director of the Company (to present)</p>	26,400
2	Takashi Kajikawa (July 3, 1944)	<p>April 1969: Joined the Company</p> <p>July 1993: President and Director of Yamaha Motor Europe N.V.</p> <p>May 1997: Senior General Manager of Marine Operations of the Company</p> <p>June 1997: Director of the Company</p> <p>April 2001: Managing Director of the Company</p> <p>June 2003: Senior Managing Director and Representative Director of the Company</p> <p>January 2005: President and Representative Director of the Company (to present)</p> <p>January 2007: In charge of brand promotion and Chief General Manager of MC Headquarters of the Company</p> <p>March 2007: President, Chief Executive Officer and Representative Director of the Company (to present)</p> <p>January 2008: In charge of brand promotion at the Company (to present)</p>	49,450

Candidate No.	Name (Date of birth)	Brief personal history, position and responsibility in the Company (representative positions held at other companies)	No. of the Company shares held
3	Tetsuo Uchiyama (August 20, 1949)	<p>April 1972: Joined the Company</p> <p>November 1993: General Manager of the Finance Department, Administration Operations of the Company</p> <p>January 2002: President and Director of Yamaha Motor do Brasil Ltda.</p> <p>June 2003: Executive Officer of the Company</p> <p>January 2006: CUL of Corporate Planning Division of the Company</p> <p>March 2006: Director of the Company</p> <p>April 2006: In charge of Finance at the Company, CUL of Corporate Planning Division of the Company, and Senior General Manager of Japan Headquarters of the Company</p> <p>March 2007: Representative Director of the Company (to present)</p> <p>March 2007: Managing Executive Officer and Representative Director of the Company (to present)</p> <p>July 2007: In charge of Finance of the Company and Senior General Manager of Japan Headquarters of the Company (to present)</p>	17,200
4	Hiroyasu Miyao (February 15, 1946)	<p>January 1973: Joined the Company</p> <p>April 1992: General Manager of Electric Controls Division, Technical Affairs Operations of the Company</p> <p>June 1999: Director of the Company</p> <p>April 2001: Managing Director of the Company</p> <p>November 2003: Senior General Manager of EV Operations of the Company</p> <p>June 2006: In charge of public affairs (stationed in Tokyo) (to present)</p> <p>March 2007: Director of the Company (to present)</p> <p>March 2007: Managing Executive Officer (to present)</p> <p>January 2008: Senior General Manager of Security and Export Trade Control (to present)</p>	43,000

Candidate No.	Name (Date of birth)	Brief personal history, position and responsibility in the Company (representative positions held at other companies)	No. of the Company shares held
5	Toru Watabiki (July 14, 1947)	<p>April 1974: Joined the Company</p> <p>October 2000: General Manager of the Service Information Department, Sales Management Division, MC Operations of the Company</p> <p>April 2003: General Manager of the Planning Management Division, MC Operations of the Company</p> <p>March 2005: Executive Officer of the Company</p> <p>March 2007: Director of the Company (to present)</p> <p>March 2007: Senior Executive Officer of the Company</p> <p>March 2007: Senior General Manager of Security and Export Trade Control, and General Manager of the Planning Management Division, MC Operations of the Company</p> <p>January 2008: Managing Executive Officer of the Company (to present)</p> <p>January 2008: General Manager of MC Operations of the Company (to present)</p>	7,400
6	Shuji Ito (November 1, 1942)	<p>April 1965: Joined Nippon Gakki Co., Ltd. (presently Yamaha Corporation)</p> <p>June 1988: Director of Yamaha Corporation</p> <p>July 1993: Managing Director of Yamaha Corporation</p> <p>June 1997: Senior Managing Director and Representative Director of Yamaha Corporation</p> <p>April 2000: President and Representative Director of Yamaha Corporation</p> <p>June 2000: Director of the Company (to present)</p> <p>June 2007: Chairman and Director of Yamaha Corporation (to present)</p> <p>Representative position held at other companies: President of the Yamaha Music Foundation</p>	41,156
7	Shohei Kato (June 12, 1948)	<p>April 1972: Joined the Company</p> <p>April 1992: President and Director of Yamaha Motor Manufacturing Corporation of America</p> <p>April 2000: Senior General Manager of American Operations of the Company and President and Director of Yamaha Motor Corporation, U.S.A.</p> <p>June 2001: Executive Officer of the Company</p> <p>June 2004: Director of the Company (to present)</p> <p>January 2005: President of the ME Company (to present)</p> <p>March 2007: Senior Executive Officer of the Company (to present)</p> <p>Representative position held at other companies: President and Representative Director of Yamaha Marine Co., Ltd.</p>	18,900

Candidate No.	Name (Date of birth)	Brief personal history, position and responsibility in the Company (representative positions held at other companies)	No. of the Company shares held
8	Toyoo Ohtsubo (October 14, 1949)	<p>April 1974: Joined the Company</p> <p>July 1996: General Manager of Development Division, GHP Operations of the Company</p> <p>April 2002: Senior General Manager of Legal and Intellectual Property Operations of the Company</p> <p>June 2004: Executive Officer of the Company</p> <p>September 2004: CUL of Legal & Intellectual Property Division of the Company and CUL of Process & IT Division of the Company</p> <p>March 2005: Director of the Company (to present)</p> <p>July 2006: General Manager of Process & IT Division of the Company (to present)</p> <p>March 2007: Senior Executive Officer of the Company (to present)</p>	16,920
9	Takaaki Kimura (February 14, 1953)	<p>April 1976: Joined the Company</p> <p>June 1999: General Manager of Development Division, AM Operations of the Company</p> <p>April 2002: Senior General Manager of AM Operations of the Company (to present)</p> <p>June 2003: Executive Officer of the Company</p> <p>March 2005: Director of the Company (to present)</p> <p>March 2007: Senior Executive Officer of the Company (to present)</p>	13,800
10	Masayoshi Furuhata (September 8, 1933)	<p>April 1956: Joined Mitsui & Co., Ltd.</p> <p>June 1989: Director of Mitsui & Co., Ltd.</p> <p>June 1993: Managing Director and Representative Director of Mitsui & Co., Ltd.</p> <p>June 1996: Senior Managing Director and Representative Director of Mitsui & Co., Ltd.</p> <p>June 1997: Vice President and Representative Director of Mitsui & Co., Ltd.</p> <p>June 1998: Retired from Mitsui & Co., Ltd.</p> <p>July 2000: Representative Director of Office Furuhata Co., Ltd. (to present)</p> <p>June 2003: Corporate Auditor of the Company</p> <p>March 2007: Director of the Company (to present)</p> <p>Representative position held at other companies: Representative Director of Office Furuhata Co., Ltd.</p>	8,200

Candidate No.	Name (Date of birth)	Brief personal history, position and responsibility in the Company (representative positions held at other companies)	No. of the Company shares held
11	Eizo Kobayashi (September 8, 1948)	<p>April 1972: Joined the Bank of Japan</p> <p>May 1999: Director-General of the Personnel Department of the Bank of Japan</p> <p>May 2000: Director-General of the Examination Department of the Bank of Japan</p> <p>June 2002: Executive Director of the Bank of Japan</p> <p>May 2006: Retired from the Bank of Japan</p> <p>May 2006: Senior Advisor of American Family Life Assurance Company of Columbus</p> <p>March 2007: Director of the Company (to present)</p> <p>April 2007: Director of CROSS PLUS INC. (to present)</p> <p>July 2007: Vice Chairman of American Family Life Assurance Company of Columbus (to present)</p>	0
12	Masahito Suzuki (October 22, 1951)	<p>May 1981: Joined the Company</p> <p>July 1999: Manager of Control Technology Office of R&D Center of the Company</p> <p>April 2003: Manager of R&D Center of the Company</p> <p>March 2006: Executive Officer of the Company (to present)</p> <p>July 2006: Senior General Manager of Corporate R&D of the Company (to present)</p>	4,300

Notes:

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

Tetsuo Uchiyama: (1) Mr. Uchiyama is concurrently serving as Chairman of the Yamaha Motor Corporate Pension Fund, a fund to which the Company entrusts contributions.

(2) Mr. Uchiyama is concurrently serving as Chairman of the Yamaha Motor Corporate Welfare Foundation, a foundation to which the Company entrusts contributions as operating funds.

Shuji Ito: Mr. Ito is concurrently serving as President of the Yamaha Music Foundation, with which the Company has transactions, including paying sponsorship and other fees.

2. Shuji Ito, Masayoshi Furuhashi and Eizo Kobayashi are candidates for Outside Directors as stipulated in Article 2, Item 15 of the Corporation Law of Japan.

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

(1) Reasons for nomination of candidates for Outside Directors

① Shuji Ito is Chairman and Director of Yamaha Corporation, one of the major shareholders of the Company. The Company would therefore like him to advise management, from his standpoint as both a shareholder and corporate manager, upon the determination of management policies and strategies, as to whether the management functions effectively toward the maximization of shareholder value. The Company would also like him to advise management on sociality and compliance.

② Masayoshi Furuhashi held the post of Vice President and Representative Director of Mitsui & Co., Ltd. and has been active globally and aggressively in the transport machine industry since then. Therefore, the Company would like him to guide and supervise the management based on his ample experience and knowledge.

③ Eizo Kobayashi is the former Director-General of the Bank of Japan. Therefore, the Company would like him to guide and advise the management from a global and medium- to long-term standpoint based on his knowledge and experience in overall economic and financial conditions.

(2) Number of years from the time when a candidate for an Outside Director assumed the office of an Outside Director

The term of office of Shuji Ito as an Outside Director of the Company will have been seven years and nine months at the conclusion of this Ordinary General Meeting of Shareholders. The terms of office of

Masayoshi Furuhashi as an Outside Director of the Company will have been one year at the conclusion of this Ordinary General Meeting of Shareholders; provided, however, that Masayoshi Furuhashi served as an Outside Director of the Company for three years and nine months from June 2003 to March 2007. The terms of office of Eizo Kobayashi as an Outside Director of the Company will have been one year at the conclusion of this Ordinary General Meeting of Shareholders.

(3) Summary of details of the liability limitation agreement with candidates for Outside Directors

In order for Outside Directors to fully exercise their expected roles, the Company has entered into a liability limitation agreement to limit the liability for damages stipulated in Item 1 of Article 423 of the Corporation Law of Japan, with Shuji Ito, Masayoshi Furuhashi, and Eizo Kobayashi. Upon approval of their re-election, the liability limitation agreement will be continued. Additionally, a summary of the liability limitation agreement is as follows.

The liability limitation agreement is an agreement to limit the liability for damages stipulated in Item 1 of Article 423 of the Corporation Law of Japan under Item 1 of Article 427 of the Corporation Law of Japan.

The maximum amount of the liability for damages under the liability limitation agreement is the minimum amount of liability stipulated in Item 1 of Article 425 of the Corporation Law of Japan.

4. Abbreviations: IM: Intelligent Machinery; MC: Motorcycle; EV: Electric Vehicle; ME: Marine Engine; GHP: Gas Engine Heat-Pump; AM: Automotive

5. Abbreviations: CUL: Corporate Unit Leader

Proposed Resolution 4 Election of One Substitute Corporate Auditor

In order to prepare for the contingency that the number of Corporate Auditors could fall below the minimum stipulated in the Corporation Law, the Company proposes to elect Tetsuo Kawawa as a Substitute Corporate Auditor. This proposal is submitted with the consent of the Board of Corporate Auditors.

The Substitute Corporate Auditor candidate is as follows.

Name (Date of birth)	Brief personal history, position and responsibility at the Company (representative positions held at other companies)	No. of the Company shares held
Tetsuo Kawawa (June 15, 1947)	<p>April 1975: Registered as an attorney (Tokyo Bar Association) (to present)</p> <p>August 2002: Member of the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice</p> <p>September 2002: Member of the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations (to present)</p> <p>June 2007: Corporate Auditor of Nisshin Seifun Group Inc. (to present)</p>	0

Notes:

- The candidate has no special interests in the Company.
- Tetsuo Kawawa is the candidate for a Substitute Outside Corporate Auditor.
- Notes to candidates for Substitute Outside Corporate Auditors are as follows.

(1) Reasons for election of the candidates for Substitute Outside Corporate Auditors

Tetsuo Kawawa has never engaged in the company's management in a capacity other than as an Outside Corporate Auditor. The Company has judged that he will make use of his ample professional knowledge in corporate legal affairs as a lawyer upon assumption of office as an Outside Corporate Auditor.

(2) Summary of details of the liability limitation agreement with Substitute Outside Corporate Auditors

In order for Outside Corporate Auditors to fully exercise their expected roles, the Company will enter into the liability limitation agreement with Tetsuo Kawawa, an agreement which may limit his liability for damages stipulated in Item 1 of Article 423 of the Corporation Law of Japan during his appointment as an Outside Corporate Auditor. Additionally, a summary of the liability limitation agreement is as follows.

The liability limitation agreement is an agreement to limit the liability for damages stipulated in Item 1 of Article 423 of the Corporation Law of Japan. The maximum amount of the liability for damages under the liability limitation agreement is the minimum amount of liability stipulated in Item 1 of Article 425 of the Corporation Law of Japan.

Proposed Resolution 5 Presentation of Retirement Benefits for Retiring Director, and Payment of Retirement Benefits for Termination resulting from the Abolition of the Retirement Benefits System for Directors and Corporate Auditors

Wataru Suzuki will retire upon the expiration of his term of office at the conclusion of this Ordinary General Meeting of Shareholders. A retirement benefit in an appropriate amount will be granted him, in accordance with the Company's internal regulations in reward for his service to the Company during his term of office from his assumption of office through the conclusion of the 70th Ordinary General Meeting of Shareholders held on March 29, 2005. The actual amounts, the timing and the method of payment, among other things, for the retiring director will be determined by the Board of Directors.

A brief history of a retiring Director is as follows.

Name	Brief personal history
Wataru Suzuki	June 2001: Director of the Company (to present)

Following a review of the system of remuneration for Directors at the Board of Directors meeting held on February 8, 2005, the Company resolved that the system of retirement benefits for Directors and Corporate Auditors was to be abolished at the closing of the 70th Ordinary General Meeting of Shareholders to be held on March 29, 2005,

In this regard, the Company proposes to the final payment of retirement benefits in a reasonable amount to six Directors (Tsuneji Togami, Takashi Kajikawa, Hiroyasu Miyao, Shuji Ito, Shohei Kato, and Masayoshi Furuhashi) who are to be re-elected, subject to approval of Proposed Resolution 3, and to both Corporate Auditors (Haruhiko Wakuda and Naomoto Ohta) in office, in accordance with the Company's internal regulations, to reward them for the services they performed during their terms of office up to the conclusion of the 70th Ordinary General Meeting of Shareholders held on March 29, 2005. Specifically, the Company proposes the final payment of retirement benefits of not more than 138.18 million yen for Directors (including 6.06 million yen for Outside Directors) and not more than 8.42 million yen for Corporate Auditors (including 3.08 million yen for Outside Corporate Auditors).

The Company further proposes that the timing for the payment be set at the date when both the Directors and Corporate Auditors retire from their offices, and that the actual amounts and methods for the payment of retirement benefits be left to the discretion of the Board of Directors for the term of office of the Directors and the discretion of the Board of Corporate Auditors for the term of office of the Corporate Auditors.

Brief histories of the retiring Directors and retiring Corporate Auditors who are entitled to the retirement benefits for termination resulting from the abolition of the retirement benefits system for Directors and Corporate Auditors are as follows.

Name	Career summary
Tsuneji Togami	June 2000: Director of the Company
	June 2003: Senior Managing Director and Representative Director of the Company
	March 2007: Chairman and Director of the Company (to present)
Takashi Kajikawa	June 1997: Director of the Company
	April 2001: Managing Director of the Company
	June 2003: Senior Managing Director and Representative Director of the Company
	January 2005: President and Representative Director of the Company (to present)
Hiroyasu Miyao	June 1999: Director of the Company
	April 2001: Managing Director of the Company
	March 2007: Director of the Company (to present)
Shuji Ito	June 2000: Director of the Company (to present)
Shohei Kato	June 2004: Director of the Company (to present)

Masayoshi Furuhashi	June 2003:	Corporate Auditor of the Company
	March 2007:	Director of the Company (to present)
Haruhiko Wakuda	June 1999:	Corporate Auditor of the Company
	June 2003:	Standing Corporate Auditor of the Company (to present)
Naomoto Ohta	June 2003:	Corporate Auditor (to the present)

Proposed Resolution 6 Payment of Bonuses for Directors

Of the twelve (13) the Company's Directors, the Company proposes to reward ten (10), excluding the Outside Directors, bonuses totaling 160 million yen, reflecting favorable performance in fiscal 2007.

Proposed Resolution 7 Revision of the Amount of Remuneration for Directors, and Details of Stock Acquisition Rights

1. At the Board of Directors meeting held on February 5, 2008, the Company resolved to revise a remuneration system for Directors consisting of a basic fixed amount remuneration (monthly remuneration), a personal performance-linked remuneration in tandem with each Director's personal performance, a share acquisition-type remuneration reflecting the Company's middle- and long-term performance (Please refer to Note ①.), and Stock Acquisition Rights as stock options, in addition to the bonuses for Directors reflecting the Company's short-term performance (to be deliberated on Proposed Resolution 6 at this meeting).

Above all, with the revision to the payment method of the personal performance-linked remuneration from monthly to annually, the Company proposes to revise the amount of remuneration for Directors, an amount approved to be not more than 45 million yen per month at the 70th Ordinary General Meeting of Shareholders held on March 29, 2005, to not more than 540 million yen per year, at the same level as before. In addition, the remuneration for Directors does not include that for Directors and concurrent employees.

The Company also proposes to grant all Directors except for Outside Directors the Stock Acquisition Rights as stock options up to not more than 30 million yen per year and up to the above remuneration for Directors.

The value of the Stock Acquisition Rights is linked to the Company's stock price. The grant of the Stock Acquisition Rights is aims to reflect the Company's middle- to long-term performance in Directors' remuneration, to enhance the managerial motivation of Directors by aligning shareholder value with the profit of persons subject to the Stock Acquisition Rights, and thus to improve the Company's performance and international competitiveness.

For the above purposes, the Company has decided the total amount of the Stock Acquisition Rights based on a comprehensive view of balance with the basic remuneration (monthly remuneration), personal performance-linked remuneration, Directors' bonuses and share acquisition-type remuneration, as well as other conditions.

The Company will grant the Stock Acquisition Rights by resolution of the Board of Directors on the conditions that the amount will be payable at fair market value, and that the said amount may be set off by each Director's remuneration credit to the Company. Details of the Stock Acquisition Rights to be granted as stock options to Directors are as follows.

(1) Class and Number of Shares to Be Issued or Transferred upon Exercise of the Stock Acquisition Rights

The number of shares to be issued by the exercise of the Stock Acquisition Rights for a period of one (1) year on and after the day following the date of each Ordinary General Meeting of Shareholders shall be not more than 100 thousand shares of common stock of the Company.

However, if it is appropriate for the Company to adjust the number of shares as a result of issuance of shares offering, merger, share split, or share consolidation, the Company may adjust the said number as considered necessary, with any resulting fractional figure of less than one (1) share rounded down.

(2) Total Number of the Stock Acquisition Rights

The number of the Stock Acquisition Rights to be granted for a period of one (1) year on and after the day following the date of each Ordinary General Meeting of Shareholders shall be not more than 1,000.

The number of shares to be issued or transferred upon exercise of one (1) Stock Acquisition Right (the "Number of Shares Allotted") shall be 100. However, if the Company adjusts the number of shares as

stipulated in Paragraph (1), the Number of Shares Allotted shall be similarly adjusted.)

(3) Value of Assets Financed upon the Exercise of the Stock Acquisition Rights

The amount to be paid per Stock Acquisition Right shall be the amount per share to be issued or transferred upon exercise of the Stock Acquisition Rights (the “Exercise Price”) multiplied by the Number of Shares Allotted under the Stock Acquisition Rights.

The Exercise Price shall be an amount equal to the product of (i) the average of the daily closing price of the common stock of the Company in regular transactions on the Tokyo Stock Exchange, Inc. during the calendar month immediately prior to the month when the Stock Acquisition Rights (excluding dates on which no trade is made) are issued (the “Allotment Date”), (ii) multiplied by 1.05. Any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest yen.

However, if the amount is less than the closing price of the common stock of the Company in regular transactions on the Tokyo Stock Exchange, Inc. on the Allotment Date (if there is no closing price on the issuance date, the most recent closing price prior to the issuance date shall apply), it shall be the closing price on the issuance date.

Additionally, if it is appropriate for the Company to adjust the Exercise Price as a result of the issuance of shares, merger, share split, or share consolidation, the Company may adjust the Exercise Price as considered necessary, with any resulting fractional figure of less than one (1) share rounded down.

(4) Exercise Period for the Stock Acquisition Rights

The Board of Directors of the Company shall determine the exercise period for the Stock Acquisition Rights within the period from the date on which two (2) years have passed from the day following the Allotment Date of the Stock Acquisition Rights to the fourth anniversary.

(5) Conditions for the Exercise of the Stock Acquisition Rights

- ① If any person granted the Stock Acquisition Rights is dismissed or otherwise loses the position of a Director under the provisions of the Stock Acquisition Right Agreement to be made and entered into between the Company and) such person by resolution of the Ordinary General Meeting of Shareholders and the Board of Directors, he/she may not exercise the Stock Acquisition Rights.
- ② Inheritance of the Stock Acquisition Rights shall not be permitted.
- ③ Other conditions shall be stipulated in the Stock Acquisition Right Agreement.

(6) Restriction on the Acquisition of the Stock Acquisition Rights by Transfer

Approval by the Board of Directors shall be required for the acquisition of Stock Acquisition Rights by transfer.

(7) Other details of the Stock Acquisition Rights shall be set up by the Board of Directors to determine the offering memorandum of the Stock Acquisition Rights.

Notes: 1. Stock acquisition-type remuneration means the remuneration which the Company pays in a certain monthly amount as a part of the monthly compensation for Directors (excluding Outside Directors) who acquire the Company’s own shares in exchange for the contribution to the Stock Ownership Foundation for Directors and Corporate Auditors.

2. Upon the approval of Proposed Regulation 3 as originally proposed, the number of Directors shall be twelve (12) if Outside Directors are included, or nine (9) if Outside Directors are excluded.

2. The remuneration of Corporate Auditors was approved as not more than 6.5 million yen per month at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007, and this figure has been unchanged since then. In accordance with this proposal whereby the determination of the remuneration amount for Directors is to be revised from monthly to annually, the Company proposed a revision of the remuneration amount for Corporate Auditors from monthly to annually at the same level as before, i.e., at not more than 78 million yen per year. In addition, the number of Corporate Auditors is currently four (4).

Procedures for Exercising Voting Rights via the Internet

1. To the Individual Shareholders via the Internet

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

- ① Voting rights may only be exercised via the Internet by using the site (<http://www.web54.net>) designated by the Company for the purpose.
Please be advised that voting rights cannot be exercised by accessing the site from cellular phones.
- ② The exercise of voting rights via the Internet requires the assigned password and voting right code indicated on the right-hand side of the Exercise of Voting Rights Form. The password you have received is effective only for this Ordinary General Meeting of Shareholders. A new password will be assigned for the next Ordinary General Meeting of Shareholders.
- ③ If you choose to exercise your voting right via the Internet, you are requested to do so before 5:30 pm on March 25 (Tuesday), 2008, one day prior to the date of the Ordinary General Meeting of Shareholders, in order to allow sufficient time to tabulate the results of the vote in advance of the meeting.
- ④ If an individual exercises his or her voting right via the Internet more than once, the last vote shall be treated as the effective vote.
- ⑤ If an individual exercises voting rights both in writing and via the Internet, the vote received last will be considered the effective vote. If both arrive on the same day, the Internet vote will prevail and be treated as the effective vote.
- ⑥ Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

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

The Chuo Mitsui Trust & Banking Company Limited. Transfer Agency Web Support Desk
Phone: +81-120-65-2031 (toll-free within Japan)
Hours: 9:00 - 21:00, closed on Saturdays, Sunday and national holidays

2. To Institutional Investors

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