

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

Code No: 7272  
March 3, 2010

## Notice of the 75th 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 75th 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 24 (Wednesday), 2010.**

### [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 74 "Procedures for Exercising Voting Rights via the Internet," and exercise your voting rights online.

1. **Date and Time:** Thursday, March 25, 2010 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 75th Fiscal Year (from January 1, 2009 through December 31, 2009); Consolidated Financial Statements applicable to the 75th Fiscal Year (from January 1, 2009 through December 31, 2009); Report of Independent Auditor on Consolidated Financial Statements; and Report of Board of Corporate Auditors on Consolidated Financial Statements
    2. Non-consolidated Financial Statements applicable to the 75th Fiscal Year (from January 1, 2009 through December 31, 2009).
  - Items to be resolved:**
    - Proposed Resolution 1 Election of Eleven Directors
    - Proposed Resolution 2 Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares

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

- 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>.

## Reference Documents for the 75th Ordinary General Meeting of Shareholders

### Proposals and Reference Information

#### Proposed Resolution 1 Election of Eleven Directors

Eleven Directors — Tsuneji Togami, Takaaki Kimura, Toyoo Ohtsubo, Takashi Kajikawa, Tetsuo Uchiyama, Toru Watabiki, Masahito Suzuki, Shuji Ito, Masayoshi Furuhata, Eizo Kobayashi and Yuko Kawamoto — will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Consequently, Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes to elect eleven (11) Directors.

The Director candidates are as follows.

Candidate No.	Name (Date of birth)	Brief career summary, position and responsibility in the Company and significant concurrent positions	No. of the Company shares held
1	Takaaki Kimura (February 14, 1953)	April 1976: Joined the Company June 1999: General Manager of Development Division, AM Operations of the Company April 2002: Senior General Manager of AM Operations of the Company June 2003: Executive Officer of the Company March 2005: Director of the Company March 2007: Senior Executive Officer of the Company January 2009: Chief General Manager of Marine Business Operations, Chief General Manager of AM Business Unit, and Executive General Manager of WV Business Unit, Marine Business Operations of the Company (to present) November 2009: Representative Director of the Company (to present) November 2009: Managing Executive Officer of the Company (to present)	18,200

Candidate No.	Name (Date of birth)	Brief career summary, position and responsibility in the Company and significant concurrent positions	No. of the Company shares held
2	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: Division Manager of Legal &amp; Intellectual Property Division, and Division Manager of Process &amp; IT Division of the Company</p> <p>March 2005: Director of the Company (to present)</p> <p>July 2006: General Manager of Process &amp; IT Division of the Company</p> <p>March 2007: Senior Executive Officer of the Company</p> <p>January 2009: Executive General Manager of Technology Center and Executive General Manager of Security Trade Control Center of the Company</p> <p>November 2009: Managing Executive Officer and Director of the Company (to present)</p> <p>January 2010: Chief General Manager of Technology Center, and Chief General Manager of IM Business Unit of the Company (to present)</p>	21,400
3	Masahito Suzuki (October 22, 1951)	<p>May 1981: Joined the Company</p> <p>July 1999: General Manager of Electric Controls Division, Research and Development Operations of the Company</p> <p>April 2003: General Manager of General Project Development Division, Research and Development Operations of the Company</p> <p>March 2006: Executive Officer of the Company</p> <p>July 2006: Senior General Manager of Research and Development Operations of the Company</p> <p>March 2008: Director of the Company (to present)</p> <p>March 2008: Senior Executive Officer of the Company (to present)</p> <p>January 2009: Executive General Manager of Product Assurance Center (to present)</p> <p>November 2009: Chief General Manager of Business Development Managing Unit (to present)</p> <p>January 2010: Chief General Manager of SP Business Development Managing Unit (to present)</p>	10,700

Candidate No.	Name (Date of birth)	Brief career summary, position and responsibility in the Company and significant concurrent positions	No. of the Company shares held
4	Shuji Ito (November 1, 1942)	April 1965: Joined Nippon Gakki Co., Ltd. (presently Yamaha Corporation) June 1988: Director of Yamaha Corporation July 1993: Managing Director of Yamaha Corporation June 1997: Senior Managing Director and Representative Director of Yamaha Corporation April 2000: President and Representative Director of Yamaha Corporation June 2000: Director of the Company (to present) June 2007: Chairman and Director of Yamaha Corporation June 2009: Corporate Special Advisor of Yamaha Corporation (to present) Significant concurrent positions President of the Yamaha Music Foundation	43,884
5	Masayoshi Furuhata (September 8, 1933)	April 1956: Joined Mitsui & Co., Ltd. June 1989: Director of Mitsui & Co., Ltd. June 1993: Managing Director and Representative Director of Mitsui & Co., Ltd. June 1996: Senior Managing Director and Representative Director of Mitsui & Co., Ltd. June 1997: Vice President and Representative Director of Mitsui & Co., Ltd. June 1998: Retired from Mitsui & Co., Ltd. July 2000: Representative Director of Office Furuhata Co., Ltd. (to present) June 2003: Corporate Auditor of the Company March 2007: Director of the Company (to present)	15,900
6	Eizo Kobayashi (September 8, 1948)	April 1972: Joined the Bank of Japan May 1999: Director-General of the Human Resources Management Department, Bank of Japan May 2000: Director-General of the Bank Examination and Surveillance Department, Bank of Japan June 2002: Executive Director, the Bank of Japan May 2006: Resigned from the Bank of Japan May 2006: Senior Advisor, Aflac Japan March 2007: Director of the Company (to present) April 2007: Director of Cross Plus Inc. (to present) July 2007: Vice Chairman, Aflac Japan (to present)	0

Candidate No.	Name (Date of birth)	Brief career summary, position and responsibility in the Company and significant concurrent positions	No. of the Company shares held
7	Yuko Kawamoto (May 31, 1958)	<p>April 1982: Joined the Bank of Tokyo, Ltd. (presently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>June 1988: Graduated from Oxford Graduate School, Master's Programme in Economics</p> <p>September 1988: Joined Tokyo Office of McKinsey &amp; Company</p> <p>June 2001: Senior Expert, Tokyo Office of McKinsey &amp; Company</p> <p>April 2004: Professor, Graduate School of Finance, Accounting and Law, Waseda University (to present)</p> <p>June 2004: Director of Osaka Securities Exchange Co., Ltd. (to present)</p> <p>June 2006: Director of Monex Beans Holdings, Inc. (presently Monex Group, Inc.) (to present)</p> <p>June 2006: Director of Resona Holdings, Inc. (to present)</p> <p>June 2006: Corporate Auditor of Millea Holdings, Inc. (presently Tokio Marine Holdings, Inc.) (to present)</p> <p>March 2009: Director of the Company (to present)</p>	700
8	Hiroyuki Yanagi * (November 20, 1954)	<p>April 1978: Joined the Company</p> <p>April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company</p> <p>April 2003: Director and President of MBK Industrie</p> <p>January 2007: Senior General Manager of SyS Operations, MC Headquarters of the Company</p> <p>March 2007: Executive Officer of the Company</p> <p>March 2009: Senior Executive Officer of the Company (to present)</p> <p>November 2009: Senior General Manager of MC Business Section, MC Business Operations of the Company</p>	5,600

Candidate No.	Name (Date of birth)	Brief career summary, position and responsibility in the Company and significant concurrent positions	No. of the Company shares held
9	Yoshiteru Takahashi * (July 22, 1950)	<p>April 1974: Joined the Company</p> <p>May 1995: General Manager of Business Planning Department, Boat Division of the Company</p> <p>April 2002: Senior General Manager of SCM Center, MC Operations of the Company</p> <p>July 2003: Director and President of PT. Yamaha Indonesia Motor Manufacturing</p> <p>March 2007: Executive Officer of the Company (to present)</p> <p>January 2010: Chief General Manager of MC Business Operations, Senior General Manager of MC Business Control, MC Business Operations, and Chief General Manager of Overseas Market Development Operation Business Unit of the Company (to present)</p>	5,300
10	Hiroyuki Suzuki * (November 16, 1953)	<p>April 1978: Joined the Company</p> <p>September 2003: Director and Vice President of PT. Yamaha Indonesia Motor Manufacturing</p> <p>January 2008: Senior General Manager of Quality Assurance Operation, MC Headquarters of the Company</p> <p>March 2008: Executive Officer of the Company (to present)</p> <p>November 2009: Executive General Manager of Manufacturing Center of the Company (to present)</p> <p>January 2010: Chief General Manager in charge of power products business (to present)</p>	7,400
11	Kozo Shinozaki * (February 14, 1956)	<p>April 1978: Joined the Company</p> <p>April 2007: General Manager of Finance &amp; Accounting Division of the Company</p> <p>January 2009: Senior General Manager of Finance &amp; Accounting Control, Global Corporate Administrative Center of the Company</p> <p>January 2010: Senior General Manager of Finance &amp; Accounting Section of the Company (to present)</p>	2,200

## Notes:

1. Shuji Ito is concurrently serving as President of the Yamaha Music Foundation, with which the Company has transactions, including paying sponsorship and other fees. The other candidates have no special interests in the Company.
2. Shuji Ito, Masayoshi Furuhashi, Eizo Kobayashi and Yuko Kawamoto are candidates for Outside Directors as stipulated in Item 15 of Article 2 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 experienced positions including Chairman and Director of Yamaha Corporation, one of the principal shareholders of the Company. The Company would therefore like him to advise and supervise the management, from his standpoint as a corporate executive, 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 and supervise the management on sociality and compliance.
    - 2) Masayoshi Furuhashi experienced positions including Vice President and Representative Director of Mitsui

& Co., Ltd. and has also been active globally and aggressively in the transport machine industry since the retirement of the company. Therefore, the Company would like him to advise 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 advise and supervise the management from a global and medium- to long-term standpoint based on his knowledge and experience regarding overall economic and financial conditions.
  - 4) Yuko Kawamoto has never been engaged in the company's management in a capacity other than as an Outside Director or Outside Corporate Auditor. The Company has judged, however, that she will make use of the advanced knowledge she has gained through her wide-ranging experience in management consulting and research activities for finance in the management of the Company.
- (2) Number of years from the time when each 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 nine years and nine months at the conclusion of this Ordinary General Meeting of Shareholders.

The term of office of Masayoshi Furuhata as an Outside Director of the Company will have been three years at the conclusion of this Ordinary General Meeting of Shareholders; provided, however, that Masayoshi Furuhata served as an Outside Corporate Auditor of the Company for three years and nine months from June 2003 to March 2007.

The term of office of Eizo Kobayashi as an Outside Director of the Company will have been three years at the conclusion of this Ordinary General Meeting of Shareholders.

The term of office of Yuko Kawamoto 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 liability limitation agreements to limit the liability for damages stipulated in Item 1 of Article 423 of the Corporation Law of Japan, with Shuji Ito, Masayoshi Furuhata, Eizo Kobayashi and Yuko Kawamoto. Upon approval of their re-election, the liability limitation agreements will be continued. 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 pursuant to the provisions of 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: AM: Automotive, WV: Water Vehicle, GHP: Gas Engine Heat-Pump, IM: Intelligent Machinery, SP: Smart Power, MC: Motorcycle, SyS: System Supplier, SCM: Supply Chain Management
5. Abbreviation: CUL: Corporate Unit Leader
6. Persons shown with an asterisk (\*) are new Director candidates.

## **Proposed Resolution 2 Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares Summary of the Changes from the Current Measures**

In order to protect and increase the Company's corporate value and the shareholders' common interests, the Company adopted measures against attempts of the mass acquisition of the Company's shares (such measures hereinafter the "Plan") according to the contents of the "Introduction of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares" that was approved by the shareholders at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007 (the "2007 Shareholders' Meeting Approval").

Since the fact that the effective term of the 2007 Shareholders' Meeting Approval is until the conclusion of the first Board of Directors Meeting to be held after the conclusion of this Ordinary General Meeting of Shareholders, the Company would like to obtain the approval from a majority of the voting rights of attending shareholders to renew the 2007 Shareholders' Meeting Approval, on incidental conditions described in 2.(1) to (6) of <Details of the Shareholders' Meeting Approval> below (such approval hereinafter the "Shareholders' Meeting Approval").

The Plan has been revised in advance to fulfill the content of the Shareholders' Meeting Approval by the resolution of the Board of Directors at its meeting held on February 12, 2010 on the condition that the Shareholders' Meeting Approval is obtained; however, if the Shareholders' Meeting Approval is not obtained, the Plan shall be lapsed at the conclusion of this General Shareholders' Meeting. In addition, the terms defined in accordance with the provisions of Financial Instruments and Exchange Law (Law No. 25 of April 13, 1948, including subsequent amendments) shall be substituted with equivalent terms in amended provisions of the Law whenever the Financial Instruments and Exchange Law is amended.

### <Details of the Renewal of the 2007 Shareholders' Meeting Approval>

The Shareholders' Meeting Approval is based on the content of opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008, and other considerations. The following are the points reviewed from the 2007 Shareholders' Meeting Approval to further protect the interests of the shareholders such as by securing the swift operation of the Plan. As part of the Plan, the Corporate Value Committee is composed of four Outside Directors and Outside Corporate Auditors whose independence is secured, and arbitrariness is excluded from the operation of the Plan.

1. To swiftly operate the Plan and avoid unnecessary prolonging of the period for the Company to respond to the takeover proposal beyond a reasonable time period, in addition to clearly specifying the provisions that enable the Company to request to the party making the takeover proposal the provision of information, the maximum limit of the information provision request period was basically set at 60 business days calculated from the day the Board of Directors made the first information provision request to the proposer and it was made our basic policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the information provision request period even in cases where necessary information has not been adequately provided (see 2.(2) of <Details of the Shareholders' Meeting Approval> below).
2. Provisions clearly specifying that the Corporate Value Committee's period for examination and discussion shall not be extended without reasonable cause, were set forth (see 2.(3) of <Details of the Shareholders' Meeting Approval> below).
3. The Corporate Value Committee is required to issue an advisory resolution if a takeover proposal satisfies all of the requirements listed in 2.(4) of <Details of the Shareholders' Meeting Approval> below. In the Plan, moreover, it was set forth that, even if a takeover proposal does not satisfy some of the requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an advisory resolution shall be issued (see 2.(4) of <Details of the Shareholders' Meeting Approval> below).
4. By withdrawing reference to "interests of stakeholders" and "fundamental value" in the judgment guidelines for ascertaining whether or not to issue an advisory resolution for the takeover proposal, and other measures, the amended provisions were set forth to prevent a broad interpretation of what interests should be protected, rather than determining whether the takeover proposal serves to protect and increase

the Company's corporate value and the shareholders' common interests, by referring to interests of stakeholders other than shareholders (see 2.(4) of <Details of the Shareholders' Meeting Approval> below).

5. Provisions clearly specifying that when an advisory resolution has been issued by the Corporate Value Committee, the Board of Directors must "promptly" adopt a confirmation resolution unless there are no special grounds to rule that adopting such a confirmation resolution obviously violates the Director's duty of care, were set forth (see 2.(5) of <Details of the Shareholders' Meeting Approval> below).
6. Provisions clearly mentioning that "delivery of cash shall not be made" to a specific acquirer and related parties as the price of forcible acquisition of stock acquisition rights, were set forth (see 2.(6) of <Details of the Shareholders' Meeting Approval> below).

<Details of the Shareholders' Meeting Approval>

1. In order to protect and increase the corporate value and the shareholders' common interests, the Board of Directors shall perform gratis issue or shareholder allotment (hereinafter "Gratis Issue") of stock acquisition rights imposing limitation on the execution of stock acquisition rights by a Specific Acquirer and Related Parties (Note) (hereinafter "Stock Acquisition Rights") based on certain incidental conditions of the following 2 (1) and below. The Board of Directors shall be able to determine in advance about the matters regarding Gratis Issue of Stock Acquisition Rights performed when Specific Acquirer and Related Parties emerge, and also able to determine necessary matters and steps to perform the procedures stated in 2. below and others, in order to conduct the Plan smoothly.

(Note): Specific Acquirer and Related Parties refers to the following parties: (1) a Specific Acquirer; (2)

(With regard to a Specific Acquirer who conducted a specific takeover attempt as described in (i) below) a joint holder (as defined in Paragraphs 5 and 6 of Article 27-23 of the Financial Instruments and Exchange Law); (3) (with regard to a Specific Acquirer who conducted a specific takeover attempt as described in (ii) below) a specific Related Party; and (4) a party substantially identified by the Board of Directors as any of the above parties.

"Specific Acquirers" are parties who engage in specific takeover attempts without obtaining the confirmation resolution prescribed in 2.(2) below before the time the specific takeover attempt was conducted by the party who conducted the specific takeover attempt (the time of the first action consistent with either (i) or (ii) below).

None of the following entities, however, shall be deemed to be Specific Acquirers:

- (a) The Company, the Company's subsidiaries, the Company's employee shareholding association, or parties determined by the Board of Directors to be substantially identical to any of these.
- (b) A party whose shareholding ratio becomes 20 percent or more as a result of the Company's cancellation or purchase of its own shares or other actions determined by the Board of Directors (excluding cases in which the shareholding ratio of such shareholder subsequently increases by 1 percent or more in forms other than such actions).

"Specific Takeover Attempts" refer to actions consistent with either (i) or (ii) described below:

- (i) Items determined by the Board of Directors as an acquisition of the Company's shares (as defined in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Law) whereby a shareholding ratio of the Company's shares (as defined in Paragraph 4 of Article 27-23 of the Financial Instruments and Exchange Law) becomes 20 percent or more and similar actions.
- (ii) An initiation of a public takeover bid designed to acquire the Company's shares (as defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Law) such that the post-acquisition shareholding percentage (as defined in Paragraph 8 of Article 27-2 of the Financial Instruments and Exchange Law, including the shareholding percentage of specially-related parties (as defined in Paragraph 7 of Article 27-2 of the Financial Instruments and Exchange Law) of public takeover bidders (as defined in Paragraph 2 of Article 27-3 of the Financial Instruments and Exchange Law) becomes 20 percent or more (the Specific Takeover Attempt shall be deemed to have been initiated upon the arrival of the business day immediately following the day on which public notice of the initiation of a public takeover bid was made).

2. The incidental conditions shall be prescribed as follows:

- (1) The Board of Directors shall, by its resolution, set up a Corporate Value Committee. The Corporate Value Committee shall examine the takeover proposal forwarded by the Board of Directors and determine whether to issue an advisory resolution, and also determine other matters forwarded by the Board of Directors. The Corporate Value Committee resolutions shall pass with the majority of all

committee members' vote. Committee members shall be appointed only from within the Company's Outside Directors.

- (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 purpose of the proposed takeover bid; proposed post-takeover management policy and business plan; basis and method of takeover price calculation; proof of takeover fund availability; potential impact of the takeover on the interests of the Company's stakeholders; and other necessary information which the Company reasonably requires, as described in (4) 1) 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." "Confirmation Resolution" shall mean a resolution passed by the Board of Directors to disallow a Gratis Issue of Stock Acquisition Rights for which an advisory resolution by the Corporate Value Committee as described below has been received. In the interest of the prompt management of the Plan, when the Company encounters a proposal that it is unable to acknowledge as a Takeover Proposal due to the lack of necessary information, it may require, if necessary, the party conducting the proposal relating to the acquisition of the Company's shares to provide information. In this case, basically, a period of 60 business days, calculated from the day the first information provision request to the proposer is made, shall be set for the maximum limit to make the information provision request to the proposer and the proposer to make a response (hereinafter "Information Provision Request Period"). It shall be our basic policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the Information Provision Request Period even in cases where necessary information has not been adequately provided. In cases where a request for extension is made with reasonable cause, the Company may extend the Information Provision Request Period as necessary provided that the period of extension does not exceed 30 business days.
- (3) The Board of Directors shall promptly forward the received Takeover Proposal to the Corporate Value Committee to request the committee's recommendation. The Corporate Value Committee shall examine the Takeover Proposal and discuss on whether to issue a resolution advising the Board of Directors to adopt a Confirmation Resolution for the Takeover Proposal (hereinafter "Advisory Resolution"). The content of the Corporate Value Committee's resolution shall be disclosed. The Corporate Value Committee shall be granted 60 business days from the day of receipt of a Takeover Proposal by the Board of Directors or the day of expiration of the Information Provision Request Period, whichever is earlier (or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company's shares by a cash-only takeover bid in Japanese yen). This period shall not be extended without reasonable cause (in cases where the period is extended, the cause shall be disclosed).
- (4) The Corporate Value Committee shall examine and discuss the Advisory Resolution in good faith. This deliberation is conducted from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests (including the aspects listed in items 1) to 7) below). The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal is found to satisfy all of the following requirements and, even if a Takeover Proposal does not satisfy some of the following requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an Advisory Resolution shall be issued.
- 1) None of the following categories are applicable to the Takeover Proposal:
- (a) It is a share buyout, in which the Takeover Proposer demands that the Company or 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 temporarily controlling the Company's management in order to transfer the Company's major assets;
  - (c) It makes the Company's assets subject to use as collateral guarantee, or use for the repayment of debts of the Takeover Proposer, its group companies, or other related parties;
  - (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 realizes the interests of the Takeover Proposer, its group companies or other related parties by unfairly damaging the important management resources that are the source of the Company's corporate value (highly unique technology and know-how, knowledge and information of specific market sectors, deep relationships of trust with trading partners cultivated over many years, and high quality human resources in specialist fields; through the party conducting the specific takeover attempt acquiring control of the Company;
  - 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 to sell their shares, such as is consistent with a coercive two-tier takeover bid (meaning a takeover bid 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 to properly examine the Takeover Proposal is offered 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 submission of alternate plans to the Company's shareholders) is provided (60 business days for examination 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 takeover bid 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 extremely insufficient or inappropriate to maintain the Company's corporate value and the shareholders' common interests;
  - 7) The Takeover Proposal can reasonably be deemed to protect and increase the Company's corporate value and the 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 issues an Advisory Resolution, the Board of Directors is obliged to promptly adopt a Confirmation Resolution, unless it finds particular grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care. The Board of Directors shall not be empowered to execute a Gratis Issue of Stock Acquisition Rights against any Takeover Proposal 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 reference date for Gratis Issue of Stock Acquisition Rights, and execute this Gratis Issue such that the Company's shareholders as of the reference date receive the Stock Acquisition Rights. However, if it becomes clear that a Specific Acquirer's shareholding ratio does not reach 20 percent by a specific date, prior to the reference date for Gratis Issue and set forth by the Board of Directors (including cases where the Board of Directors finds that special circumstances similar to this arise), the Board may suspend the Gratis Issue, and stop the Stock Acquisition Rights from taking effect. Delivery of cash shall not be made to a Specific Acquirer and Related Parties as the price of forcible acquisition of Stock Acquisition Rights.
3. The effective term of the Shareholders' Meeting Approval shall continue until the conclusion of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders which relates to the latest fiscal year which ends within three years after the conclusion of this Ordinary General Meeting of Shareholders. If, however, a Specific Acquirer should emerge by the end of the effective term of the Shareholders' Meeting Approval, the Approval shall remain effective as measures against the Specific Acquirer beyond its stated effective term. The Shareholders' Meeting Approval also has an effect over each resolution of the Board of Directors at its meetings held during the effective term regarding the Gratis Issue of Stock Acquisition Rights.

[Reference: Extract from our announcement dated February 12, 2010 (part of reference attachment thereto is omitted.)]

## **Announcement Concerning the Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares**

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.

Yamaha Motor Co., Ltd. (the "Company") adopted measures against attempts of the acquisition of 20 percent or more of the Company's shares (as prescribed in (Note 1) below, "Specific Takeover Attempt") (such measures hereinafter the "Plan") according to the contents of the "Introduction of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares" that was approved by the shareholders at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007 (the "2007 Shareholders' Meeting Approval").

It is our pleasure to announce that, due to the fact that the effective term of the 2007 Shareholders' Meeting Approval is until the conclusion of the first Board of Directors Meeting to be held after the conclusion of the 75th Ordinary General Meeting of Shareholders scheduled to be held on March 25, 2010 (hereinafter the "General Shareholders' Meeting"), the Board of Directors Meeting of the Company at its meeting held on February 12, 2010 resolved to continue the Plan in a form that has been partially revised from the perspective of protecting shareholders and investors (the summary of this revision is shown in **Reference 1**) on the condition that approval at the General Shareholders' Meeting (the "Shareholders' Meeting Approval") is obtained.

The revisions of the Plan shall take effect today (hereinafter, the "Plan" refers to the revised plan), but if the Shareholders' Meeting Approval is not obtained, the Plan shall be deemed lapsed upon the conclusion of the General Shareholders' Meeting.

At this moment, the Company has not received any proposal of Specific Takeover Attempt.

(Note 1) "Specific Takeover Attempts" refer to actions consistent with either 1) or 2) described below:

- 1) Items determined by the Board of Directors as an acquisition of the Company's shares (as defined in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Law) whereby a shareholding ratio of the Company's shares (as defined in Paragraph 4 of Article 27-23 of the Financial Instruments and Exchange Law) becomes 20 percent or more and similar actions.\*

\* Set forth below are the details that were resolved as "items determined by the Board of Directors as attempts to purchase shares of the Company whereby a shareholding ratio of the Company's shares becomes 20 percent or more and similar actions" at the Board of Directors Meeting held today.

The aforementioned items are actions consistent with any act described in (a) to (d) below; provided, however, that attempts to acquire shares of the Company by issuance of shares (as provided for in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Law; the same shall apply hereafter unless otherwise provided) conducted by the Company or by disposition of shares held by themselves (including such actions subsequent to a merger, share exchange, share transfer, or company split conducted by the Company) are not included in such actions, regardless of whether such actions are consistent with any item of (a) to (d) below.

- (a) An act of "Acquisition" provided for in main clause of Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Law (meaning purchase or other type of acceptance of transfer for value of shares (as defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Law), and acts as defined in Paragraph 3 of Article 6 of the Order for Enforcement of the Financial Instruments and Exchange Law, as similar actions) that brings the relevant party's shareholding ratio of the Company's shares to 20 percent or more;
- (b) In forms other than (a) above, an act whereby a shareholding ratio of the Company's shares becomes 20 percent or more as a result of the relevant party being a "Holder" as provided in Paragraph 1 or 3 of Article 27-23 of the Financial Instruments and Exchange Law;
- (c) An act whereby a shareholding ratio of the Company's shares becomes 20 percent or more as a result of the relevant party and a Holder being joint holders (Paragraph 5 of Article 21-23 of the Financial Instruments and Exchange Law) of the Company's shares;
- (d) An act whereby a shareholding ratio of the Company's shares becomes 20 percent or more as a result of the relevant party holding a relationship with a Holder of the Company's shares as prescribed in Paragraph 6 of Article 27-23 of the Financial Instruments and

Exchange Law;

- 2) An initiation of a public takeover bid designed to acquire the Company's shares (as defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Law) such that the post-acquisition shareholding percentage (as defined in Paragraph 8 of Article 27-2 of the Financial Instruments and Exchange Law, including the shareholding percentage of specially-related parties (as defined in Paragraph 7 of Article 27-2 of the Financial Instruments and Exchange Law) of public takeover bidders (as defined in Paragraph 2 of Article 27-3 of the Financial Instruments and Exchange Law) becomes 20 percent or more (the "Post-acquisition Shareholding Percentage" shall be determined pursuant to the statement in a public takeover bid report for the relevant public takeover bid, and the Specific Takeover Attempt shall be deemed to have been initiated upon the arrival of the business day immediately following the day on which public notice of the initiation of a public takeover bid was made).

## **I Necessity of the takeover defense measures**

### **1. Measures to protect and increase the Company's corporate value and the shareholders' common interests**

The Company, together with its group companies around the world pursues the ongoing development of business activities including motorcycles, marine products, power products, and other products with the corporate mission of "Kando\* Creating Company: Yamaha, a company offering new excitement and more fulfilling life for people all over the world." (\*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.) By realizing peoples' dreams through wisdom and passion by aiming to be a company from which people always expect the "next Kando" and by creating the Kando for customers, the Company responds to the customers' Kando, treating it as its own Kando, and strives for the new "creation of added value."

In the areas of business of Yamaha, the motorcycle business, marine products business, power products business and other businesses, the Company has created many leading products in markets around the world. From a long-term perspective, it is necessary to continuously inject resources into the development of the Company's unique technology. The Company's competitive predominance is further improved by such factors as the following: accumulation of highly unique technology and know-how gained from this process, knowledge and information of specific market sectors gained through developmental efforts, deep relationships of trust with trading partners cultivated through problem-solving spanning over many years, and high quality human resources with strong mastery of specialist fields. The Company believes these factors are also important management resources that serve as resources for the Company's corporate value now and in the future. Also, the Company's areas of activity are not limited to business activities; rather, they also include activities that contribute to society, activities that protect the environment and other activities. The Company is aware that the synergistic effect that these activities yield becomes corporate brand value and that this is constructing brand value and corporate value for the Company. To ensure the many investors continue their investment for the long term, the Company is striving to protect and increase the Company's corporate value and the shareholders' common interests into the future through the various measures outlined below.

#### 1) Measures to increase corporate value based on the medium-term management plan

In the new medium-term management plan (from fiscal 2010 to fiscal 2012) that will start in this fiscal year, the Company is going to accelerate structural reforms that have been pushed ahead since the previous fiscal year, promptly establish a profit structure, and address the following significant issues to realize future growth scenario:

- (a) In businesses in the developed countries, the Company will assume more severe future demand, further lower the target number of production units at break-even point, and reduce fixed costs by restructuring the global production structure and retrenching of staff size. Moreover, it will reduce procurement cost by means such as an expansion of overseas procurement. By these measures to reform, the Company will improve the profitability.
- (b) In the motorcycle business in the emerging countries where growth is expected, the Company will strengthen the competitiveness of products that respond to customers' needs, and provide low price and attractive products in the Asian markets where the demand expansion is anticipated. The

Company will increase the procurement of equipment parts from local manufacturers and aim for the expansion of the business by raised competitiveness resulting from the further cost-down achieved by such measures.

- (c) The Company will promote the measures to promptly commercialize the next-generation environmental technology. In addition to the development of environment-conscious low-fuel-consumption engines for motorcycles and outboard motors and efforts to launch electric-powered motorcycles in markets, it will expand the sales of electrically power assisted bicycles, whose demand growth is expected, to overseas.

Through taking on these challenges, the Company aims to achieve consolidated operating profit in fiscal 2010, and achieve a consolidated operating profit margin of 5% in fiscal 2012.

## 2) Measures to increase corporate value by strengthening corporate governance

The Company recognizes that corporate governance is an important tool to “ensure disciplined management and maximize long-term corporate value.” Based on this recognition, the Company has been striving to speed up management decision-making; make the accountability of Directors regarding business results clearer; and develop a transparent system of director selection and remuneration. Specifically, in addition to introducing an Executive Officer system, the Company elects multiple Outside Directors. While striving on one hand to separate the roles of business execution and business supervision, the Company has shortened the term of office of Directors from two years to one year in order to assure accountability of Directors to the shareholders. The Company has also established the “Executive Personnel Committee” as a voluntary committee comprised of several full-time Directors and several Outside Directors. This committee aims to increase suitability and transparency through discussions about nominating candidates for Director and Executive Officer and determining remuneration systems and remuneration amounts for these officers. Such discussions of this committee have already formed the basis of the change to a remuneration system that is highly correlated to performance and the abolition of retirement benefits for Directors and Corporate Auditors. Looking ahead, the Company shall work to more clearly designate the role of the Board of Directors as “approval of core policy of the Group and supervision of the execution of duties” and the role of executive officers as “management of the Yamaha Motor Group and execution of duties,” and it shall build a system of management to match this demarcation of duties.

While working to do this, the Company aims to build a long-term relationship of trust with the shareholders by holding briefing sessions for institutional investors and securities analysts, and improving the scope of IR activities for individual investors. While giving top priority to the task of increasing the profit of the shareholders and striving to further increase its earning power, the Company aims to meet the expectations of the shareholders by following a basic policy for cash dividends based on long-term perspectives and also reflecting consolidated financial performance and other factors in a comprehensive manner, using the payout ratio as an indicator.

## 2. **Details of Basic Policy Regarding Parties Who Control of the Company in Deciding Its Policies on Finance and Business (hereinafter “Basic Policy”)**

In order to further increase the brand value and corporate value of the Yamaha Motor Group as mentioned above in I-1, it is essential that the Company actively invests in new models and, in particular, develops new value-added products by adopting new technology. To make this possible, it is important to make further progress in research and development to produce the new technology. The Company expects next-generation environmentally friendly technologies aimed at the development of environment-conscious low-fuel-consumption small engines and electric-powered motorcycles, to be fields of business that will be highly profitable and grow in scale in the future. In order to increase profitability of the Yamaha Motor Group in such business fields, it is essential to actively pursue the research and development that is core to these businesses. In order to realize this, the Company must undertake bold measures based on a long-term perspective.

The Company believes that if a party lacking the understanding of the source of the brand value and corporate value of the Yamaha Motor Group as described above were to acquire the Company, control the decision of its policies on finance and business and act in a way that is contrary to a sustainable and strategic management policy based on a medium- to long-term perspective, such as by focusing only on short-term economic efficiency and excessively reducing production costs and research and development costs to the detriment of competitive strength, this would be to the detriment of the corporate value and the shareholders’ common interests.

Because it is a publicly listed company, the Company acknowledges that the choice to respond or not respond to an attempt to purchase the Company's shares is ultimately a decision and judgment that must be made by the shareholders.

On the other hand, there are some attempts to purchase shares that, due to their conditions, are harmful to the Company's corporate value and the shareholders' common interests. Conceivable examples of purchases detrimental to the corporate value and the shareholders' common interests include the following: purchases aimed at gaining temporary control of management for the purpose of transferring items that are necessary to the long-term sustained growth of the Company, such as intellectual property rights, know-how, corporate confidential information, major trading partners and customers, to the acquirer or company belonging to the acquirer's corporate group; purchases for the purpose of, upon securing control of management, using the Company's assets etc. as collateral guarantee, or use for the repayment of debts of the acquirer; purchases aimed at gaining temporary control of management for the purpose of sacrificing the Company's long-term sustained growth as a corporation such as by depleting the assets and funds set aside for the Company's future such as for business and product development in order to realize temporary high returns; or purchases made irrespective of any true intention to participate in management where the Company or a party related to the Company is forced to buy the Company's shares at a premium (so-called greenmailing). There are also cases where the acquirer does not seek to acquire all shares in the initial acquisition, for example purchases only 51%, and does not disclose terms or sets unfavorable terms for later acquisitions thereby practically compelling shareholders to sell their shares or harming the interests of shareholders remaining as minority shareholders.

In order for it to protect and increase the corporate value and the shareholders' common interests, the Company believes that before a purchase it is necessary to disclose sufficient information concerning matters such as the following: the contents of the management policy and the business plan held by the acquirer; the effect that the takeover proposal will have on the shareholders and the Company's management; the effect on the many related parties of the Company; and the acquirer's thinking etc. towards corporate social responsibility, particularly with respect to product safety. Also, in order to ensure it has the opportunity to ask reasonable questions or request the acquirer for improvements to the terms of purchase, or to submit to the shareholders an alternate plan with merit for them, the Company also believes that it is necessary to ensure that there is a suitable period for examination and that the Company has negotiating power.

## **II. Overview of the Plan**

### **1. Procedures etc. Pertaining to Renewal**

With regard to the Shareholders' Meeting Approval, the approval of the shareholders is requested for shareholder allotment or gratis issue (hereinafter "Gratis Issue") of stock acquisition rights imposing limitation on the execution of stock acquisition rights by a Specific Acquirer and Related Parties (Note 2) (hereinafter "Stock Acquisition Rights") based on certain incidental conditions that are found as suitable from the perspective of protecting and increasing the corporate value and the shareholders' common interests. The details of the Shareholders' Meeting Approval that includes incidental conditions relating to Gratis Issue of Stock Acquisition Rights make up the fundamental contents of the Plan. The Shareholders' Meeting Approval shall require the approval of more than half the voting rights of shareholders in attendance (provided that this shall include the exercise of voting rights by voting forms; the same shall apply hereafter).

The Board of Directors, at the meeting held today, passed the resolution on matters relating to specific details of the Plan such as gratis issue of the Stock Acquisition Rights (for details see **Reference 2**). At present, because such gratis issues of Stock Acquisition Rights are issued when a Specific Acquirer (Note 2) emerges, no Stock Acquisition Rights shall actually be conducted. Because the Company believes it to be in the interest of the shareholders and investors from the perspective of predictability, the contents relating to gratis issues of Stock Acquisition Rights within the scope of possibility has been decided and is being disclosed in advance.

(Note 2) Specific Acquirer and Related Parties refers to the following parties: (1) a Specific Acquirer; (2) (With regard to a Specific Acquirer who conducted a Specific Takeover Attempt as described above in (Note 1) 1)) a joint holder (as defined in Paragraphs 5 and 6 of Article 27-23 of the Financial Instruments and Exchange Law); (3) (with regard to a Specific Acquirer who conducted a Specific Takeover Attempt as described above in (Note 1) 2) a Specific Related Part; and (4) a party substantially identified by the Board of Directors as any of the above parties.\*

\* The Board of Directors at a meeting held today passed a resolution concerning "(4) A party

substantially identified by the Board of Directors as any of the above parties.” The details are as follows.

Any party who the Board of Directors reasonably deems consistent with any one of the following

- (a) Any party who is transferred, or succeeds to, the Stock Acquisition Rights without obtaining approval of the Company from parties consistent with (1) to (3) above;
- (b) “Related Parties” related to parties who are consistent with (1) to (3) above and (a) above. “Related Parties” shall mean any entities who substantially control the parties, are substantially controlled by the parties, are under common control with the parties, or work together with the parties. Upon determination of “Related Parties” related to a partnership or funds, the substantial identities of the fund managers or other specific conditions will be considered. The Board of Directors may deem the following as “Related Parties” related to entities who, among (1), conducted Specific Takeover Attempts as defined in 1) of (Note 1) above, or who are consistent with (2) above. They are entities who make agreements on name-lending or loans of the Company’s shares, transfers of the Company’s shares to be issued as a result of the exercise or acquisition of the Stock Acquisition Rights, or other similar special agreements with any entities who, among (1), conducted Specific Takeover Attempts as defined in 1) of (Note 1) above, or who are consistent with (2) above,

“Specific Acquirers” are parties who engage in Specific Takeover Attempts without obtaining the Confirmation Resolution prescribed in 2. below before the time the Specific Takeover Attempt was conducted by the party who conducted the Specific Takeover Attempt (the time of the first action consistent with either 1) or 2) of (Note 1) above).

None of the following entities, however, shall be deemed to be Specific Acquirers:

- (a) The Company, the Company’s subsidiaries, the Company’s employee shareholding association, or parties determined by the Board of Directors to be substantially identical to any of these.\*
- (b) A party whose shareholding ratio becomes 20 percent or more as a result of the Company’s cancellation or purchase of its own shares or other actions determined by the Board of Directors\* (excluding cases in which the shareholding ratio of such shareholder increases by 1 percent or more in forms other than such actions);

\* In the resolution passed by the Board of Directors at a meeting held today it was determined that “(a) parties determined by the Board of Directors to be substantially identical to any of these” is “parties holding the Company’s shares for the Company’s employee shareholding association” and “(b) actions determined by the Board of Directors” is “actions made by the Company that decrease the total number of shares issued or voting rights, or the allotment, execution, or forcible acquisition of Stock Acquisition Rights.”

## 2. If a Takeover Proposer Emerges

The purpose of the Plan is to address the impact etc. of a Specific Takeover Attempt on the Company’s corporate value and the shareholders’ common interests by ensuring there is necessary and sufficient information disclosure and suitable time periods for examination and discussion in advance and protecting and increasing the corporate value and the shareholders’ common interests.

The Board of Directors shall require parties intending to engage in Specific Takeover Attempts to submit a proposal relating to a Specific Takeover Attempt (such proposal shall contain the necessary information reasonably required by the Company, which includes items listed below in (a) to (h); such proposal containing the necessary information shall hereinafter be described as the “Takeover Proposal” and the party making the Takeover Proposal shall hereinafter be described as the “Takeover Proposer”) in writing to the Company in advance and to have the Company issue a Confirmation Resolution. Accordingly, any parties intending to engage in a Specific Takeover Attempt shall submit a Takeover Proposal to obtain a Confirmation Resolution from the Company before commencing the takeover attempt.

- (a) information on the parties intending to engage in the Specific Takeover Attempt (including their group companies and related parties);
- (b) the purpose of the takeover bid;
- (c) 1) In cases where the acquisition of control or participation in management is intended, the method for acquisition of control or participation in management; in cases where a change in the Company’s management policies, business plan, organization, or composition of officers, or any other action that results in a material change in or material impact on the Company’s management policies after acquisition is intended, the content and necessity thereof; 2) in cases of pure investment or political investment, the shareholding policy and sales policy, and the policy for the exercise of voting rights, and the reasons for such policies, after the acquisition of shares; in cases of acquisition as political investment for long-term capital alliance, such necessity;
- (d) whether or not an additional acquisition of the Company’s shares is planned after the Specific

- Takeover Attempt, and if planned, the reasons and contents of the plan;
- (e) basis and method of takeover price calculation;
  - (f) proof of takeover fund availability;
  - (g) potential impact of the takeover on the interests of the Company's stakeholders;
  - (h) necessary information reasonably required by the Company as information pertaining to items listed in 1) to 7) below.

“Confirmation Resolution” shall mean a resolution passed by the Board of Directors to disallow a Gratis Issue of Stock Acquisition Rights for which an advisory resolution by the Corporate Value Committee as described below has been received.

In the interest of the prompt management of the Plan, when the Company encounters a proposal that it is unable to acknowledge as a Takeover Proposal due to the lack of necessary information, it may require, if necessary, the party conducting the proposal relating to the acquisition of the Company's shares to provide information.

In this case, basically, a period of 60 business days, calculated from the day the first information provision request to the proposer is made, shall be set for the maximum limit to make the information provision request to the proposer and the proposer to make a response (hereinafter “Information Provision Request Period”). It shall be our Basic Policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the Information Provision Request Period even in cases where necessary information has not been adequately provided. In cases where a request for extension is made with reasonable cause, the Company may extend the Information Provision Request Period as necessary provided that the period of extension does not exceed 30 business days.

The Board of Directors shall promptly forward the received Takeover Proposal to the Corporate Value Committee to request the committee's recommendation and disclose the matter as required by laws and regulations. The Corporate Value Committee shall examine the Takeover Proposal and discuss on whether to issue a resolution advising the Board of Directors to adopt a Confirmation Resolution for the Takeover Proposal (hereinafter “Advisory Resolution”). The content of the Corporate Value Committee's resolution shall be disclosed.

The Corporate Value Committee shall examine a Takeover Proposal forwarded by the Board of Directors in order to determine whether to issue an Advisory Resolution and discuss other matters forwarded by the Board, and such resolution shall pass by a majority vote of all committee members. Members of the Corporate Value Committee shall be elected from among Outside Directors and Outside Corporate Auditors at a Board of Directors meeting. Outside Corporate Auditor Tetsuo Kawawa will today assume his office as member of the Corporate Value Committee beside the current three Committee members of Outside Directors Masayoshi Furuhashi and Eizo Kobayashi and Outside Corporate Auditor Norihiko Shimizu. All the aforementioned four members are Outside Directors or Outside Corporate Auditors whose independence from the Company's management is secured. If the Shareholders' Meeting Approval is obtained, the aforementioned four members will remain in office as members of the Corporate Value Committee (the intended assumption of office of Outside Director candidates Furuhashi and Kobayashi proposed to the General Shareholders' Meeting is conditional upon their election as Directors at the General Shareholders' Meeting).

The Corporate Value Committee shall be granted 60 business days from the day of receipt of a Takeover Proposal by the Board of Directors or the day of expiration of the Information Provision Request Period, whichever is earlier (or 90 business days in cases other than a Takeover Proposal, involving an unlimited takeover of the Company's shares by a cash-only takeover bid in Japanese yen). This period shall not be extended without reasonable cause (in cases where the period is extended, the cause shall be disclosed). “Business days” have been adopted as the measurement of the period for examination of the impact of a Takeover Proposal on the Company's corporate value and the shareholders' common interests in light of the following among other reasons: the Company has a wide range of businesses; a large share of the Company's businesses are overseas businesses; the circumstances of interested parties including the shareholders; and the circumstances of revisions to laws and regulations.

The Corporate Value Committee shall examine and discuss the Advisory Resolution in good faith. This deliberation is conducted from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests (including the aspects listed in items 1) to 7) below). The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal is found to satisfy all of the following requirements and, even if a Takeover Proposal does not satisfy some of the following requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an Advisory Resolution shall be issued.

- 1) None of the following categories are applicable to the Takeover Proposal:
  - (a) It is a share buyout, in which the Takeover Proposer demands that the Company or 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 temporarily controlling the Company's management in order to transfer the Company's major assets;
  - (c) It makes the Company's assets subject to use as collateral guarantee, or use for the repayment of debts of the Takeover Proposer, its group companies, or other related parties;
  - (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 realizes the interests of the Takeover Proposer, its group companies or other related parties by unfairly damaging the important management resources that are the source of the Company's corporate value (highly unique technology and know-how, knowledge and information of specific market sectors, deep relationships of trust with trading partners cultivated over many years, and high quality human resources in specialist fields; for details refer above to "I Necessity of the takeover defense measures") through the party conducting the Specific Takeover Attempt acquiring control of the Company;
- 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 to sell their shares, such as is consistent with a coercive two-tier takeover bid (meaning a takeover bid 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 to properly examine the Takeover Proposal is offered 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 submission of alternate plans to the Company's shareholders) is provided (60 business days for examination 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 takeover bid 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 extremely insufficient or inappropriate to maintain the Company's corporate value and the shareholders' common interests;
- 7) The Takeover Proposal can reasonably be deemed to protect and increase the Company's corporate value and the shareholders' common interests.

The Board of Directors shall adopt the Confirmation Resolution based on the Advisory Resolution of the Corporate Value Committee. If the Corporate Value Committee issues an Advisory Resolution, the Board of Directors is obliged to promptly adopt a Confirmation Resolution, unless it finds particular grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care. The Board of Directors shall not be empowered to execute a Gratis Issue of Stock Acquisition Rights against any Takeover Proposal endorsed by a Confirmation Resolution.

### 3. If a Specific Acquirer Emerges

If a Specific Acquirer emerges (whether a Specific Acquirer emerges is determined by a Report of Possession of Large Volume submitted to the Company, a Public Takeover Bid Notification or by other appropriate means), in other words, if a Specific Takeover Attempt without obtaining a Confirmation Resolution is initiated, the Board of Directors shall announce the emergence of the Specific Acquirer, and determine, by resolution, a date for a Gratis Issue, an effective date for a Gratis Issue, and other necessary matters with respect to a Gratis Issue of Stock Acquisition Rights, and execute the Gratis Issue of Stock Acquisition Rights upon announcing the matters determined. However, if any of the events listed in (a) to (c) arise before the day\* determined by the Board of Directors on a day prior to reference date of a Gratis Issue, The Board of Directors may determine, by resolution by the above date, not to make effective the Gratis Issue of Stock Acquisition Rights determined by resolution.

- (a) A Report of Possession of Large Volume stating that the shareholding ratio of a Specific Acquirer falls below 20 percent is submitted from the Specific Acquirer;

- (b) A public takeover bid consistent with Specific Takeover Attempts is initiated, and a holder of the Company's shares whose shareholding ratio exceeds 20 percent does not emerge as a result of expiration or revocation of the open takeover bid;
  - (c) In addition to (a) or (b) above, the Board of Directors reasonably acknowledges that the menace from Specific Takeover Attempts has ceased.
- \* In the resolution passed by the Board of Directors at a meeting held today it was determined that "the day determined by the Board of Directors on a day prior to the reference date of a Gratis Issue" was "the day four business days prior to the reference date of a Gratis Issue."

#### **4. Effective Terms of the Shareholders' Meeting Approval and the Plan**

The effective term of the Shareholders' Meeting Approval shall continue until the conclusion of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders in 2013. The effective term of the Plan shall continue until the conclusion of the first Board of Directors meeting to be held after the conclusion of the Ordinary General Meeting of Shareholders in the following year. If, however, a Specific Acquirer should emerge by the end of the effective term of the Shareholders' Meeting Approval or the Plan, they shall remain effective against the Specific Acquirer beyond its stated effective date.

A confirmation or verification of "shareholding ratio," "holders," "joint-holders," "shareholding percentage," "specially-related parties," "Specific Acquires and Related Parties," "Related Parties," "substantial identity" or other necessary matters to be made by the Company upon operations of the Plan may be based on information that has been reasonably obtained by the Company at the time when such confirmation or verification is required.

In the Plan, the terms defined in accordance with the provisions of the Financial Instruments and Exchange Law (Law No. 25 of April 13, 1948, including subsequent amendments) shall be substituted with equivalent terms in amended provisions of the law whenever the Financial Instruments and Exchange Law is amended. In addition, citation of the provisions of laws and regulations in this resolution is based on the provisions in effect as of February 12, 2010. If it becomes necessary, on or after the same date, to amend the provisions or terminology defined in the above provisions as a consequence of amendments or abolishment of laws and regulations, the Board of Directors may replace them from time to time within a reasonable range, in light of the purposes of the amendments or abolishment.

#### **5. Scheme to Improve the Rationality of the Plan (Special Measures to Reflect Intention of Shareholders)**

The Plan is adopted to protect and increase the Company's corporate value and the shareholders' common interests. To improve the rationality of the Plan, a special scheme shall be implemented as follows.

##### **(1) Confirmation of the Intention of Shareholders upon Adoption**

The Company, to obtain the opportunity to appropriately reflect the intention of the shareholders, shall seek the approval of the shareholders at the Ordinary General Meeting of Shareholders for the adoption and the renewal of the Plan. If the Company is unable to obtain approval for the Shareholders' Meeting Approval from a majority of the voting rights of shareholders in attendance at the General Shareholders' Meeting, the Plan shall be deemed lapsed as of that time. The contents of the Shareholders' Meeting Approval, including the incidental conditions shall make up the fundamental contents of the Plan. The Board of Directors shall submit to the contents of the Shareholders' Meeting Approval and determine the matters relating to the Gratis Issue of stock acquisition rights and important matters and measures for the smooth execution of the Plan.

##### **(2) Possibility of Abandonment of the Plan through a One-Time Shareholders' Resolution**

The terms of office of the Company's Directors is one year and non-coinciding terms of office or no extra weighting occurs from ordinary resolutions for cases of dismissal. It is therefore possible for the Plan to be abandoned by resolution of the Board of Directors by election or dismissal of Directors based on a one-time ordinary resolution of a general meeting of shareholders. This means that the intention of the shareholders will be reflected in this point as well.

##### **(3) Binding Advisory Powers of the Corporate Value Committee Comprised of Outside Directors and Outside Corporate Auditors Whose Independence from the Company's Management Is Secured**

To guarantee the neutrality of judgments in the Plan, the Corporate Value Committee, which is comprised only of Outside Directors and Outside Corporate Auditors who do not engage in the

execution of the Company's business and whose independence from the Company's management is secured, conducts an examination of the details of the Takeover Proposal and, while upholding a legal duty to the Company as officers of the Company, discusses in good faith the Takeover Proposal from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests.

Furthermore, if the Corporate Value Committee issues an Advisory Resolution to advise the Board of Directors to adopt a Confirmation Resolution, the Board of Directors must follow the Advisory Resolution and adopt a Confirmation Resolution; provided that there are no special grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care.

**(4) Scheme for Increasing Objectivity**

The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal is found to satisfy all of the requirements described in 1) to 7) of 2 above and, even if a Takeover Proposal does not satisfy some of those requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an Advisory Resolution shall be issued. This scheme is adopted to increase objectivity.

**(5) Establishment of an Effective Term for the Shareholders' Meeting Approval**

As described in 4. above, the effective term for the Shareholders' Meeting Approval upon adoption is set as three years from the General Shareholders' Meeting. During the effective term, the Board of Directors may determine the contents of the Plan on a yearly basis, within the scope authorized by the Shareholders' Meeting Approval upon adoption, and it is possible that the term will change to reflect changes in relevant laws and other circumstances surrounding the Company. On the day when three years have elapsed, the Board of Directors will once again confirm the intention of shareholders, which shall include a review of incidental conditions, and ask the shareholders for their judgment. However, as described in (2) above, it is possible to abandon the Plan at anytime within the three year period by resolution of the Board of Directors through election or dismissal of Directors by ordinary resolution of the General Meeting of Shareholders.

**(6) Completely Satisfying all Applicable Legal Requirements and Requirements for Rationality of Government Guidelines**

The Plan completely satisfies the applicable legal requirements (the requirements that must be satisfied in order to prevent the issue of the Stock Acquisition Rights from being halted.) and the requirements for rationality (to ensure the understanding of the stakeholders such as shareholders and investors) as prescribed in "Guidelines With Respect To Anti Takeover Policy For Securing And Enhancing Corporate Value and Shareholders' Common Interests" made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005. Also, the plan conforms to the opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008.

**III. Impact of the Plan on Shareholders and Investors**

**1. Impact of the Plan on Shareholders and Investors**

The Plan, as described in I. above, aims to protect and increase the Company's corporate value and the shareholders' common interests; thus, the Company believes that it will benefit the Company's shareholders and investors. Adoption or renewal of the Plan will not affect the rights of shareholders and investors, since the Stock Acquisition Rights will not be issued at the time of adoption and renewal.

As defined in II-3 above, all shareholders will be assigned a Gratis Issue of Stock Acquisition Rights and allotted Stock Acquisition Rights automatically if and when a Specific Acquirer emerges - in other words, should a Specific Takeover Attempt be executed without obtaining a Confirmation Resolution. Therefore, no shareholders will lose any of their stock acquisition rights as a result of any failure to apply for assignment of their Stock Acquisition Rights. In addition, the Plan makes it possible for the Company to forcibly and simultaneously acquire all of the Stock Acquisition Rights, and assign the Company's shares to those Stock Acquisition Rights that fulfill the conditions for the exercise of Stock Acquisition Rights. It should be noted that the Company does not plan to suspend a Gratis Issue, as described in II-3 above, or acquire Stock Acquisition Rights at no cost from the date three (3) business days prior to the record date for the Gratis Issue.

## **2. Required Procedures for Shareholders and Investors**

At the time of the Plan's adoption and renewal, no special procedures are required of the Company's shareholders and investors.

If a Specific Acquirer should emerge, the Board of Directors, as prescribed in 1. above, will adopt and announce a resolution identifying the emergence and setting the record date for the Gratis Issue of Stock Acquisition Rights. The Stock Acquisition Rights will be automatically assigned to all of the Company's shareholders at no cost and allotted Stock Acquisition Rights on the Issue's record date for the Gratis Issue. The Company will therefore ask the shareholders to implement applicable procedures in accordance with the Company's announcement as described above.

Should a Gratis Issue of Stock Acquisition Rights be executed, the Company's shareholders may exercise their Stock Acquisition Rights by submitting the Company's designated Stock Acquisition Rights exercise request and other forms required by the Company, and making a 1-yen-per-share payment for the shares to be acquired. However, if the forcible acquisition defined in 1. above is executed, the Company's shares will be automatically assigned to the Stock Acquisition Rights that fulfill the conditions for the exercise of Stock Acquisition Rights. Therefore, no special procedures are required of the Company's shareholders with regard to the execution of their Stock Acquisition Rights. However, the Company plans to establish a reasonable procedure in order to confirm that a shareholder does not match the category of a Specific Acquirer and Related Parties.

## **IV. Other**

At the meeting of the Board of Directors on February 12, 2010, the Board of Directors unanimously approved for the Plan to be renewed subject to the approval of the shareholders at the General Shareholders' Meeting. Consent was also obtained from all Corporate Auditors including the three Outside Corporate Auditors.

**Summary of the Revision of the Plan**

The revisions this fiscal year of the Plan are based on the content of opinions offered in “Takeover Defense Measures in Light of Recent Environmental Changes” made by Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008, and other considerations. The following were the points reviewed to further protect the interests of the shareholders such as by securing the swift operation of the Plan. As part of the Plan, the Corporate Value Committee is composed of four Outside Directors and Outside Corporate Auditors whose independence is secured, and arbitrariness is excluded from the operation of the Plan.

1. To swiftly operate the Plan and avoid unnecessary prolonging of the period for the Company to respond to the Takeover Proposal beyond a reasonable time period, in addition to clearly specifying the provisions that enable the Company to request to the party making the Takeover Proposal the provision of information, the maximum limit of the Information Provision Request Period was basically set at 60 business days calculated from the day the Board of Directors made the first information provision request to the proposer and it was made our Basic Policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the Information Provision Request Period even in cases where necessary information has not been adequately provided.
2. Provisions clearly specifying that the Corporate Value Committee’s period for examination and discussion shall not be extended without reasonable cause, were set forth.
3. The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal satisfies all of the requirements listed in items 1) to 7) of main clause II-2. In the Plan, moreover, it was set forth that, even if a Takeover Proposal does not satisfy some of the requirements, in cases where it is found reasonable in light of the protection and increase of the Company’s corporate value and the shareholders’ common interests, an Advisory Resolution shall be issued.
4. By withdrawing reference to “interests of stakeholders” and “fundamental value” in the judgment guidelines for ascertaining whether or not to issue an Advisory Resolution for the Takeover Proposal, and other measures, the amended provisions were set forth to prevent a broad interpretation of what interests should be protected, rather than determining whether the Takeover Proposal serves to protect and increase the Company’s corporate value and the shareholders’ common interests, by referring to interests of stakeholders other than shareholders.
5. Provisions clearly specifying that when an Advisory Resolution has been issued by the Corporate Value Committee, the Board of Directors must “promptly” adopt a Confirmation Resolution unless there are no special grounds to rule that adopting such a Confirmation Resolution obviously violates the Director’s duty of care, were set forth.
6. Provisions clearly mentioning that “delivery of cash shall not be made” to a Specific Acquirer and Related Parties as the price of forcible acquisition of stock acquisition rights, were set forth.

**Contents of the Stock Acquisition Rights and Gratis Issue**

## I. Contents of the Stock Acquisition Rights are as follows:

1. Type of shares to be issued by the exercise of the Stock Acquisition Rights  
The Company's common stock
2. Number of shares to be issued by the exercise of the Stock Acquisition Rights  
The number of shares to be issued by the exercise of one (1) Stock Acquisition Right shall be two (2) shares or under, as separately determined by the Board of Directors.
3. Value of the assets to be invested upon the exercise of the Stock Acquisition Rights  
The subject matter of investment upon the exercise of the Stock Acquisition Rights shall be money. The value shall be the number of shares to be issued by the exercise of the Stock Acquisition Rights, multiplied by 1 yen.
4. Exercise period for Stock Acquisition Rights  
A period of time shall start from the day on which the Gratis Issue takes effect to a date to be separately decided by the Board of Directors. If, however, the last day of the exercise period falls on a holiday in the place designated for payment upon exercise, the immediately prior business day shall be the last day.
5. Conditions for exercising stock acquisition rights
  - (1) Stock Acquisition Rights held by the Specific Acquirer and Related Parties (including virtual possession) cannot be exercised;
  - (2) A holder of Stock Acquisition Rights may exercise the Stock Acquisition Rights only if the holder submits to the Company a document with an assertion that the conditions of 5(1) above have been fulfilled (if exercised on behalf of third parties, the third parties shall also fulfill the conditions of 5(1) above), a warranty clause, an indemnification clause, and other matters stipulated by the Company, together with materials representing the fulfillment of the conditions requested by the Company within a reasonable range, and necessary documents in accordance with laws and regulations.
  - (3) If a holder of Stock Acquisition Rights who resides within the jurisdiction of applicable foreign securities laws and other legislation needs to implement applicable procedures and meet established conditions to exercise the Stock Acquisition Rights, the holder who resides in the applicable jurisdiction may only exercise the rights if the Company acknowledges that the holder has executed and fulfilled all applicable procedures and conditions. However, even if a person residing in the applicable jurisdiction is qualified to exercise the Stock Acquisition Rights, if the Company executes the procedures and fulfills the conditions, as mentioned above, the Company shall not be obligated to execute and fulfill such exercise of the Stock Acquisition Rights.
  - (4) A confirmation that fulfills the conditions described in 5 (3) above shall be subject to equivalent procedures described in 5 (2) above, to be determined by the Board of Directors.
6. Procedures for the exercise of Stock Acquisition Rights
  - (1) Upon the exercise of the Stock Acquisition Rights, the Company's designated exercise request for the Stock Acquisition Rights, the number of Stock Acquisition Rights to be exercised, the number of shares, the address, and other necessary matters separately determined by resolution of the Board of Directors, with the signature and seal affixed thereon, together with necessary documents to be separately determined by resolution of the Board of Directors, shall be submitted to a place separately designated for payment by resolution of the Board of Directors, and the total amount stipulated in 3 above shall be paid at the place designated for payment.
  - (2) An exercise request for a Stock Acquisition Right shall be in effect when, in accordance with 6(1) above, the Stock Acquisition Right exercise request and attachments for exercise arrive at the place designated for payment. The exercise of the Stock Acquisition Right shall be in effect when the exercise request for the Stock Acquisition Right becomes effective, and the amount equivalent to the total exercise price of the Stock Acquisition Right for the exercise is paid in the place designated for payment.

7. Transfer approval  
Acquisition of the Stock Acquisition Rights by transfer requires an approval of the Board of Directors (or an institution designated by the Board of Directors in accordance with the proviso of Paragraph 1 of Article 265 of the Corporation Law of Japan).
8. Acquisition clause
  - (1) On a date which is to be determined by the Board of Directors and which falls after the Gratis Issue takes effect, the Company may acquire unexercised Stock Acquisition Rights which (held by persons who are verified not to be a Specific Acquirer or Related Parties, including individuals who meet the conditions described in 5(3) above; referred to as the “Exercisable Stock Acquisition Rights” in 8(2) below) may be exercised in accordance with the provisions of 5(1) and (2) as defined above, by delivering the whole number portion of the Company’s common shares, which is the product of the number of Stock Acquisition Rights involved in the acquisition multiplied by the number of shares to be issued by one (1) Stock Acquisition Right.
  - (2) On a date which is to be separately determined by the Board of Directors and which falls after the Gratis Issue takes effect, the Company may acquire unexercised Stock Acquisition Rights other than the Exercisable Stock Acquisition Rights, by delivering a number of Stock Acquisition Rights identical to the number of Stock Acquisition Rights involved in the acquisition, with limitations on the exercise by the Specific Acquirer and Related Parties (in accordance with provisions including transfer approval, as stipulated by the Board of Directors). A delivery of cash shall not be made for the above acquisition.
  - (3) Confirmation that fulfills the conditions for the forceful acquisition of Stock Acquisition Rights shall be subject to the equivalent procedures described in 5(2) above, as determined by the Board of Directors.
9. Stated capital and reserve  
Matters regarding the exercise of the Stock Acquisition Rights, and stated capital and reserve to be increased as a result of acquisition under the acquisition clause, shall be stipulated in accordance with laws and regulations.
10. Fractional figures  
When the number of shares issued to the persons who exercise Stock Acquisition Rights includes fractional figures, i.e., less than one (1) share, the figure will be rounded off. If, however, a holder of the Stock Acquisition Right exercises multiple Stock Acquisition Rights at one time, the fractional figure produced from the number of the shares to be issued to the holder of the Stock Acquisition Rights may be computed by adding up the number of shares to be issued by the exercise of each Stock Acquisition Right.
11. Issuance of Stock Acquisition Right certificates  
No certificates of Stock Acquisition Rights shall be issued.

II. Contents of the Gratis Issue of Stock Acquisition Rights shall be as follows:

1. Number of Stock Acquisition Rights to be assigned to shareholders  
One (1) Stock Acquisition Right shall be assigned to one (1) share of the Company’s common stock (excluding the common stock shares owned by the Company). The total number of assignable Stock Acquisition Rights shall be the total number of the Company’s outstanding shares at the closing of the record date of the Gratis Issue (excluding the common stock shares owned by the Company).
2. Shareholders to whom Stock Acquisition Rights shall be assigned  
All shareholders of the Company’s common stock whose names are stated or recorded in the Company’s register of shareholders (excluding the Company) at the closing of the record date of the Gratis Issue.
3. The effective date of the Gratis Issue of the Stock Acquisition Rights  
A date on or after the record date of the Gratis Issue, to be separately established by the Board of Directors

**Attached Documents**

## **Business Report**

(From January 1, 2009 to December 31, 2009)

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

#### **(1) Business Developments and Results**

The world economy during the fiscal year ended December 31, 2009 (fiscal 2009) experienced a further downturn, characterized by sluggish consumption, reduced production and higher unemployment. These symptoms were repercussions of the credit crunch triggered by uncertainty over the global financial system.

In this environment, the Japanese economy also suffered a serious slump, with substantial declines in corporate earnings due to contractions in both production and exports, coupled with the yen's continuing strength against major currencies.

Reflecting these negative factors, the Yamaha Motor Group (the "Group") faced sharply declining demand in the leisure markets of Europe and the United States. In response, the Group adjusted product shipments and significantly reduced production for export from Japanese factories to developed nations, thus curtailing market stocks (distributors' stocks and Group inventories) during the period.

To attain sustainable growth amid these harsh business conditions, the Company focused on decreasing expenses, targeting a reduction of more than 10% of total consolidated expenses, while initiating the Urgent Cost Reduction Project to cut manufacturing costs. The Company also has been implementing structural reforms designed to build a profitable foundation, even amid rapidly shrinking business volume over the medium term.

In addition, the Company reduced capital expenditures by nearly half from the previous year. These efforts, combined with a considerable decrease in working capital through the curtailment of market stocks, produced positive free cash flows.

The market in Asia (excluding Japan) was a relative bright spot, as demand for motorcycles fell only slightly there. The Company moved to expand sales in Asia by introducing new models and implementing aggressive promotions. This marketing approach enabled steady sales in Indonesia, Vietnam and other nations in the region.

The Company also focused on environmental technologies with future growth potential, launching new PAS electrically power assisted bicycles that comply with recently introduced standards in Japan, and enhancing the research and development system for next-generation mobility technologies, including electric motorcycles. Consequent to the operations highlighted above, consolidated net sales, operating loss and ordinary loss in fiscal 2009 amounted to 1,153,642 million yen (28.1% decrease from the previous fiscal year), 62,580 million yen and 68,340 million yen, respectively.

Consolidated net loss totaled 216,148 million yen. This was mainly attributable to extraordinary losses such as an impairment loss on fixed assets and the expenses incurred by early retirement of employees in Japan, Europe and the United States. These were registered as business structure improvement expenses in order to accelerate structural reform at businesses in developed nations.

Taking into account the current earnings of the Company, we have regrettably decided to refrain from paying year-end dividends for the fiscal year under review. We are very sorry for this unfortunate development, and would like to ask for our shareholders' understanding.

Performance by business segment was as follows:

Business segment	Sales		Sales as a percentage of net sales (%)	Overseas sales as a percentage of net sales (%)	Operating income (millions of yen)
	Amount (millions of yen)	Annual change (%)			
Motorcycles	817,058	(20.6)	70.8	95.3	(4,151)
Marine products	150,113	(37.1)	13.0	84.2	(24,274)
Power products	100,577	(52.8)	8.7	91.2	(33,768)
Other products	85,893	(30.2)	7.5	30.3	(386)
Total	1,153,642	(28.1)	100.0	88.7	(62,580)

[Motorcycles]

In developed nations such as Japan, the United States and Europe, motorcycle sales decreased from the previous year, due to reduced demand amid the recession. In the ASEAN region, unit sales of the Vega-ZR, Mio and other Yamaha models increased in Indonesia, thanks to customer-oriented marketing, although total motorcycle demand declined in the region. In Vietnam, India and other nations in Asia (excluding Japan) where demand recovered early, aggressive new product releases spurred steady sales. However, the negative impact of the stronger yen caused a drop in motorcycle sales in Asia from the previous year. Sales also declined in Latin America, particularly in Brazil, reflecting sluggish demand.

Consequently, total motorcycle sales decreased 20.6% from the previous year, to 817,058 million yen, and operating loss amounted to 4,151 million yen.

[Marine products]

In the United States, sales of large outboard motors and personal watercraft fell from the previous year. This was attributable to slow demand as consumption for recreational and leisure activities contracted amid the recession. Outboard motor sales also dropped in Europe and Russia.

These declines, coupled with the negative impact of the stronger yen and production cutbacks — designed to curtail market stocks — sent marine product sales down 37.1%, to 150,113 million yen, with an operating loss of 24,274 million yen.

[Power products]

In the United States, sales of leisure-oriented sport all-terrain vehicles and side-by-side vehicles decreased. This was primarily due to slow demand as consumption for recreational and leisure activities contracted amid the recession.

Decreased sales in the United States, the stronger yen, and production cutbacks designed to curtail market stocks, coupled with provision for product liabilities and other negative factors, reduced power product sales by 52.8%, to 100,577 million yen, with an operating loss of 33,768 million yen.

[Other products]

Demand for electrically power assisted bicycles increased in Japan, reflecting growing concerns for health and the environmental awareness. Thanks to the introduction of models in compliance with new standards, and the release of models designed to accommodate two small children, sales of electrically power assisted bicycles expanded steadily. However, sales of automobile engines and surface mounters decreased, due to declined demand amid the recession.

In total, sales in this segment dropped 30.2%, to 85,893 million yen, and operating loss amounted to 386 million yen.

## **(2) Capital Expenditures**

Regarding capital investment, despite increases and upgrades in production facilities in Indonesia, among others, investment by the Group overall was constricted in an effort to control depreciation expenses. As a result, total capital investment for the fiscal year under review amounted to 46,035 million yen.

## **(3) Fund Raising**

During the fiscal year under review, the Company financed another 209.3 billion yen in long-term borrowings to secure long-term capital from financial institutions.

In addition, an agreement was concluded with a major financial institution regarding a withdrawable commitment line of 150 million euro by overseas subsidiaries to complement liquidity in hand. Please note that, as of the end of the fiscal year under review, there is no withdrawable balance.

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

During the fiscal year under review, the Company registered significant decreases in both sales and profits. These results were mainly attributable to a rapid downturn in the global economy, resulting in dramatic declines in demand in Europe and the United States, far worse than the Company's forecasts; product shipment adjustments designed to curtail market stocks; and significant production cutbacks at subsidiaries worldwide. Moreover, business conditions surrounding the Yamaha Motor Group (the "Group") are expected to become harsher than ever, reflecting the uncertainty of the global economic recovery.

In these extremely severe circumstances, the Group will further accelerate the structural reform launched last year by initiating a new medium-term management plan in 2010. The plan calls for swiftly building a profitable business structure with an eye toward realizing future growth. In the effort, the Group will focus on the following key priorities.

1. For businesses in developed nations, the Company will further lower the break-even target for production units, in line with a substantial estimate of future harsh demand. The Company will reduce fixed costs by reorganizing its global manufacturing layout and downsizing the workforce. Furthermore, the Company will cut purchasing costs by expanding overseas procurement. With these efforts, the Group will concentrate on reforming profitability.
2. In the motorcycle business in emerging nations with great growth potential, the Company will strengthen product competitiveness to better meet customer needs. In Asia (excluding Japan), where demand is expected to grow, it will offer value-added products at low prices. The Group will expand parts procurement from local vendors to achieve further cost reduction, thus honing its competitive edge and expanding business in these markets.
3. The Company will also work to swiftly commercialize next-generation environmental technologies. In addition to developing environmentally friendly, fuel-efficient engines for motorcycles and outboard motors, and introducing electric powered motorcycles, the Company will aggressively promote electrically power assisted bicycles in line with anticipated demand growth overseas.

By addressing these issues, the Group aims to return to profitability on a consolidated operating income basis in fiscal 2010 and achieve a consolidated operating income margin of 5% in fiscal 2012.

The Group will return to basics as a manufacturer, once again intensifying its focus on product development and a bottom-up approach. Ultimately, Yamaha Motor seeks to evolve into an excellent engineering and manufacturing enterprise with a prominent presence in the global market. This, in turn, will surely raise the Group's corporate value. At the same time, the Group is committed to fulfilling its social responsibilities by implementing CSR activities, including strict compliance with corporate ethics, as well as laws and regulations.

Although the environment surrounding our Group is as stringent as ever, we will make unremitting exertions united as a Group aiming for an early earnings recovery. We would appreciate our shareholders' continued support.

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

Millions of yen, except net income/loss per share

Item	72nd Fiscal Year (Jan. 1, 2006–Dec. 31, 2006)	73rd Fiscal Year (Jan. 1, 2007–Dec. 31, 2007)	74th Fiscal Year (Jan. 1, 2008–Dec. 31, 2008)	75th Fiscal Year (Jan. 1, 2009–Dec. 31, 2009)
Net sales	1,582,046	1,756,707	1,603,881	1,153,642
Ordinary income (loss)	125,371	140,338	58,872	(68,340)
Net income (loss)	77,233	71,222	1,851	(216,148)
Net income (loss) per share (yen)	270.09	248.81	6.47	(755.92)
Total assets	1,128,688	1,258,430	1,163,173	987,077
Net assets	501,054	569,221	428,483	249,266

- Notes: 1. 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.
2. In the 73rd fiscal year, the economic downturn triggered by the credit market turmoil in addition to soaring prices of crude oil and raw materials pulled sales down in the U.S., while the motorcycle business grew steadily in Asia and Latin America, resulting in increases in both net sales and profits. Net income decreased because of factors including the Company's recording of an accrual for product liabilities as an extraordinary loss.
3. In the 74th fiscal period, the Group saw both sales and profits decrease, due to a substantial drop in net sales and ordinary income particularly in Europe and the U.S., affected by the high prices of crude oil and raw materials and the financial crisis caused by the subprime mortgage problem in the U.S. Net income declined markedly owing to factors including the Company's recording of an extraordinary impairment loss on securities as an extraordinary loss.
4. Performance in the 75th 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, electrically power assisted bicycles
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 electrically power assisted 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

Name	Capital	Percentage of ownership (%)	Main business lines
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 bahts	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. The Company has a total of 107 consolidated subsidiaries, including the 11 principal subsidiaries listed above and 33 companies accounted for by the equity method of accounting.

In the fiscal year ended December 31, 2009, the Company's consolidated net sales were 1,153,642 million yen and consolidated net loss was 216,148 million yen.

### (7) Major Business Combination

The Company conducted the following organizational restructuring between the Company and its consolidated subsidiaries as of January 1, 2009.

The company in parentheses is the succeeding company of the demerger.

(a) Merger of Yamaha Marine Co., Ltd. with the Company as the surviving company.

(b) Corporate demerger of the Company's golf car business (Yamaha Motor Powered Products Co., Ltd.)

### (8) 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-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Other products	Surface mounters, industrial robots, automotive engines, automotive components, electrically power assisted bicycles, unmanned industrial helicopters, electrically powered wheelchairs and the intermediate parts for all business segments

**(9) 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)
	Toyooka Factory (Iwata City, Shizuoka Prefecture)
	Hamakita Factory (Hamakita-ku, Hamamatsu City, Shizuoka Prefecture)
	Nakaze Factory (Hamakita-ku, Hamamatsu City, Shizuoka Prefecture)
	Hamamatsu South Factory (Minami-ku, Hamamatsu City, Shizuoka Prefecture)
	Soude Factory (Naka-ku, Hamamatsu City, Shizuoka Prefecture)
	Fukuroi Factory (Fukuroi City, Shizuoka Prefecture)
	2nd Fukuroi Factory (Fukuroi City, Shizuoka Prefecture)
	Fukuroi South Factory (Fukuroi City, Shizuoka Prefecture)
	Morimachi Factory (Morimachi, Shuchi-gun, Shizuoka Prefecture)
Arai Factory (Araimachi, Hamana-gun, Shizuoka Prefecture)	

Note: The Company merged with Yamaha Marine Co., Ltd. by absorption on January 1, 2009, succeeding the latter's plants, which are stated in the above table. These plants are the Hamamatsu South Factory and Fukuroi South Factory.

## 2) Subsidiaries

Category	Name (location)
Domestic	Yamaha Motorcycle Sales Japan Co., Ltd. (Minato-ku, Tokyo)
	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)

Note: The Company merged with Yamaha Marine Co., Ltd. by absorption on January 1, 2009.

**(10) Employees**

Segment	Number of employees	Annual change
Motorcycles	37,202	+1,310
Marine products	4,603	-389
Power products	1,989	-694
Other products	6,200	+6
Total	49,994	+233

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

2. The number of employees in the power products business decreased by 694 from the end of the

(TRANSLATION ONLY)

previous fiscal year. This is primarily because the number of employees dropped by 273 in Yamaha Motor Corporation, U.S.A. and its consolidated subsidiaries.

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

Millions of yen

Lenders	Loan balances
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,654
Sumitomo Mitsui Banking Corporation	41,367
Mizuho Corporate Bank, Ltd.	32,220
The Shizuoka Bank, Ltd.	29,332
The Sumitomo Trust and Banking Co., Ltd.	21,435

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

Nothing to be especially reported.

## 2. The Company's Stocks

**(1) Maximum number of shares authorized to be issued:** 900,000,000

**(2) Number of Shares Outstanding:** 285,886,049 (excluding 621,735 shares of treasury stock)

**(3) Number of Shareholders:** 30,013

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

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	42,271	14.79
State Street Bank & Trust Company	25,389	8.88
Toyota Motor Corporation	12,500	4.37
Mizuho Bank, Ltd.	10,938	3.83
Mitsui & Co., Ltd.	8,586	3.00
Japan Trustee Services Bank, Ltd. (trust account)	7,016	2.45
The Shizuoka Bank, Ltd.	6,813	2.38
The Master Trust Bank of Japan, Ltd. (trust account)	5,672	1.98
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	5,490	1.92
The Bank of New York, Treaty JASDEC Account	4,900	1.71

Note: Percentage of ownership is calculated excluding treasury stock (621,735 shares).

### **(5) Other Important Matters Relating to Stocks**

Of the treasury stock above, 520,000 shares were acquired in association with a demand for the Company to purchase shares from shareholders who were against the Company's merger with Yamaha Marine Co., Ltd. by absorption on January 1, 2009, pursuant to Article 797, Paragraph 1 of the Corporation Law of Japan.

### 3. The Company's Stock Acquisition Rights

#### (1) Outline of the Stock Acquisition Rights held by the Directors of the Company as of December 31, 2009 (granted in consideration of the performance of duties)

Issue (Issue date)	Number of stock acquisition rights	Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Issue price of stock acquisition rights	Paid-in amount upon exercise of stock acquisition rights	Exercise period	Number of holders
Forth (June 13, 2008)	370	Common stock: 37,000	535 yen per share	2,205 yen per share	From June 13, 2010 to June 12, 2014	7 directors (excluding Outside Directors)
Fifth (June 16, 2009)	570	Common stock: 57,000	380 yen per share	1,207 yen per share	From June 16, 2011 to June 15, 2015	7 directors (excluding Outside Directors)

#### (2) Outline of the Stock Acquisition Rights granted to the employees of the Company and officers and employees of subsidiaries in consideration of their performance of duties during the fiscal year under review

Issue	Fifth stock acquisition rights
Issue date of stock acquisition rights	June 16, 2009
Number of stock acquisition rights	550
Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Common stock: 55,000
Issue price of stock acquisition rights	380 yen per share
Paid-in amount upon exercise of stock acquisition rights	1,207 yen per share
Exercise period of stock acquisition rights	From June 16, 2011 to June 15, 2015
Conditions governing the exercise of stock acquisition rights	<p>1) If a person to whom the stock acquisition rights are allocated (hereinafter the "Holder of Stock Acquisition Rights") ceases to be a director or executive officer of the Company for reasons such as resignation, dismissal, or other causes provided in a "Stock Acquisition Rights Allocation Agreement" concluded between the Company and the Holder of Stock Acquisition Rights pursuant to a resolution of the Board of Directors pertaining to the issuance of stock acquisition rights, such Holder of Stock Acquisition Rights may not exercise the stock acquisition rights.</p> <p>2) A successor to the position of a Holder of Stock Acquisition Rights may not exercise the stock acquisition rights of his or her predecessor.</p>

Issue	Fifth stock acquisition rights
(Conditions governing the exercise of stock acquisition rights)	3) Other conditions governing the exercise of stock acquisition rights are as provided in the “Stock Acquisition Rights Allocation Agreement” concluded between the Company and the Holder of Stock Acquisition Rights.

Details of the above-listed stock acquisition rights held by employees of the Company and officers and employees of the subsidiary are as follows:

Category	Number of stock acquisition rights	Number of holders
Employees of the Company (excluding Directors of the Company)	550	18

### (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	President and Director *	President and Chief Executive Officer
Takaaki Kimura	Director *	Managing Executive Officer, Chief General Manager of Marine Business Operations, Executive General Manager of WV Business Unit, Marine Business Operations, and Chief General Manager in charge of AM Business Unit
Toyoo Ohtsubo	Director	Managing Executive Officer, Chief General Manager of MC Business Operations, Chief General Manager of Technology Center, Chief General Manager of Manufacturing Center, Chief General Manager of Procurement Center, and Chief General Manager in charge of power products business
Takashi Kajikawa	Director	Outside Director of Yamaha Corporation
Tetsuo Uchiyama	Director	Senior Executive Officer, Chief General Manager of Global Corporate Administrative Center, Chief General Manager of IM Business Unit, Chief General Manager of Overseas Market Development Operation Business Unit, and Chief General Manager of Parts Business Unit
Toru Watabiki	Director	Senior Executive Officer, Chief General Manager of Security Trade Control Center
Masahito Suzuki	Director	Senior Executive Officer, Chief General Manager of Product Assurance Center, and Chief General Manager of Business Development Managing Unit
Shuji Ito	Director	Corporate Special Advisor of Yamaha Corporation President of Yamaha Music Foundation
Masayoshi Furuhata	Director	Representative Director of Office Furuhata Co., Ltd.
Eizo Kobayashi	Director	Vice Chairman, Aflac Japan Outside Director of Cross Plus Inc.
Yuko Kawamoto **	Director	Professor, Graduate School of Finance, Accounting and Law, Waseda University Outside Director of Osaka Securities Exchange Co., Ltd. Outside Director of Resona Holdings, Inc. Outside Director of Monex Group, Inc. Outside Director of Tokio Marine Holdings, Inc.
Haruhiko Wakuda	Standing Corporate Auditor	
Tsutomu Mabuchi **	Standing Corporate Auditor	

Name	Position	Responsibility
Naomoto Ohta	Corporate Auditor	Corporate Advisor of Yamaha Corporation
Norihiko Shimizu	Corporate Auditor	Visiting Professor, International Business Strategy of Hitotsubashi University Outside Corporate Auditor of Nissin Sugar Manufacturing Co., Ltd. Statutory Auditor of Fast Retailing Co., Ltd.
Tetsuo Kawawa **	Corporate Auditor	Attorney Outside Corporate Auditor of Nisshin Seifun Group Inc.

- Notes: 1. Directors denoted by an asterisk (\*) are Representative Directors.  
2. The Directors Shuji Ito, Masayoshi Furuhata, Eizo Kobayashi and Yuko Kawamoto are Outside Directors as stipulated in Item 15 of Article 2 of the Corporation Law of Japan.  
3. The Corporate Auditors Naomoto Ohta, Norihiko Shimizu, and Tetsuo Kawawa are Outside Corporate Auditors as stipulated in Item 16 of Article 2 of the Corporation Law of Japan.  
4. Personnel changes during fiscal 2009:  
The Director and Corporate Auditors denoted by double asterisks (\*\*) were newly elected by resolution of the 74th General Meeting of Shareholders held on March 25, 2009 and took office as indicated, pursuant to the resolution.

#### Positional changes

The positional changes of Directors are as follows.

Name	After change	Before change	Date of change
Tsuneji Togami	President and Representative Director	Chairman and Director	November 1, 2009
Takaaki Kimura	Representative Director	Director	November 15, 2009
Takashi Kajikawa	Director	President and Representative Director	November 1, 2009
Tetsuo Uchiyama	Director	Representative Director	November 1, 2009
Toru Watabiki	Director	Representative Director	November 1, 2009

5. Abbreviations: WV: Water Vehicle, AM: Automotive, MC: Motorcycle, IM: Intelligent Machinery  
6. Changes in Directors' responsibilities as of January 1, 2010 are as follows.

Name	Responsibility after the change	Responsibility before the change
Toyoo Ohtsubo	Managing Executive Officer, Chief General Manager of Technology Center, and Chief General Manager of IM Business Unit	Managing Executive Officer, Chief General Manager of MC Business Operations, Chief General Manager of Technology Center, Chief General Manager of Manufacturing Center, Chief General Manager of Procurement Center, and Chief General Manager in charge of power products business
Tetsuo Uchiyama	Senior Executive Officer	Senior Executive Officer, Chief General Manager of Global Corporate Administrative Center, Chief General Manager of IM Business Unit, Chief General Manager of Overseas Market Development Operation Business Unit, and Chief General Manager of Parts Business Unit

(TRANSLATION ONLY)

Name	Responsibility after the change	Responsibility before the change
Toru Watabiki	Senior Executive Officer	Senior Executive Officer, Chief General Manager of Security Trade Control Center
Masahito Suzuki	Senior Executive Officer, Chief General Manager of Product Assurance Center, Chief General Manager of Business Development Managing Unit, and Chief General Manager of SP Business Development Managing Unit	Senior Executive Officer, Chief General Manager of Product Assurance Center, and Chief General Manager of Business Development Managing Unit

Note: Abbreviation: SP: Smart Power. Smart Power is a new power source technology that pursues new mobility centered on electric vehicles

## (2) Remuneration for Directors and Corporate Auditors

Classification	Directors		Corporate Auditors		Total	
	Persons paid	Amount paid	Persons paid	Amount paid	Persons paid	Amount paid
Remuneration based on the Articles of Incorporation or resolutions of the General Meeting of Shareholders (remuneration for Outside Officers)	13 (4)	273 (27)	6 (3)	72 (20)	19 (7)	345 (48)
Remuneration charged to expenses (remuneration for Outside Officers)	— (—)	— (—)	—	—	— (—)	— (—)
Total (remuneration for Outside Officers)	/	273 (27)	/	72 (20)	/	345 (48)

Notes: 1. In addition to the remuneration listed above, 55 million yen was paid to Directors and concurrent employees, as the equivalent of salary to employees.

2. Remuneration related to the stock options is included in the above.

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

- 1) Significant concurrent positions Outside Directors and Corporate Auditors are engaged in at other companies, and relationships between the Company and said other companies

Position	Name	Significant concurrent positions
Directors	Shuji Ito	Corporate Special Advisor of Yamaha Corporation President of the Yamaha Music Foundation
	Masayoshi Furuhata	Representative Director of Office Furuhata Co., Ltd.
	Eizo Kobayashi	Vice Chairman, Aflac Japan Outside Director of Cross Plus Inc.
Directors	Yuko Kawamoto	Professor, Graduate School of Finance, Accounting and Law, Waseda University Outside Director of Osaka Securities Exchange Co., Ltd. Outside Director of Resona Holdings, Inc. Outside Director of Monex Group, Inc. Outside Director of Tokio Marine Holdings, Inc.
Corporate Auditors	Naomoto Ohta	Corporate Advisor of Yamaha Corporation
	Norihiko Shimizu	Visiting Professor, International Business Strategy of Hitotsubashi University Outside Corporate Auditor of Nissin Sugar Manufacturing Co., Ltd. Statutory Auditor of Fast Retailing Co., Ltd.
	Tetsuo Kawawa	Attorney Outside Corporate Auditor of Nisshin Seifun Group Inc.

Notes: 1. Yamaha Corporation, for which Shuji Ito concurrently serves as Corporate Special Advisor and Naomoto Ohta concurrently serves as Corporate Advisor, is a principal shareholder holding 14.79% of the Company's shares.

2. The Company has no significant transactional relationships with companies for which Directors and Corporate Auditors hold concurrent positions.

## 2) Main activities during fiscal 2009

Category	Name	Main activities
Outside Director	Shuji Ito	Attended all the 17 Meetings of the Board of Directors held during fiscal 2009. He stated his opinions based on his knowledge acquired as a Chairman and Director of a listed company.
Outside Director	Masayoshi Furuhashi	Attended all the 17 Meetings of the Board of Directors held during fiscal 2009. He stated his opinions based on his long international experience and knowledge of the industry.
Outside Director	Eizo Kobayashi	Attended 15 Meetings of the 17 Meetings of the Board of Directors held during fiscal 2009. He stated his opinions based on his extensive knowledge of economics and financial conditions in general.
Outside Director	Yuko Kawamoto	Attended 12 of the 14 meetings of the Board of Directors held after being appointed to Outside Director in March 2009. She stated her opinions based on her wide-ranging experience and knowledge in management consulting and research activities for finance.
Outside Corporate Auditor	Naomoto Ohta	Attended all the 17 Meetings of the Board of Directors, and all the 16 Meetings of the Board of Corporate Auditors held during fiscal 2009. He stated his opinions based on his extensive experience and knowledge as a corporate auditor.
Outside Corporate Auditor	Norihiko Shimizu	Attended 15 of the 17 Meetings of the Board of Directors held during fiscal 2009, 15 of the 16 Meetings of the Board of Corporate Auditors, and both regular conferences of Representative Director and the Board of Corporate Auditors Meeting held during fiscal 2009. He stated his opinions based on his extensive experience and knowledge from his research on international corporate strategies.
Outside Corporate Auditor	Tetsuo Kawawa	Attended all the 14 meetings of the Board of Directors and all the 12 meetings of the Board of Corporate Auditors, held after being appointed to Outside Corporate Auditor in March 2009. He stated his opinions based on his extensive experience and knowledge as a lawyer well-versed in corporate legal affairs.

## 3) 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 Corporation Law of Japan.

## 5. Independent Auditor

### (1) Contracted Independent Auditor

Ernst & Young ShinNihon LLC

### (2) Remuneration Paid to the Independent Auditor during Fiscal 2009

1) Remuneration Paid to the Independent Auditor during fiscal 2009:	98 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	130 million yen

Note: The amount of remuneration for audit under the Corporation 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 contracts 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 Corporation 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 Independent Auditor

The Company entrusts the independent 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) Preliminary preparations for the internal control audit
- 3) Review of the annual report
- 4) Review of the English translation of the notice of convocation of the ordinary general meeting of shareholders.

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

In addition to the dismissal of an independent auditor by the Board of Corporate Auditors stipulated in Article 340 of the Corporation Law of Japan, the Company shall, with the approval or upon request from the Board of Corporate Auditors, propose an agenda to dismiss or not to reappoint an independent auditor to a general meeting of shareholders, if it is deemed difficult for the independent auditor to perform his or her duties.

## **6. Systems to Ensure Proper Business Operations**

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

- 1) The Board of Directors shall supervise Directors in the implementation of their responsibilities, to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
- 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.
- 3) The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
- 4) The Company shall form such organizations and develop such rules as necessary to ensure the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

### **(2) Disposition of 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 Relating to Risk Control Against Loss**

- 1) A Risk Management Compliance Committee shall be established to formulate 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) Risk management manuals shall be developed and utilized to ensure integrated control of individual departmental risk management activities.
- 4) If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the Emergency Response Manual, with President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

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

- 1) The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening Board of Directors Rules, Decision-making Rules and other important rules. This will allow these executive officers to execute their responsibilities 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" 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 Risk Management Compliance 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 illegal or improper activity that could damage trust and confidence in the Company.

- 4) The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
- 5) The Company shall form such organizations and develop such rules as necessary to ensure the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

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

- 1) In order to secure proper business conduct by the Group, internal rules shall be established that define the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries.
- 2) In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established under the direct control of the President and Chief Executive Officer.
- 3) Each domestic subsidiary, in principle, shall have a Board of Directors and a Corporate Auditor; overseas subsidiaries shall design in accordance with local laws.
- 4) At least one Director of each subsidiary shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- 5) The section supervising compliance shall provide subsidiaries with guidance and education on compliance.

**(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) Employee Assisting Corporate Auditors Independence from Directors**

- 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) Rules 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 malpractice and/or acts conducted in violation of the law or the Company's Articles of Incorporation
- (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 approved proposal memorandums they may specify.
- 5) Auditing assistance from outside experts shall be secured when deemed necessary 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 only from short-term profit motives and dismantle management policies that have been planned and developed over time from a medium-and long-term perspective. Such actions might include excessive reductions in manufacturing costs, R&D expenses, and other expenditures – all decisions which would damage the Group's competitiveness. Not only above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.

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

### (2) 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 February 2008, 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 is working 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 medium-term management plan (2008-2010). The Company's ultimate goal in Phase one is 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 as a neutral body to enhance the propriety and transparency of executive personnel decisions. The Committee deliberates candidates for Directors, etc., the remuneration system for these positions, and the specific amounts of compensation. 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 Parties Inappropriate in the Light of the Company's Basic Policy**

In order to protect and increase the corporate value and the common interests of the shareholders, the Company adopted measures using the gratis issue of stock acquisition rights, according to the details of "The Adoption of Takeover Defense Measures Against Attempts of 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 elected only from within the Company's Outside Directors and Outside Corporate Auditors and the Corporate Value Committee resolutions shall pass with a 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 on the parties intending to engage in the specific takeover attempt (including their group companies and related parties); the purpose of the takeover bid; proposed post-takeover management policies 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) a) to g) 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) an act determined by the Board of Directors as an acquisition of the Company's shares whereby a shareholding ratio of the Company's shares becomes 20 percent or more and similar actions; or (ii) an initiation of a public takeover bid designed to acquire the Company's shares such that the post-acquisition shareholding percentage becomes 20 percent or more. "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 disallows the Gratis Issue of stock acquisition rights subject to certain restrictions ("Stock Acquisition Rights") with respect to exercise by specific acquirers.

- 3) The Board of Directors shall promptly forward the received Takeover Proposal to the Corporate Value Committee to request the committee's recommendation. The Corporate Value Committee shall examine the Takeover Proposal and discuss on whether to issue a resolution advising the Board of Directors to adopt a Confirmation Resolution for the Takeover Proposal ("Advisory Resolution"). The content of the Corporate Value Committee's resolution shall be disclosed. The Corporate Value Committee shall be granted 60 business days from the day of receipt of a 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 takeover bid 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 Advisory Resolution in good faith. This deliberation is conducted from the viewpoint of determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and shareholders' common interests. The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal satisfies all the following requirements:
  - (a) None of the following categories is applicable to the Takeover Proposal:
    - (i) 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;
    - (ii) It is structured to manage the Company to realize the interests of the Takeover Proposer or its group companies, as well as other related parties, at the expense of the Company, such as by

- temporarily controlling the Company and transferring the Company's significant assets;
- (iii) 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;
  - (iv) It seeks to obtain a temporary high return at the expense of the Company's sustainable growth, such as by temporarily controlling the Company's management in order to reduce assets and funds necessary for the Company's future business and product development; by using profits from disposing of such assets and funds in order to obtain high temporary dividends, and/or by selling the Company's shares at peak prices in an attempt to drive up the Company's share price; and/or,
  - (v) It otherwise realizes the interests of the Takeover Proposer, its group companies, and other related parties by unfairly damaging the interests of the Company's stakeholders, including shareholders, business partners, customers, and employees.
- (b) The mechanism and content of the Takeover Proposal comply with all relevant laws and regulations;
  - (c) 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);
  - (d) 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;
  - (e) 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 secured (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 takeover bid in Japanese yen. If there is reasonable cause to exceed the period, the applicable number of business days).
  - (f) The Takeover Proposal does not contain any provisions that can be deemed insufficient or inappropriate in light of the Company's fundamental value; and,
  - (g) 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 issues 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 reference date for Gratis Issue of Stock Acquisition Rights, and execute this Gratis Issue such that the Company's shareholders as of the reference date receive the Stock Acquisition Rights. However, if it becomes clear that a specific acquirer's shareholding ratio does not reach 20 percent by a specific date, prior to the reference date for Gratis Issue and set forth by the Board of Directors (including cases where the Board of Directors finds that special circumstances similar to this arise), the Board may suspend the Gratis Issue, and stop the 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 and the shareholders' common interests of the Company, 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 weighted requirements for dismissal to the normal resolutions are not applied. Consequently, the Plan can be terminated by the resolution of the Board of Directors, through election and dismissal of Directors through one normal resolution 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 business of the Company - will examine and discuss whether the Takeover Proposal serves the purpose of protecting and increasing the 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 issues an Advisory Resolution recommending that the Board of Directors adopt a Confirmation Resolution, the Board of Directors is required to follow the Advisory Resolution and adopt a Confirmation 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 is found to satisfy all requirements defined in (3), 4) a) to g) above, the Corporate Value Committee is required to adopt an Advisory Resolution. This method adopted by the Company is considered to enhance objectiveness.
- 5) The effective term of the Plan is set at three years from the approval by shareholders at the 72nd Ordinary General 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 said 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 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").

(Reference)

At its Board of Directors meeting held on February 12, 2010, the Company decided to continue the Plan described in "(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 "7. Basic Policy on Control of the Company" after making a partial revision from the viewpoint of protecting shareholders and investors, on the condition that the Plan will be approved at the 75th Ordinary General Meeting of Shareholders to be held on March 25, 2010. The Company has submitted this agenda for approval at the said Ordinary General Meeting. For further details, see "Proposed Resolution 2," in "Reference Documents" in "Notice of the 75th Ordinary General Meeting of Shareholders" (on and after page 9).

**Consolidated Balance Sheet**

(As of December 31, 2009)

Millions of yen

ASSETS		LIABILITIES	
<b>I. Current assets:</b>		<b>I. Current liabilities:</b>	
Cash and deposits in banks	137,328	Notes and accounts payable	110,147
Trade notes and accounts receivable	201,684	Short-term loans	87,574
Merchandise and finished goods	147,380	Current portion of long-term debt	30,470
Work-in-process	42,746	Accrued expenses	49,328
Raw materials and supplies	33,401	Income taxes payable	2,480
Deferred tax assets	3,276	Accrued bonuses	8,052
Other	63,273	Accrued warranty costs	22,403
Less: Allowance for doubtful receivables	(8,291)	Other provisions	926
<b>Total current assets</b>	<b>620,800</b>	Other	68,313
		<b>Total current liabilities</b>	<b>379,698</b>
<b>II. Fixed assets:</b>		<b>II. Long-term liabilities:</b>	
<b>1. Tangible fixed assets:</b>		Long-term debt	281,898
Buildings and structures	94,743	Deferred tax liabilities on unrealized revaluation gain on land	7,024
Machinery and transportation equipment	76,114	Accrued employees' retirement benefits	34,748
Land	73,829	Accrued retirement benefits for Directors and Corporate Auditors	156
Construction in progress	13,444	Accrual for product liabilities	24,715
Other	17,424	Accrual for motorcycle recycling costs	1,183
<b>Total tangible fixed assets</b>	<b>275,556</b>	Other provisions	407
<b>2. Intangible fixed assets:</b>		Other	7,978
Leasehold rights	2,021	<b>Total long-term liabilities</b>	<b>358,111</b>
Other	2,781		
<b>Total intangible fixed assets</b>	<b>4,802</b>	<b>Total liabilities</b>	<b>737,810</b>
<b>3. Investments and other assets:</b>		<b>NET ASSETS</b>	
Investment securities	38,137	<b>I. Shareholders' equity:</b>	
Long-term loans receivable	32,390	<b>1. Common stock</b>	<b>48,342</b>
Deferred tax assets	5,707	<b>2. Capital surplus</b>	<b>60,824</b>
Other	10,987	<b>3. Retained earnings</b>	<b>180,880</b>
Less: Allowance for doubtful receivables	(1,305)	<b>4. Treasury stock</b>	<b>(677)</b>
<b>Total investments and other assets</b>	<b>85,917</b>	<b>Total shareholders' equity</b>	<b>289,369</b>
<b>Total fixed assets</b>	<b>366,276</b>	<b>II. Valuation and translation adjustments:</b>	
		<b>1. Unrealized holding gain on other securities</b>	<b>4,039</b>
		<b>2. Unrealized revaluation gain on land</b>	<b>10,208</b>
		<b>3. Translation adjustments</b>	<b>(91,220)</b>
		<b>Total valuation and translation adjustments</b>	<b>(76,971)</b>
		<b>III. Share warrants</b>	<b>72</b>
		<b>IV. Minority interests</b>	<b>36,796</b>
		<b>Total net assets</b>	<b>249,266</b>
<b>Total assets</b>	<b>987,077</b>	<b>Total liabilities and net assets</b>	<b>987,077</b>

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

(TRANSLATION ONLY)

**Consolidated Statement of Income**  
(From January 1, 2009 through December 31, 2009)

		Millions of yen
I. Net sales		1,153,642
II. Cost of sales		951,350
<b>Gross profit</b>		<b>202,292</b>
III. Selling, general and administrative expenses		264,872
<b>Operating loss</b>		<b>(62,580)</b>
IV. Non-operating income		
Interest income	8,367	
Dividend income	532	
Equity in earnings of affiliates	1,911	
Other	12,443	23,255
V. Non-operating expenses		
Interest expense	9,984	
Early retirement benefit expenses	35	
Sales finance-related expenses	1,378	
Loss on revaluation of sales finance assets	3,056	
Foreign exchange loss	2,559	
Other	12,001	29,015
<b>Ordinary loss</b>		<b>(68,340)</b>
VI. Extraordinary profits		
Gain on sale of fixed assets	367	
Gain on sale of investment securities	4	372
VII. Extraordinary losses		
Loss on sale of fixed assets	531	
Loss on disposal of fixed assets	1,186	
Impairment loss on fixed assets	239	
Loss on sale of investment securities	15	
Business structure improvement expenses	103,729	105,701
<b>Loss before income taxes and minority interests</b>		<b>(173,669)</b>
Income taxes — current	14,114	
Refund of income taxes	(13,553)	
Income taxes — deferred	38,697	39,258
Minority interests		3,220
<b>Net loss</b>		<b>(216,148)</b>

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

(TRANSLATION ONLY)

**Consolidated Statement of Changes in Net Assets**

(From January 1, 2009 through December 31, 2009)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at December 31, 2008</b>	48,342	60,824	392,025	(181)	501,011
Effect of changes in accounting policies applied to foreign subsidiaries			(609)		(609)
<b>Changes in items during the period</b>					
Reversal of revaluation reserve on land			7,045		7,045
Dividends from surplus			(1,432)		(1,432)
Net loss			(216,148)		(216,148)
Acquisition of treasury stock				(497)	(497)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
<b>Total of changes in items during the period</b>	0	(0)	(210,535)	(496)	(211,032)
<b>Balance at December 31, 2009</b>	48,342	60,824	180,880	(677)	289,369

	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
<b>Balance at December 31, 2008</b>	100	1,992	17,254	(125,791)	(106,443)
Effect of changes in accounting policies applied to foreign subsidiaries					
<b>Changes in items during the period</b>					
Reversal of revaluation reserve on land					
Dividends from surplus					
Net loss					
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity	3,939	(1,992)	(7,045)	34,570	29,471
<b>Total of changes in items during the period</b>	3,939	(1,992)	(7,045)	34,570	29,471
<b>Balance at December 31, 2009</b>	4,039	0	10,208	(91,220)	(76,971)

	Stock acquisition rights	Minority interests	Total net assets
<b>Balance at December 31, 2008</b>	30	33,885	428,483
Effect of changes in accounting policies applied to foreign subsidiaries		(57)	(667)
<b>Changes in items during the period</b>			
Reversal of revaluation reserve on land			7,045
Dividends from surplus			(1,432)
Net loss			(216,148)
Acquisition of treasury stock			(497)
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	42	2,969	32,483
<b>Total of changes in items during the period</b>	42	2,969	(178,549)
<b>Balance at December 31, 2009</b>	72	36,796	249,266

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: 107

2) Names of principal consolidated subsidiaries:

Yamaha Motorcycle Sales Japan 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 HL Yamaha Motor Research Centre Sdn. Bhd., 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: 7

HL Yamaha Motor Research Centre Sdn. Bhd. and 6 other subsidiaries

Number of affiliates accounted for by the equity method of accounting: 26

Chongqing Jianshe Yamaha Motor Co., Ltd. and 25 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 two affiliates including Y<sup>2</sup> Marine 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

(a) Securities

Other securities

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

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

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

(b) Derivatives

Derivatives are carried at fair value.

(c) Inventories

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

(Changes in accounting policies)

Application of accounting standard for measurement of inventories

In conjunction with applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No.9; July 5, 2006), effective from the fiscal year ended December 31, 2009, the Company has changed the evaluation method from the lower-of-cost-or-market-valuation accounting method to the cost method (which allows write-down of book value due to lower profitability).

The impact of this change on the statement of income for the fiscal year ended December 31, 2009 is insignificant.

2) Depreciation and Amortization of Assets

(a) Tangible fixed assets (except for leased asset)

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

(Additional information)

Effective from the fiscal year ended December 31, 2009, the Company and its consolidated subsidiaries in Japan reviewed the useful life of certain tangible fixed assets, mainly machinery and equipment, taking advantage of the change in the Corporate Tax Law (Ministerial Ordinance to Partially Amend the Ministerial Ordinance with Regard to Useful Life of Depreciated Assets: April 30, 2008; Ordinance of the Ministry of Finance, No.32).

Applying the new accounting method, operating loss, ordinary loss, and loss before income taxes and minority interests for the fiscal 2009 each increased by 1,199 million yen, compared with the figures derived using the previous method.

(b) Intangible assets (except for leased asset)

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

Amortization of capitalized software for internal use is computed by the straight-line method over the software's estimated useful life (five years).

(c) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

3) Significant Accruals

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Accrued employees' retirement benefits

Accrued employees' retirement benefits are provided mainly at an amount, deemed generated on December 31, 2009, 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.

(f) 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.

(g) 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.

(h) 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

(a) Consumption taxes

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

(b) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(c) Amortization of goodwill 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 combination are carried at fair value.

**2. Changes in Financial Accounting Method**

**(1) Changes to Consolidation**

Effective from fiscal 2009, Yamaha Marine Co., Ltd., which had been included in the scope of consolidation, was excluded from the scope of consolidation due to an absorption-type merger with Yamaha Motor Co., Ltd. as the surviving company. E&S Co., Ltd. was excluded from the scope of consolidation due to an absorption-type merger with YS Co., Ltd.\* as the surviving company. Yamaha Motor Polska Sp. z o.o.; Yamaha Motor Hungary Kft.; Yamaha Motor Austria GmbH; and Yamaha Motor Czech spol. s r. o. were excluded from the scope of consolidation due to an absorption-type merger with Yamaha Motor Middle Europe B.V. as the surviving company.

\*YS Co., Ltd. changed its name to Yamaha Motor Support & Service Co., Ltd. on January 1, 2009.

**(2) Change in Accounting Policies and Procedures**

## 1) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

In conjunction with applying the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No.18; May 17, 2006), effective from the fiscal year ended December 31, 2009, the Company has made necessary adjustments to the consolidated financial statements.

The impact of these changes on the statement of income for the fiscal year ended December 31, 2009, and retained earnings and minority interests at the end of fiscal 2009 is insignificant.

## 2) Application of “Accounting Standards for Lease Transactions,” etc.

Finance lease transactions which do not transfer ownership were previously computed based on an accounting method similar to the method for ordinary rental transactions. However, effective from the fiscal year ended December 31, 2009, the Company has applied the Accounting Standard for Lease Transactions (ASBJ Statement No.13; June 17, 1993: the First Committee of Business Accounting Council; revised March 30, 2007) and its Implementation Guidance (ASBJ Guidance No.16; January 18, 1994: Accounting Practice Committee of the Japanese Institute of Certified Public Accountants; revised March 30, 2007). Thus, these transactions are computed based on an accounting method similar to the method for ordinary sale and purchase transactions.

Regarding those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to the first year of the application, the Company has continued using the accounting method similar to the method for ordinary rental transactions.

The impact of this change on the consolidated statement of income for the fiscal year ended December 31, 2009 is insignificant.

## 3) Important change of accounting treatment in respect to hedge transactions

The Company previously applied the deferred hedge accounting method for derivative transactions which meet hedge accounting criteria, the deferral hedge accounting method for foreign exchange forward contracts which meet deferral hedge accounting criteria, and the short-cut accounting method for interest rate swaps which meet short-cut accounting criteria. However, pursuant to a review of Group hedge policies, effective from the fiscal year December 31, 2009, the Company has changed to the market value method in order to properly reflect the effect of derivative transactions in the consolidated financial statements of the Group.

In its accounting method for transactions with a fixed yen settlement amount based on foreign exchange contracts prior to such transactions, the Company has been assigning the yen settlement amount as is. However, in line with the change in hedge accounting methodology, the Company has switched to a method which converts the amount using an appropriate exchange rate (the spot rate at the time of the transaction).

The impact of this change on the statement of income for the fiscal year ended December 31, 2009 is insignificant.

**(3) Changes in Presentation Methods**

## Consolidated Balance Sheet

## 1) In conjunction with the application of the Cabinet Office Ordinance to Amend the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 50 of August 7, 2008), items classified as “Inventories” in the fiscal year ended December 31, 2008 were reclassified as “Merchandise and finished goods,” “Work-in-process” and “Raw materials and supplies” in the fiscal year ended December 31, 2009.”

The amounts of the “merchandized and finished goods,” “work-in-process” and “raw materials and supplies” columns in the balance sheet in the fiscal year ended December 31, 2008 were 230,378 million yen, 49,119 million yen and 39,399 million yen, respectively.

## 2) “Other provisions (long-term liabilities)” included in the “Other (long-term liabilities)” column in the balance sheet in the fiscal year ended December 31, 2008 have been classified separately in the balance sheet in the fiscal year ended December 31, 2009, due to the application of the Rules for the Terminology, Form, and Preparation Method of the Quarterly Consolidated Financial Statement (Cabinet Office Ordinance No. 64 of August 10, 2007).

The amount of “Other provisions (long-term liabilities)” included in “Other (long-term liabilities)”

column in the balance sheet in the fiscal year ended December 31, 2008 totaled 624 million yen.

#### Consolidated Statement of Income

“Loss on disposal of fixed assets” in the fiscal year ended December 31, 2008 included “Loss on sales of fixed assets,” which was listed in the notes to the consolidated statement of income. However, effective from the fiscal year ended December 31, 2009, “Loss on disposal of fixed assets” and “Loss on sales of fixed assets” have been classified separately, in order to improve comparability of the consolidated financial statements, in conjunction with the introduction of XBRL to EDINET.

“Loss on sales of fixed assets” included in “Loss on disposal of fixed assets” in the fiscal year ended December 31, 2008 totaled 1,393 million yen.

#### (4) Additional Information

Effects of the review of programs to raise funds through securitization

The Company revised its fund-raising program, prompted by the liquidation of receivables of Yamaha Motor Corporation, U.S.A., a consolidated subsidiary in the United States, during fiscal 2009. Reflecting this revision, the Company posted 27,698 million yen (301 million US dollars) each in Trade notes and accounts receivable and Short-term loans on the Consolidated Balance Sheet as of the end of the fiscal 2009.

### 3. Notes to Consolidated Balance Sheet

	Millions of yen
<b>(1) Accumulated Depreciation of Tangible Fixed Assets</b>	516,478

#### (2) Pledged Assets

Pledged Assets are as follows:

Trade notes and accounts receivable	66,815
Merchandise and finished goods	2,152
Work-in-process	464
Raw materials and supplies	2,124
Other current assets	9,772
Buildings and structures	182
Machinery and transportation equipment	8,758
Land	1,528
Construction in progress	1,130
Tangible fixed assets - Other	327
Investment securities	27
Long-term loans receivable	23,994
<u>Investments and other assets - Other</u>	<u>1,050</u>
Total	118,328

Secured liabilities are as follows.

Short-term loans	41,837
Long-term debt	24,039
<u>Long-term liabilities - Other</u>	<u>1,476</u>
Total	67,352

The above amounts include 61,913 million yen of pledged assets, which were recognized in the fiscal year under review in connection with the revision in fund-raising program, prompt by the liquidation of receivables of Yamaha Motor Corporation, U.S.A., the Company’s consolidated subsidiary in the U.S. The corresponding secured liabilities were 27,698 million yen (301 million US dollars).

<b>(3) Discounts on Trade Notes Receivable</b>	1,117
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**(4) Guarantee Obligations**

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

Subsidiaries or affiliates:	
Amagasaki Woodland of Health Co., Ltd.	316
Other companies:	
Enrum Marina Muroran Inc.	65
Marina Kawage Co., Ltd.	25
Total	408

Guarantee obligations described above include 342 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 Article 2-4 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 2009 was below its book value by 5,272 million yen.

#### 4. Notes to Consolidated Statement of Income

##### (1) Details Concerning Impairment Losses Included in the Business Structure Improvement Expenses

###### 1) Summary of asset groups for which impairment losses have been identified

Use	Location	Impairment loss	
		Item	Millions of yen
Motorcycles	Iwata City (Shizuoka, Japan), U.S.A., Brazil, France, Italy, Hungary, other	Buildings and structures	8,701
		Machinery and transportation equipment	25,804
		Land	12,242
		Other	5,586
		Intangible fixed assets	61
		Total	52,398
		Marine products	Hamamatsu City (Shizuoka, Japan), U.S.A., France, other
Machinery and transportation equipment	9,788		
Land	29		
Construction in progress	624		
Other	223		
Intangible fixed assets	149		
Total	11,819		
Power products	Kakegawa City (Shizuoka, Japan), U.S.A., other	Buildings and structures	1,116
		Machinery and transportation equipment	5,914
		Land	4,795
		Construction in progress	1,315
		Other	944
		Intangible fixed assets	3
		Total	14,091
Other products	Iwata City (Shizuoka, Japan), other	Buildings and structures	406
		Machinery and transportation equipment	3,310
		Land	54
		Other	274
		Intangible fixed assets	6
		Total	4,052
Idle assets	Hamamatsu City (Shizuoka, Japan), other	Buildings and structures	100
		Machinery and transportation equipment	408
		Land	121
		Construction in progress	21
		Other	37
		Intangible fixed assets	6
Total	697		

###### 2) Method for grouping assets

An asset group is defined as the minimum unit within a business segment that generates cash flows generally independent from other asset groups in that segment.

###### 3) Background to the recognition of impairment losses

Impairment losses were recognized in the motorcycle, marine, power product and other product business

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in direct relation to the significant deterioration of the market in these segments. Impairment losses were also identified among idle assets not serving business uses. Specifically, losses were recognized for those idle assets whose market prices have significantly declined from their book values.

4) Computation of recoverable values

The recoverable value represents the utility value, computed using the discount rate of 4.0% (mainly based on the future cash flows by each asset group); the estimated value based on real-estate appraisal criteria; or the net sale value, reasonably computed using the inheritance tax value determined by land assessment, whichever is greater.

**(2) Breakdown of Business Structure Improvement Expenses**

Business structure improvement expenses comprise 82,819 million yen in impairment losses on fixed assets; 20,160 million yen in early retirement benefit expenses; and 749 million yen in expenses resulting from the improvement and reorganization of the manufacturing system.

**(3) The refund of income taxes is estimated computed based on the refund involving past year transactions of Yamaha Motor Corporation, U.S.A., the Company's U.S. subsidiary.**

## 5. Notes to Consolidated Statement of Changes in Net Assets

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

Common stock 286,507,784 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. 25, 2009	Common stock	1,432	5.00	Dec. 31, 2008	Mar. 26, 2009

2) Dividends with an effective date after the fiscal year under review, but with a reference date during the period  
No related items.

### (3) Stock Acquisition Rights

Stock acquisition rights at December 31, 2009 are as follows.

	Fourth stock acquisition rights (issued on June 13, 2008) (Note)	Fifth stock acquisition rights (issued on June 16, 2009) (Note)
Number of stock acquisition rights	755	1,120
Class of shares to be issued or transferred upon exercise of stock acquisition rights	Common stock	Common stock
Number of shares to be issued or transferred upon exercise of stock acquisition rights	75,500	112,000

Note: The exercise periods of the fourth stock acquisition rights and fifth stock acquisition rights are from June 13, 2010 to June 12, 2014 and from June 16, 2011 to June 15, 2015, respectively. The first day of each exercise period has not yet arrived as at December 31, 2009.

## 6. Notes to Per Share Information

(1) Net Assets per Share 743.04 yen

(2) Net Loss per Share 755.92 yen

**Non-consolidated Balance Sheet**

(As of December 31, 2009)

Millions of yen

ASSETS		LIABILITIES	
<b>I. Current assets:</b>		<b>I. Current liabilities:</b>	
Cash and deposits in banks	35,126	Trade notes payable	2,875
Trade notes receivable	2,675	Construction notes payable	272
Trade accounts receivable	41,001	Trade accounts payable	40,680
Merchandise and finished goods	27,966	Short-term loans	3,451
Work-in-process	15,069	Current portion of long-term debt	23,800
Raw materials and supplies	10,085	Lease obligations	40
Advanced payment	505	Other payables	23,673
Prepaid expenses	470	Construction accounts payable	3,918
Other receivables	7,169	Accrued expenses	3,822
Short-term loans receivable	13,919	Income taxes payable	110
Other	200	Deferred tax liabilities	271
Less: Allowance for doubtful receivables	(1,406)	Advances received	1,396
<b>Total current assets</b>	<b>152,785</b>	Deposits received	2,048
		Accrued bonuses	3,895
		Accrued warranty costs	14,138
		Other	1,356
		<b>Total current liabilities</b>	<b>125,752</b>
<b>II. Fixed assets:</b>		<b>II. Long-term liabilities:</b>	
<b>1. Tangible fixed assets:</b>		Long-term debt	188,000
Buildings	35,018	Lease obligations	1,083
Structures	1,882	Deferred tax liabilities	1,033
Machinery and equipment	8,056	Deferred tax liabilities on unrealized revaluation gain on land	7,024
Boats	85	Accrued employees' retirement benefits	26,167
Vehicles	96	Accrued retirement benefits for Directors and Corporate Auditors	110
Tools, furniture and fixtures	3,262	Accrual for product liabilities	10,504
Land	48,483	Accrual for motorcycle recycling costs	1,183
Construction in progress	4,943	Allowance for investment loss	713
<b>Total tangible fixed assets</b>	<b>101,829</b>	Other	669
<b>2. Intangible fixed assets:</b>		<b>Total long-term liabilities</b>	<b>236,490</b>
Leasehold rights	534		
Other	156	<b>Total liabilities</b>	<b>362,243</b>
<b>Total intangible fixed assets</b>	<b>691</b>	<b>NET ASSETS</b>	
<b>3. Investments and other assets:</b>		<b>I. Shareholders' equity:</b>	
Investment securities	19,127	<b>1. Common stock</b>	<b>48,342</b>
Investment in affiliates' stock	126,804	<b>2. Capital surplus</b>	
Investment in partnership	3	(1) Capital reserve	60,432
Investment in affiliates	21,320	(2) Other capital reserve	391
Long-term loans receivable	21	<b>Total capital surplus</b>	<b>60,824</b>
Long-term loans to employees	23	<b>3. Retained earnings</b>	
Long-term loans to affiliates	1,740	(1) Legal reserve	3,775
Long-term prepaid expenses	48	(2) Other retained earnings	
Security deposits	1,078	Reserve for special depreciation	30
Less: Allowance for doubtful receivables	(69)	Reserve for advanced depreciation	330
<b>Total investments and other assets</b>	<b>170,099</b>	Retained earnings brought forward	(63,812)
<b>Total fixed assets</b>	<b>272,620</b>	<b>Total retained earnings</b>	<b>(59,675)</b>
		<b>4. Treasury stock</b>	<b>(638)</b>
		<b>Total shareholders' equity</b>	<b>48,852</b>
		<b>II. Valuation and translation adjustments:</b>	
		<b>1. Unrealized holding gain on other securities</b>	<b>4,029</b>
		<b>2. Unrealized revaluation gain on land</b>	<b>10,208</b>
		<b>Total valuation and translation adjustments</b>	<b>14,237</b>
		<b>III. Share warrants</b>	<b>72</b>
		<b>Total net assets</b>	<b>63,162</b>
<b>Total assets</b>	<b>425,406</b>	<b>Total liabilities and net assets</b>	<b>425,406</b>

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

(TRANSLATION ONLY)

**Non-consolidated Statement of Income**

(From January 1, 2009 through December 31, 2009)

		Millions of yen
I. Net sales		401,828
II. Cost of sales		378,732
		<b>23,095</b>
<b>Gross profit</b>		
III. Selling, general and administrative expenses		78,394
		<b>(55,299)</b>
<b>Operating loss</b>		
IV. Non-operating income		
Interest income	439	
Dividend income	10,588	
Other	4,508	15,535
V. Non-operating expenses		
Interest expense	2,658	
Contribution	870	
Outplacement support expenses	35	
Foreign exchange loss	1,815	
Loss on valuation of investment securities	44	
Loss on valuation of investment in affiliates' stock	11,922	
Other	4,192	21,540
		<b>(61,303)</b>
<b>Ordinary loss</b>		
VI. Extraordinary profits		
Gain on sale of fixed assets	72	
Gain on sale of investment securities	1	
Gain on extinguishment of tie-in shares	10,842	10,915
VII. Extraordinary losses		
Loss on sale of fixed assets	104	
Loss on disposal of fixed assets	757	
Impairment loss on fixed assets	239	
Loss on sales of investment securities	5	
Loss on sale of investment in affiliates' stock	9	
Business structure improvement expenses	79,377	80,493
		<b>(130,881)</b>
<b>Loss before income taxes</b>		
Income taxes — current	1,972	
Income taxes — deferred	25,581	27,553
		<b>(158,435)</b>
<b>Net loss</b>		

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

**Non-consolidated Statement of Changes in Net Assets**

(From January 1, 2009 through December 31, 2009)

Millions of yen

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital reserve	Total capital surplus	Legal reserve	Other retained earnings Reserve for special depreciation
<b>Balance at December 31, 2008</b>	48,342	60,432	391	60,824	3,775	40
Changes in items during the period						
Reversal of reserve for special depreciation						(9)
Reversal of reserve for advanced depreciation						
Reversal of general reserve						
Reversal of revaluation reserve on land						
Dividends from surplus						
Net loss						
Decrease by corporate division-split-off type						
Acquisition of treasury stock						
Disposal of treasury stock			(0)	(0)		
Net changes of items other than shareholders' equity						
<b>Total of changes in items during the period</b>	0	0	(0)	(0)	0	(9)
<b>Balance at December 31, 2009</b>	48,342	60,432	391	60,824	3,775	30

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
Reserve for advanced depreciation	General reserve	Retained earnings brought forward	Total retained earnings			
<b>Balance at December 31, 2008</b>	333	86,465	3,194	93,810	(154)	202,822
Changes in items during the period						
Reversal of reserve for special depreciation			9	0		0
Reversal of reserve for advanced depreciation	(3)		3	0		0
Reversal of general reserve		(86,465)	86,465	0		0
Reversal of revaluation reserve on land			7,045	7,045		7,045
Dividends from surplus			(1,432)	(1,432)		(1,432)
Net loss			(158,435)	(158,435)		(158,435)
Decrease by corporate division-split-off type			(664)	(664)		(664)
Acquisition of treasury stock					(484)	(484)
Disposal of treasury stock					0	0
Net changes of items other than shareholders' equity						
<b>Total of changes in items during the period</b>	(3)	(86,465)	(67,007)	(153,486)	(484)	(153,970)
<b>Balance at December 31, 2009</b>	330	0	(63,812)	(59,675)	(638)	48,852

	Valuation and translation adjustments				Stock acquisition rights	Total net assets
	Unrealized holding gain on other securities	Deferred gains or losses on hedges	Unrealized revaluation gain on land	Total of valuation and translation adjustments		
<b>Balance at December 31, 2008</b>	68	1,322	17,254	18,645	30	221,498
Changes in items during the period						
Reversal of reserve for special depreciation						0
Reversal of reserve for advanced depreciation						0
Reversal of general reserve						0
Reversal of revaluation reserve on land						7,045
Dividends from surplus						(1,432)
Net loss						(158,435)
Decrease by corporate division-split-off type						(664)
Acquisition of treasury stock						(484)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	3,960	(1,322)	(7,045)	(4,407)	42	(4,365)
<b>Total of changes in items during the period</b>	3,960	(1,322)	(7,045)	(4,407)	42	(158,336)
<b>Balance at December 31, 2009</b>	4,029	0	10,208	14,237	72	63,162

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

## Notes to Non-consolidated Financial Statements

### 1. Notes Regarding Significant Accounting Policies

#### (1) Asset Valuation

##### 1) Securities

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

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

Stated at cost based on the last-purchase-price method. (Values stated in the balance sheet are computed through the write-down of book value due to lower profitability)

(Changes in accounting policies)

Application of accounting standard for measurement of inventories

In conjunction with applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No.9; July 5, 2006), effective from the fiscal year ended December 31, 2009, the Company has changed the evaluation method from the lower-of-cost-or-market-valuation accounting method to the cost method (which allows write-down of book value due to lower profitability).

The impact of this change on the statement of income for the fiscal year ended December 31, 2009 is insignificant.

#### (2) Depreciation and Amortization of Assets

##### 1) Tangible fixed assets (excluding leased assets)

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

(Additional Information)

Effective from the fiscal year ended December 31, 2009, the Company in Japan reviewed the useful life of certain tangible fixed assets, mainly machinery and equipment, taking advantage of the change in the Corporate Tax Law (Ministerial Ordinance to Partially Amend the Ministerial Ordinance with Regard to Useful Life of Depreciated Assets: April 30, 2008; Ordinance of the Ministry of Finance, No.32).

Applying the new accounting method, operating loss, ordinary loss, and loss before income taxes and minority interests for the fiscal 2009 each increased by 1,199 million yen, compared with the figures derived using the previous method.

##### 2) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed 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) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

equals zero.

Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

### **(3) Significant Accruals**

#### 1) Allowance for doubtful 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, 2009, 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) Allowance for investment losses

In order to prepare against possible losses resulting from the Company's investments in its subsidiaries and affiliates, an allowance 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) Consumption taxes

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

#### 2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

## 2. Notes Regarding Changes in Accounting Policies

### (1) Application of “Accounting Standards for Lease Transactions,” etc.

Finance lease transactions which do not transfer ownership were previously computed based on an accounting method similar to the method for ordinary rental transactions. However, effective from the fiscal year ended December 31, 2009, the Company has applied the Accounting Standard for Lease Transactions (ASBJ Statement No.13; June 17, 1993: the First Committee of Business Accounting Council; revised March 30, 2007) and its Implementation Guidance (ASBJ Guidance No.16; January 18, 1994: Accounting Practice Committee of the Japanese Institute of Certified Public Accountants; revised March 30, 2007). Thus, these transactions are computed based on an accounting method similar to the method for ordinary sale and purchase transactions.

Regarding those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to the first year of the application, the Company has continued using the accounting method similar to the method for ordinary rental transactions.

The impact of this change on the statement of income for the fiscal year ended December 31, 2009 is insignificant.

### (2) Significant Change of Accounting Treatment in Respect to Hedge Transactions

The Company previously applied the deferred hedge accounting method for derivative transactions which meet hedge accounting criteria, the deferral hedge accounting method for foreign exchange forward contracts which meet deferral hedge accounting criteria, and the short-cut accounting method for interest rate swaps which meet short-cut accounting criteria. However, pursuant to a review of hedge policies, effective from the fiscal year December 31, 2009, the Company has changed to the market value method in order to properly reflect the effect of derivative transactions in the consolidated financial statements of the Group.

In its accounting method for transactions with a fixed yen settlement amount based on foreign exchange contracts prior to such transactions, the Company has been assigning the yen settlement amount as is. However, in line with the change in hedge accounting methodology, the Company has switched to a method which converts the amount using an appropriate exchange rate (the spot rate at the time of the transaction).

As a result, operating loss increased by 1,382 million yen, and ordinary loss and loss before income taxes increased each by 761 million yen.

## 3. Changes in Presentation

### Non-consolidated Statement of Income

- (1) Effective from fiscal 2009, “Impairment loss on securities,” previously stated under Non-operating expenses, was stated separately as “Loss on valuation of investment securities” and “Loss on valuation of investment in affiliates’ stock,” in order to improve comparability of financial statements following the introduction of XBRL in EDINET. In the prior fiscal year, there was no “Loss on valuation of investment securities” or “Loss on valuation of investment in affiliates’ stock” included in Non-operating expenses.
- (2) “Loss on disposal of fixed assets” in the fiscal year ended December 31, 2008 included “Loss on sale of fixed assets,” which was listed in the notes to the consolidated statement of income. However, effective from the fiscal year ended December 31, 2009, “Loss on disposal of fixed assets” and “Loss on sale of fixed assets” have been classified separately, in order to improve comparability of the consolidated financial statements, in conjunction with the introduction of XBRL to EDINET. “Loss on sale of fixed assets” included in “Loss on disposal of fixed assets” in the fiscal year ended December 31, 2008 totaled 389 million yen.



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

	Millions of yen
Sales	297,500
Purchases	99,326
Non-operating income	11,293
Non-operating expenses	382

**(2) Details Concerning Impairment Losses Included in the Business Structure Improvement Expenses****1) Summary of asset groups for which impairment losses have been identified**

Use	Location	Impairment loss	
		Item	Millions of yen
Motorcycles	Iwata City, (Shizuoka, Japan), Other	Buildings	4,732
		Structures	3,190
		Machinery and equipment	22,474
		Vessels	0
		Vehicles	217
		Tools, furniture and fixtures	4,729
		Land	11,999
		Intangible fixed assets - other	31
		Total	47,376
		Marine products	Hamamatsu City, (Shizuoka, Japan), Others
Total	6,685		
Power products	Iwata City, (Shizuoka, Japan), Other	Buildings	352
		Structures	395
		Machinery and equipment	1,278
		Vessels	0
		Vehicles	29
		Tools, furniture and fixtures	536
		Land	4,673
		Intangible fixed assets - other	3
		Total	7,269
Other products	Iwata City, (Shizuoka, Japan), Other	Buildings	109
		Structures	216
		Machinery and equipment	3,065
		Vessels	0
		Vehicles	9
		Tools, furniture and fixtures	253
		Intangible fixed assets - other	6
		Total	3,661
Idle assets	Hamamatsu City, (Shizuoka, Japan), Other	Buildings	88
		Structures	12
		Machinery and equipment	177
		Vessels	7
		Tools, furniture and fixtures	34
		Land	113
Total	433		

**2) Method for grouping assets**

An asset group is defined as the minimum unit within a business segment that generates cash flows generally independent from other asset groups in that segment.

**3) Background to the recognition of impairment losses**

Impairment losses were recognized in the motorcycle, marine, power product and other product business

in direct relation to the significant deterioration of the market in these segments. Impairment losses were also identified among idle assets not serving business uses. Specifically, losses were recognized for those idle assets whose market prices have significantly declined from their book values.

4) Computation of recoverable values

The recoverable value represents the utility value, computed using the discount rate of 4.0% (mainly based on the future cash flows by each asset group); the estimated value based on real-estate appraisal criteria; or the net sale value, reasonably computed using the inheritance tax value determined by land assessment, whichever is greater.

**(3) Breakdown of Business Structure Improvement Expenses**

Business structure improvement expenses comprise 65,188 million yen in impairment losses on fixed assets; 13,641 million yen in early retirement benefit expenses; and 547 million yen in expenses resulting from the improvement and reorganization of the manufacturing system.

**(4) Gain on extinguishment of tie-in shares arose from the merger of Yamaha Marine Co., Ltd. by absorption on January 1, 2009.**

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

Number of shares in treasury stock at December 31, 2009

	Shares
Common stock	621,735

**7. Notes to Deferred Tax Accounting**

Principal deferred tax assets and liabilities

	Millions of yen
<b>Deferred tax assets:</b>	
Losses carried forward for tax purposes	29,880
Loss on valuation of securities	24,314
Fixed assets	22,841
Accrued retirement benefits	10,388
Other payable and accrued expenses	6,377
Accrued warranty costs	5,613
Accrual for product liabilities	4,170
Loss on devaluation of inventory	2,888
Accrued bonuses	1,546
Other	3,382
Gross deferral tax assets	111,401
Valuation allowance	(111,401)
Total deferred tax assets	0
<b>Deferred tax liabilities:</b>	
Unrealized holding gain on other securities	(572)
Reserve for advanced depreciation	(436)
Other	(296)
Total deferred tax liabilities	(1,305)
Net deferred tax assets	(1,305)

**8. Notes to Leased Fixed Assets**

Millions of yen

<b>(1) Amount Equivalent to Acquisition Costs of Leased Property at December 31, 2009</b>	1,864
<b>(2) Amount Equivalent to Accumulated Depreciation of Leased Property at December 31, 2009</b>	1,385
<b>(3) Amount Equivalent to Future Minimum Lease Payments Subsequent to December 31, 2009</b>	478

Acquisition costs of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for tangible fixed assets at December 31, 2009.

**9. Notes to Transactions with Related 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 Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	34,139	Accounts receivable	5,521
Subsidiary	Yamaha Motor Corporation, U.S.A.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	50,036	Accounts receivable	3,019
				Debt guarantee (Note 2)	50,655	-	-
Subsidiary	Yamaha Motor Europe N.V.	Direct ownership 100.0%	Sale of products of the Company, etc.	Net sales (Note 1)	70,128	Accounts receivable	1,060
Subsidiary	India Yamaha Motor Pvt. Ltd.	Direct ownership 69.0% Indirect 1.0%	Manufacturing of products of the Company, etc.	Debt guarantee (Note 2)	7,990	-	-

Notes: 1. Trade conditions such as prices are determined through negotiations with the subsidiaries.

2. As debt guarantee is off-balance transaction, its account item and balance are not stated on the balance sheet.

3. The amounts of the transaction and accounts receivable of overseas subsidiaries are exclusive of consumption taxes. The amount of accounts receivable of domestic subsidiaries includes consumption taxes.

**10. Notes to Per Share Information**

<b>(1) Net Assets per Share</b>	220.68 yen
<b>(2) Net Loss per Share</b>	554.01 yen

## Report of Independent Auditors

February 8, 2010

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

**Ernst & Young ShinNihon LLC**

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

Shinji Tamiya (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

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

Pursuant to Article 444, Section 4 of the Corporation Law of Japan, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Yamaha Motor Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2009 through December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yamaha Motor Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2009 in conformity with accounting principles generally accepted in Japan.

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

## Report of Independent Auditors

February 8, 2010

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

**Ernst & Young Shin Nihon LLC**

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

Shinji Tamiya (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

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

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law of Japan, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 75th fiscal year from January 1, 2009 through December 31, 2009. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

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

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Yamaha Motor Co., Ltd. applicable to the 75th fiscal year ended December 31, 2009 in conformity with accounting principles generally accepted in Japan.

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

# Copy of Audit Report of the Board of Corporate Auditors

## Audit Report

February 10, 2010

We at the Board of Corporate Auditors, having discussed the Directors' performance of duties during the 75th business year, from January 1, 2009 through December 31, 2009, 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 regulations 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 Ordinance for Enforcement of the Corporation Law of Japan. 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 3(a) of Article 118 of the Ordinance for Enforcement of the Corporation Law of Japan 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 items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them when necessary. Based on the methods described above, the 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 Item 3(b) of Article 118 of the Ordinance for Enforcement of the Corporation Law of Japan that are stated in the business reports conforms with such basic policy, is in no way obstructive of any common interests of shareholders, and is not adopted with the intention to maintain the positions of Directors and 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 LLC, 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 LLC, the Company's accounting auditor, are recognized as fair and proper.

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

Haruhiko Wakuda  
Standing Corporate Auditor

Tsutomu Mabuchi  
Standing Corporate Auditor

Naomoto Ohta  
Outside Corporate Auditor

Norihiko Shimizu  
Outside Corporate Auditor

Tetsuo Kawawa  
Outside Corporate Auditor

## 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 24 (Wednesday), 2010, one day prior to the date of the Ordinary General Meeting of Shareholders, in order to allow sufficient time to tabulate the results of the vote in advance of the meeting.
- 4) If we recognize that you exercise your voting right via the Internet more than once on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 1 of Article 15 of the “Share Handling Regulations.”
- 5) If we recognize that you exercise your voting right both in writing and via the Internet on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 2 of Article 15 of the “Share Handling Regulations.” If both votes arrive on the same day, 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, Sundays 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.