Annual Report 2010

Year ended December 31, 2010

Engineering Excellence and Prominence

Yamaha Motor Co., Ltd. is a multinational enterprise with 140 consolidated subsidiaries and equity-method affiliates in 30 countries, and about 90% of our consolidated net sales are derived from overseas markets. We operate global development, production and sales networks, and our products are sold in more than 200 countries and regions.

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

Beginning in fiscal 2010, we have initiated a new three-year Medium-Term Management Plan, designed to evolve Yamaha Motor into an excellent engineering, manufacturing and marketing enterprise, with a prominent presence in the global market.

Corporate Mission

*Kando** Creating Company

Offering new excitement and a more fulfilling life for people all over the world
Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

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

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customer's evolving needs.
We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

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

3. Fulfilling social responsibilities globally

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

Action Guideline

Acting with Speed

Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

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

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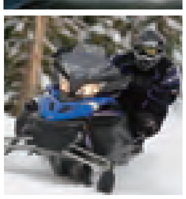

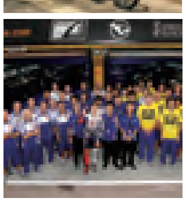

Notice regarding forward-looking statements

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

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

Activity Highlights at Yamaha Motor

Yamaha Motor began operating under a three-year Medium-Term Management Plan in 2010, and we achieved our initial-year target of achieving profitability on a consolidated operating income basis. Going forward, we will lay the groundwork for future growth through ongoing structural reforms and by addressing issues including the establishment of a solid earnings structure through reforms to the management foundation to deal with the yen's appreciation, with the goal of achieving a consolidated operating income margin of 5% in 2012.

2010

Consolidated operating income: returned to profitability

Laying the groundwork for future growth

Inventory reductions in U.S. motorcycle business

To 49,000 units in 2010
from 90,000 units in 2009

Strengthening competitiveness with next-generation products

Launching next-generation environmentally friendly engines


F300B

Growth in motorcycle unit sales

To 6.96 million units in 2010
from 5.84 million units in 2009

Steadily enhancing motorcycle production capacity

Reaching 3.60 million units in Indonesia, 1.00 million units in Vietnam

Management foundation reform
(Establishing profitable structure at ¥80 = US$ / ¥105 = €)

Completing structural reforms and establishing profitable structure (¥88 = US$ / ¥128 = € ➡ ¥88 = US$ / ¥116 = €)

Progress in business restructuring

To 11 from 12 factories in Japan;
932 headquarters staff applied for voluntary retirement

Cost reduction target 90% achieved

Having already achieved 90% of ¥60 billion target for 2012, raising target to ¥75 billion

2011

2012

201X

Consolidated operating income margin: 5%

Developed nations:
prepare for recovery of demand

Emerging nations:
motorcycle + marine + power products businesses

New growth category:
marketing/personal mobility/new technology

Dealing with appreciation of the yen:
short-term, medium-term, long-term policy

Reforming manufacturing layout (Japan):
headquarters + group companies

Additional cost reduction targets:
¥60 billion ➡ ¥75 billion

Details

P10: Message from the Management

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Financial Highlights

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars	% change
	2009	2010	2010	2010/2009
For the year:				
Net sales	¥ 1,153,642	**¥ 1,294,131**	**$ 15,880,857**	12.2%
Gross profit	202,292	**295,565**	**3,627,009**	46.1
Operating income (loss)	(62,580)	**51,308**	**629,623**	—
Ordinary income (loss)	(68,340)	**66,142**	**811,658**	—
Net income (loss)	(216,148)	**18,300**	**224,567**	—
Net cash provided by operating activities	74,096	**104,531**	**1,282,746**	41.1
Net cash used in investing activities	(45,285)	**(37,632)**	**(461,799)**	(16.9)
Free cash flows	28,810	**66,899**	**820,947**	132.2
Net cash provided by (used in) financing activities	(32,022)	**5,296**	**64,990**	—
Capital expenditures	46,035	**33,939**	**416,481**	(26.3)
Depreciation expenses	53,701	**36,594**	**449,061**	(31.9)
At the year end:				
Total assets	¥ 987,077	**¥ 978,343**	**$ 12,005,682**	(0.9)%
Net assets	249,266	**310,809**	**3,814,075**	24.7
Interest-bearing debt	399,942	**322,441**	**3,956,817**	(19.4)
Ratios:				
Operating income margin (%)	(5.4)	**4.0**		
Return on equity (%)	(71.2)	**7.5**		
Equity ratio (%)	21.5	**28.0**		
Price/earnings ratio (times)	—	**23.8**		
Debt/equity ratio (%)	188.3	**117.6**		

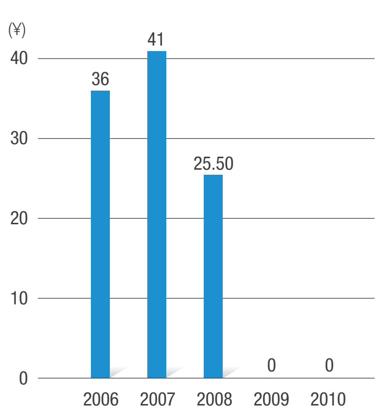
	Yen		U.S. dollars	% change
Per share amounts:				
Net income — basic	¥ (755.92)	**¥ 55.50**	**$ 0.68**	—%
Net income — diluted	—	**55.50**	**0.68**	—
Net assets	743.04	**785.61**	**9.64**	5.7
Cash dividends	0.00	**0.00**	**0.00**	—

	Millions of yen, except per share data		Thousands of U.S. dollars, except per share data	% change
Share performance (at the year end)**:**				
Price per share (yen and U.S. dollars)	¥ 1,166	**¥ 1,323**	**$ 16.24**	13.5%
Market capitalization	333,300	**461,855**	**5,667,628**	38.6

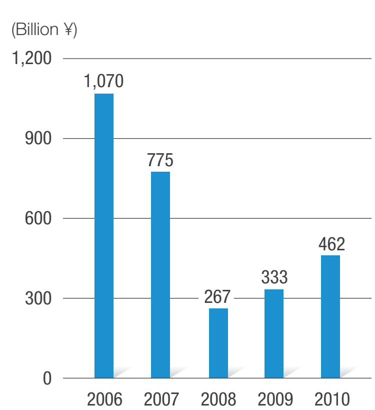
	Persons		% change
Other data (at the year end)**:**			
Number of shareholders	30,013	**30,017**	0.0%
Number of employees	49,994	**52,184**	4.4

Notes • U.S. dollar amounts are translated solely for convenience at ¥81.49 = U.S.$1.00, the rate of exchange prevailing at December 31, 2010. (See Note 6 in the Notes to Consolidated Financial Statements.)
• References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31 of the year indicated for the fiscal years ended December 31, 2009 and 2010.
• With regard to amounts stated in million yen units, amounts less than ¥1 million are rounded down. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.

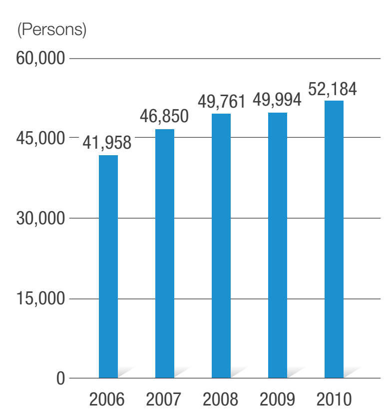
Cash dividends per share



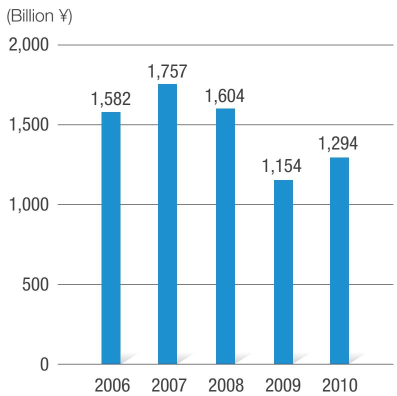
Market capitalization



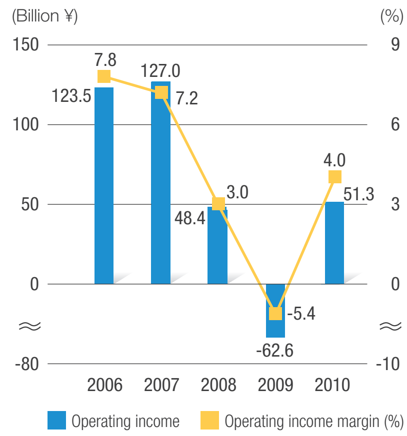
Number of employees



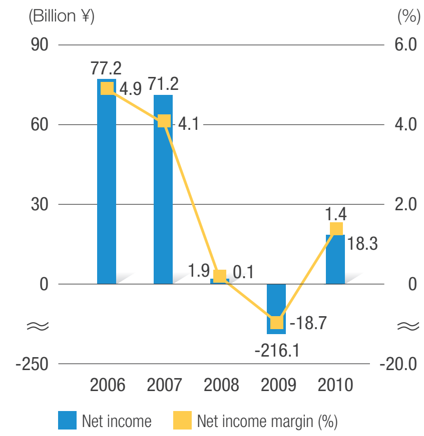
Net sales



Operating income and operating income margin



Net income and net income margin



Net sales

With an uncertain outlook in Europe and North America because of the sluggish economic recovery and in Japan because of the yen's appreciation, motorcycle sales declined in developed markets, but sales of outboard motors and surface mounters recovered. On the other hand, motorcycle markets in Asia and other emerging markets grew in line with economic expansion, and as a result, net sales totaled ¥1,294.1 billion ($15,880.9 million), for a 12.2% increase from the previous fiscal year.

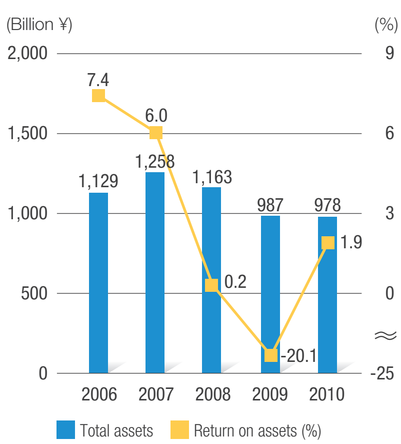
Operating income

We achieved our Phase 1 target under the Medium-Term Management Plan of profitability on an operating income basis, with a ¥113.9 billion ($1,397.6 million) improvement to a ¥51.3 billion ($629.6 million) operating profit. This reflected an improvement in marginal profit from sales growth combined with reductions in depreciation and personnel expenses as a result of restructuring, which offset the negative impact of the stronger yen and higher prices for raw materials. The operating income margin improved to 4.0%.

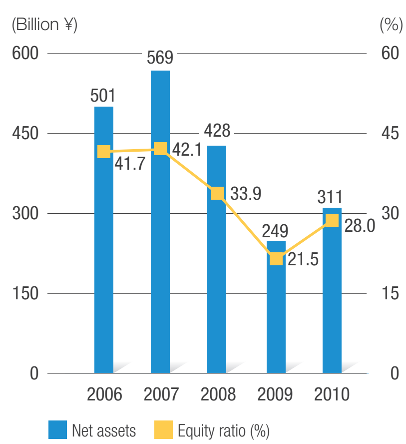
Net income

With the return to profitability on both an operating income and ordinary income basis, and the absence of the previous year's ¥103.7 billion in restructuring expenses, net income improved by ¥234.4 billion ($2,877.0 million), to an ¥18.3 billion ($224.6 million) net profit. The net income margin improved to 1.4%.

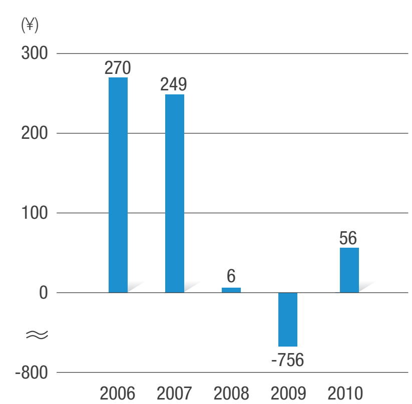
Total assets and return on assets



Net assets and equity ratio



Net income per share



Financial Highlights

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

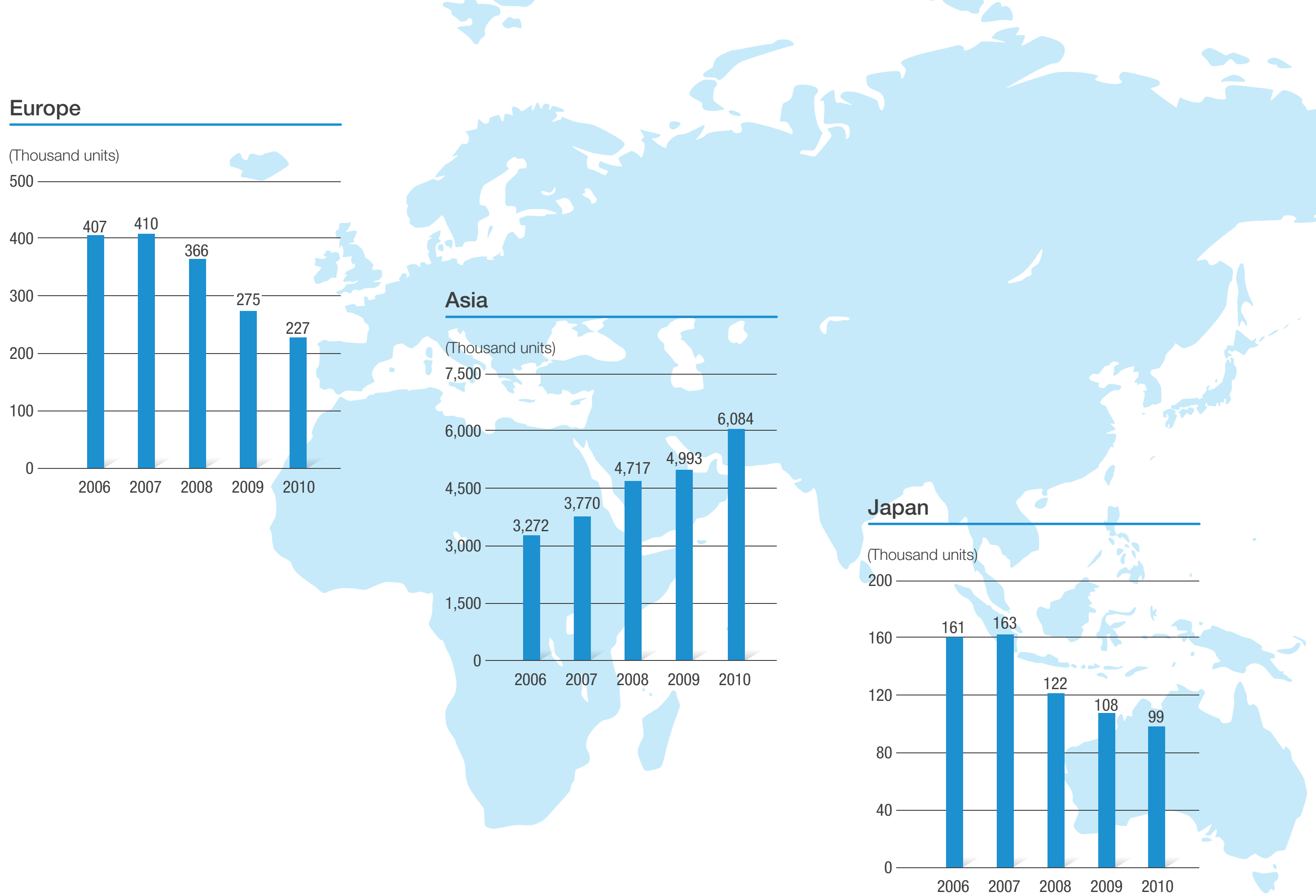
Motorcycle unit sales by market

	Thousand units	Thousand units	% change
	2009	**2010**	2010/2009
Japan	108	**99**	(8.3)%
North America	92	**53**	(42.6)
Europe	275	**227**	(17.5)
Asia Note	4,993	**6,084**	21.8
Other areas	372	**497**	33.6
Total	5,841	**6,960**	19.2%

Note Excluding Japan

Motorcycle unit sales

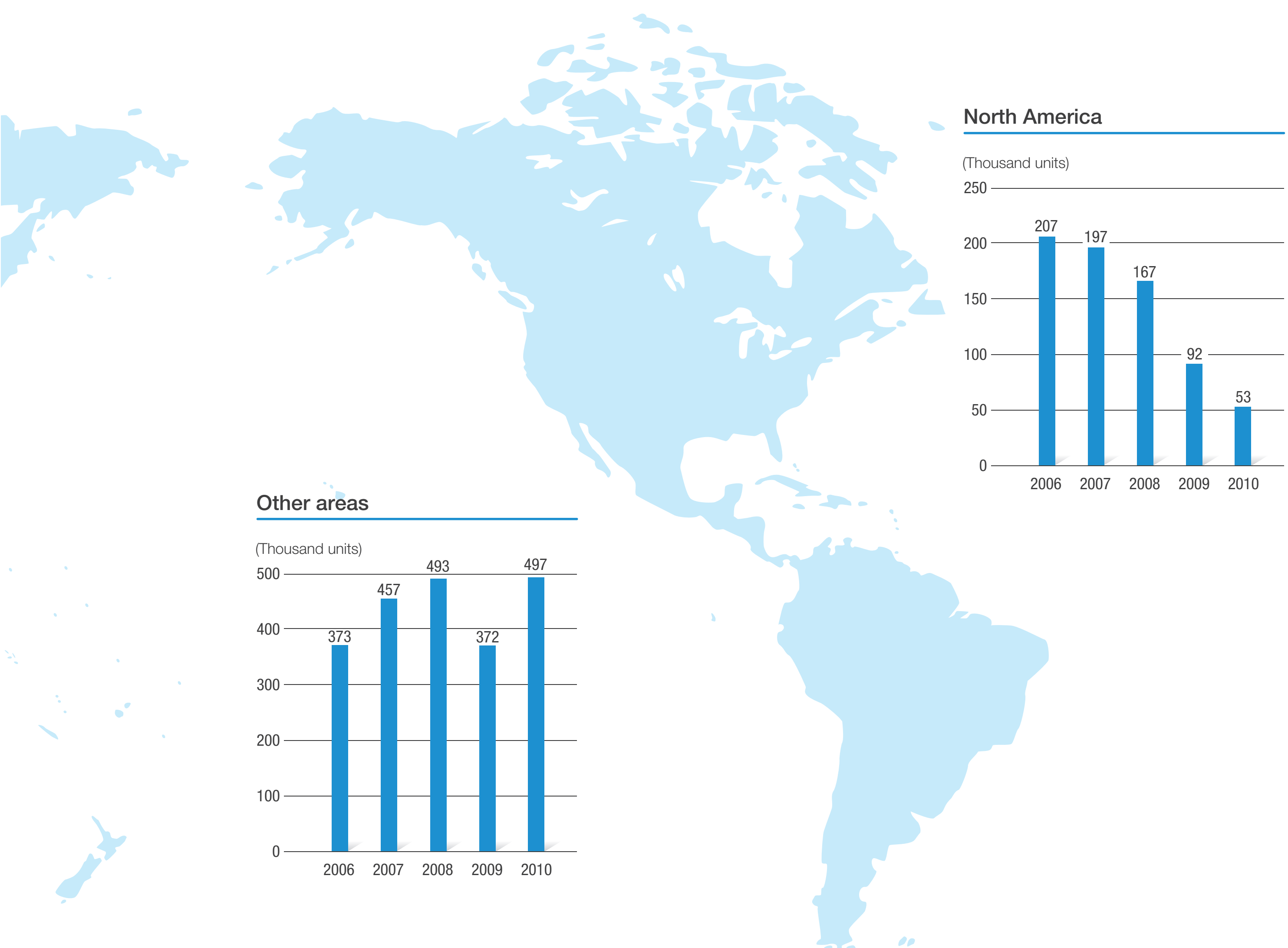
Years ended December 31



Sales by market

	Motorcycle business			Marine products business			Power products business			Other products business		
	Millions of yen		% change	Millions of yen		% change	Millions of yen		% change	Millions of yen		% change
	2009	**2010**	2010/2009	2009	**2010**	2010/2009	2009	**2010**	2010/2009	2009	**2010**	2010/2009
Japan	¥ 38,015	**¥ 32,423**	(14.7)%	¥ 23,701	**¥ 22,085**	(6.8)%	¥ 8,880	**¥ 10,880**	22.5%	¥59,839	**¥ 76,989**	28.7%
North America	57,979	**34,052**	(41.3)	55,279	**67,672**	22.4	52,389	**53,843**	2.8	680	**1,108**	62.9
Europe	143,723	**111,964**	(22.1)	33,776	**34,250**	1.4	20,553	**19,239**	(6.4)	3,895	**4,916**	26.2
Asia Note	478,966	**607,861**	26.9	6,637	**9,708**	46.3	4,321	**6,288**	45.5	10,517	**21,022**	99.9
Other areas	98,371	**119,675**	21.7	30,716	**33,424**	8.8	14,432	**12,717**	(11.9)	10,960	**14,007**	27.8
Total	¥817,058	**¥905,977**	10.9%	¥150,113	**¥167,141**	11.3%	¥100,577	**¥102,968**	2.4%	¥85,893	**¥118,043**	37.4%

Note Excluding Japan



Operating Performance
Message from the Management
Special Feature
Overview of Operations
CSR
Corporate Information
Financial Section

Fiscal Year in Review

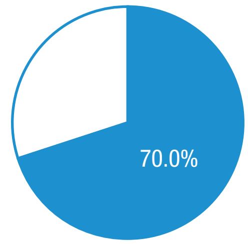
Year ended December 31, 2010

Motorcycles

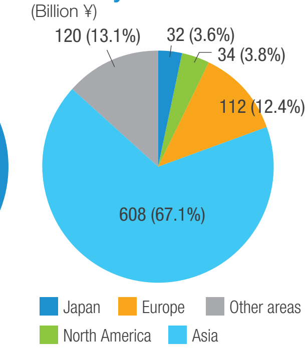
XT1200Z Super Ténéré

Major products:
Motorcycles and knockdown parts for overseas production

% of net sales



Sales by market

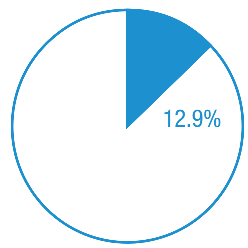


Marine Products

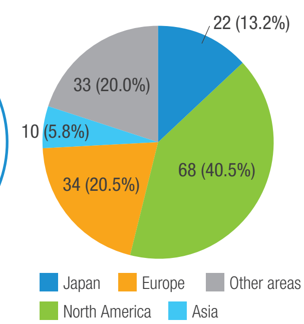
VX Cruiser

Major products:
Outboard motors, personal watercraft, pleasure-use boats, fiberglass-reinforced plastic pools, fishing boats, utility boats and diesel engines

% of net sales



Sales by market

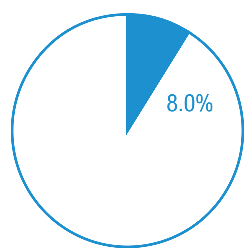


Power Products

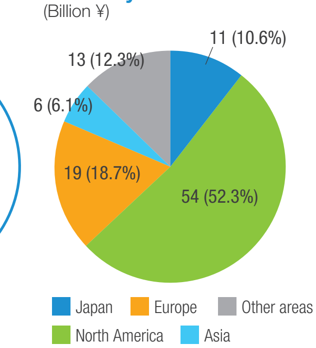
Grizzly 350

Major products:
All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines

% of net sales



Sales by market

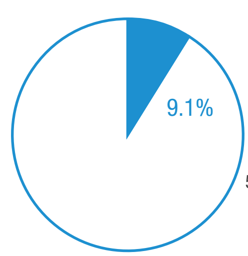


Other Products

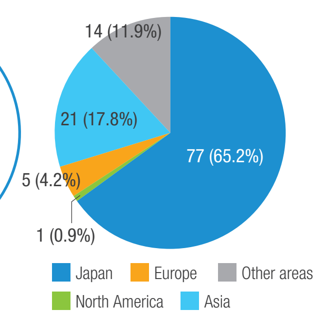
PAS Raffini

Major products:
Surface mounters, industrial robots, automobile engines, automobile components, electrically power assisted bicycles, unmanned industrial helicopters, electrically powered wheelchairs and intermediate parts for products in all business segments

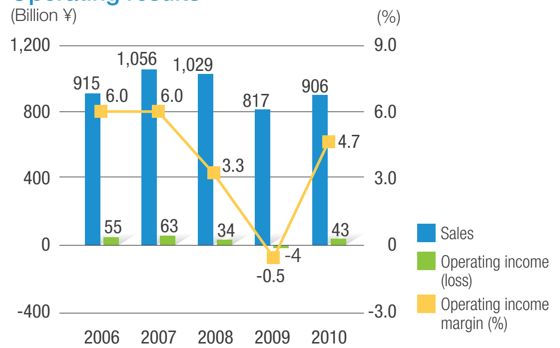
% of net sales



Sales by market



Operating results



Business review:

During the fiscal year ended December 31, 2010 ("fiscal 2010"), unit sales in the developed markets of Japan, North America and Europe declined on lower-than-anticipated demand, and this combined with a stronger yen led to a decline in net sales. The ASEAN region saw an increase in the number of units sold, and net sales grew, as a result of closely targeted regional marketing and the aggressive introduction of new models. Sales also recovered in Central and South America, led by Brazil, on employment growth and increased retail consumption.

As a result, net sales rose ¥88.9 billion, or 10.9%, to ¥906.0 billion, and operating income improved by ¥46.9 billion ($575.4 million), to a ¥42.7 billion ($524.5 million) profit.

Reference Information
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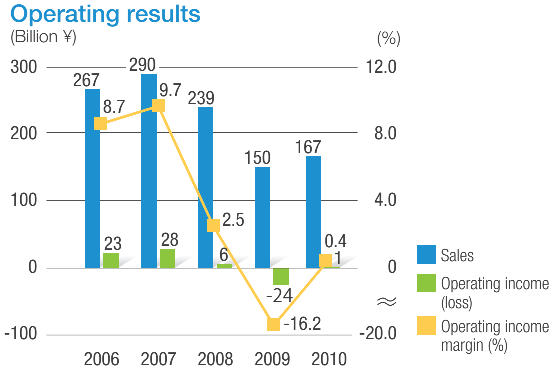
Operating results



Business review:

The outboard motor business recovered on a rebound in sales in North America and other developed markets from the introduction of new, large, next-generation 4-stroke outboard motors, and a contribution from solid results in Brazil, Russia, Asia and other emerging markets.

As a result, net sales of marine products rose ¥17.0 billion ($209.0 million), or 11.3%, to ¥167.1 billion ($2,051.1 million), and operating income improved by ¥25.0 billion ($307.1 million), to a ¥0.7 billion ($9.2 million) profit.

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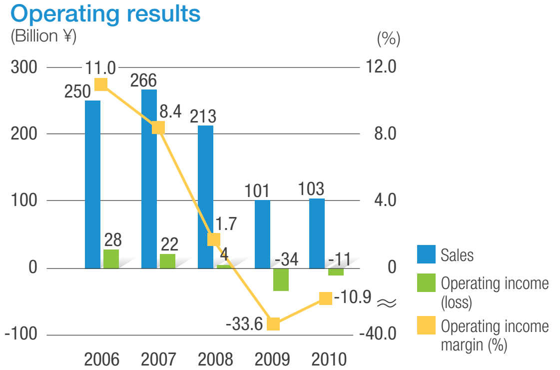
Operating results



Business review:

U.S. retail sales of all-terrain vehicles (ATVs) declined, but wholesale shipments rose, reflecting the previous year's inventory adjustments.

As a result, net sales rose ¥2.4 billion ($29.3 million), or 2.4%, to ¥103.0 billion ($1,263.6 million), and the operating loss narrowed by ¥22.5 billion ($276.3 million), to ¥11.3 billion ($1,448.6 million).

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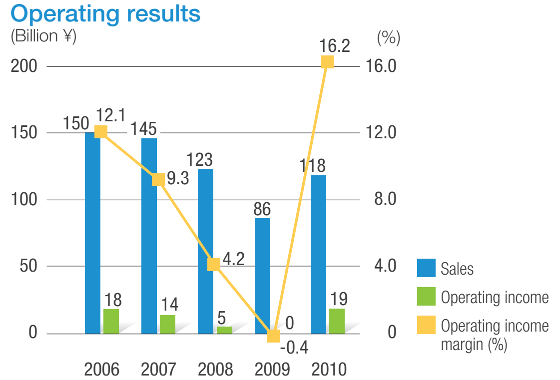
Operating results



Business review:

Sales in the intelligent machinery (IM) business doubled as demand recovered, and the PAS business recorded solid sales growth as well.

This resulted in a ¥32.2 billion ($394.5 million), or 37.4%, increase in net sales, to ¥118.0 billion ($1,448.6 million), with a ¥19.5 billion ($238.8 million) improvement in operating income, to a ¥19.1 billion ($234.1 million) profit.

Reference Information
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Message from the Management

Hiroyuki Yanagi
President, Chief Executive Officer
and Representative Director

Takaaki Kimura
Senior Managing Executive Officer
and Representative Director

To Our Stakeholders

We will continue to offer new excitement and a more fulfilling life for people all over the world, as an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market.

The fiscal year ended December 31, 2010 saw the Yamaha Motor group shift to a new management structure. This was also our first year under our new Medium-Term Management Plan for the three-year period from 2010 to 2012, and we would like to take this opportunity to provide stakeholders with a summary of the year's developments, and our outlook for the future.

Looking Back at Fiscal 2010

The Yamaha Motor group achieved a turnaround in its operating results in fiscal 2010, with consolidated net sales of ¥1,294.1 billion, operating income of ¥51.3 billion, ordinary income of ¥66.1 billion and net income of ¥18.3 billion.

Looking back at the performance of our business segments during the year, motorcycle unit sales increased beyond expectations in growing emerging markets. Although motorcycle unit sales fell short of estimates in developed markets, progress was made in bringing market inventories to appropriate levels in the United States. The markets for outboard motors and the Intelligent Machinery business recovered as well. Steady progress was made with regard to the reorganization issues of our manufacturing layout in Japan, reforming the structure, cost reductions and restructuring of business segments. We also addressed the issues of strengthening competitiveness in motorcycles in emerging markets, next-generation environmentally friendly engines and Smart Power* under our growth strategy. In addition, we strengthened our financial base with a turnaround to profitability, inventory reductions and a capital increase via public offering.

These results were achieved by focusing on shared goals for management restructuring, working toward those goals comprehensively as a group, and with the support of our vendors.

*Smart Power: New power sources, primarily for electric vehicles, designed to create a new paradigm of mobility

Medium-Term Management Plan—Continuing Structural and Foundation Reforms and Shifting the Footing Towards Growth

The Medium-Term Management Plan aims to transform the management structure to achieve sustainable growth by 2012, with interim targets of achieving profitability on an operating income basis (2010); stabilizing earnings to offset factors like the yen's appreciation (2011); and achieving a consolidated operating income margin of 5% (2012). Nevertheless, given the increased importance of addressing an even stronger yen, we are also working to reform the management foundation with the aim of being able to maintain profitability at exchange rates of ¥80/U.S. dollar and ¥105/euro.

In terms of our growth strategy, we are working aggressively to expand the scope of our business in emerging markets. In addition, we are working to expand existing fields of business and pursue new business along the three vectors of "creating fulfilling lifestyles," "creating enjoyment in personal mobility" and "creating innovative technologies that harmonize with people, the Earth and society."

The basic direction of the Medium-Term Management Plan has three components. The first is the existing issue of carrying out structural reforms, and the second is our continuing to address short-term, medium-term and long-term issues to reform our management foundation. At the same time, there is a third component of shifting the footing towards growth.

Evolving as a Corporate Group into an Excellent Engineering, Manufacturing and Marketing Enterprise, with a Prominent Presence in the Global Market

As we pursue this Medium-Term Management Plan with a view to the future, we would like the entire Company to share a common and clear vision of the company Yamaha Motor should be. That identity can be summarized as:

Pride in the Company's strengths

Yamaha Motor has succeeded in returning to profitability from a record loss. Going forward, we want Yamaha Motor to be a company that is strong in the face of adversity, using the strength of the entire group, with pride in our corporate strengths.

Acting with speed, a spirit of challenge and persistence

Yamaha Motor will strive to change the way we work and keep the Company moving forward. Individuals who understand the importance of speed; are willing to take on challenges; and work persistently will have important roles to play. Bringing together this type of individual creates a strong corporate climate. We will work to make Yamaha Motor a company in which every employee shares the values that these three action guidelines embody.

Being "an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market"

Throughout its 55-year history, Yamaha Motor has manufactured excellent products and brought *Kando** to customers all over the world. The key to this success has been excellence in engineering and manufacturing, backed by combined strengths in planning, development, production, procurement and marketing. We must continue to exceed the expectations of our customers by pursuing the next breakthroughs in engine technology, creating enjoyment in personal mobility and branching out into new technological fields. By working toward these goals, Yamaha Motor aims to be an excellent enterprise that takes on engineering, manufacturing and marketing challenges, and has a prominent presence in the global market.

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

To Our Stakeholders

Although our consolidated business performance is showing a recovery in earnings, we were not able to eliminate our cumulative loss on a non-consolidated basis in fiscal 2010. As a result, we regret to inform shareholders that we feel it is necessary to forgo a dividend payment for the year, and kindly ask for your understanding. We are putting all of our efforts into being able to resume dividend payments at an early date.

The general operating environment in 2011 remains basically unchanged, with weakness in developed markets and growth in emerging markets. In addition to the possibility of an even stronger yen, we are concerned about the impact from the unprecedented earthquake that struck northeastern Japan and the resulting problems at the nuclear power plant in Fukushima Prefecture.

We extend our sincerest condolences to the many victims of this disaster and will continue to do our utmost to extend whatever assistance we can to provide relief. We will also closely follow the status of recovery at our materials and parts manufacturers that suffered damage, and adjust our operating plans accordingly. In the event we anticipate any major impact to Yamaha Motor's earnings going forward, we will report on that development in a timely manner.

These events are seen presenting the greatest difficulties and hardships that the Japanese economy has experienced in the postwar period. Nevertheless, management and the entire Yamaha Motor group will work together and put every effort into meeting the expectations of stakeholders and building toward the future, and we ask for your ongoing support.

April 2011

Hiroyuki Yanagi
President, Chief Executive Officer
and Representative Director

Takaaki Kimura
Senior Managing Executive Officer
and Representative Director

We are continuing structural and foundation reforms, while shifting the footing towards growth

BUSINESS RESULTS FOR FISCAL 2010

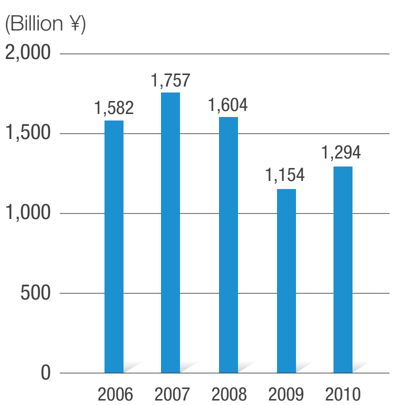
Q1 Please give us a recap of Yamaha Motor's business results for fiscal 2010 when the Company returned to profitability on an operating income basis.

The significant rebound in performance was the result of an increase in motorcycle unit sales in emerging markets and a recovery in sales of outboard motors and intelligent machinery, combined with structural reforms.

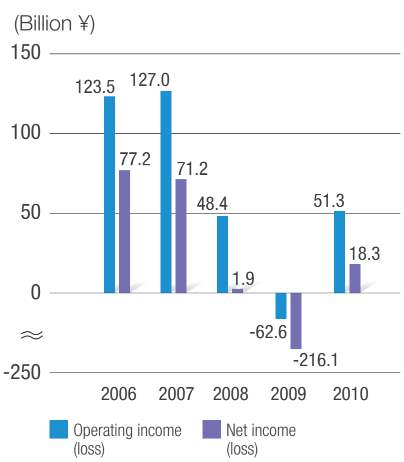
The economic environment saw a sluggish recovery in Europe and the United States. Despite signs of improvement in consumer spending in the United States, an improvement in employment conditions lagged, and Europe experienced financial crises in countries bordering the euro zone. On the other hand, the trend of economic growth continued in emerging markets, especially in Asia.

Against this backdrop, even though Yamaha Motor's consolidated net sales suffered due to the yen's appreciation, growth in motorcycle sales in emerging markets and a recovery in sales of outboard motors and surface mounters resulted in consolidated net sales of ¥1,294.1 billion.

Net sales



Operating income (loss) and net income (loss)



In terms of profit, despite the negative impact from a stronger yen and higher prices for raw materials, increased sales led to a higher gross profit, and with decreased depreciation and personnel expenses from structural reforms and other cost reductions, we achieved an operating income of ¥51.3 billion (a ¥113.9 billion improvement from fiscal 2009) and ordinary income of ¥66.1 billion (a ¥134.5 billion improvement). Reflecting ¥103.7 billion in restructuring expenses recorded in the previous year, net income improved by ¥234.4 billion to ¥18.3 billion.

Recovery in operating performance was the result of focusing on shared goals for management restructuring, and working toward those goals comprehensively as a group. This led to achieving our fiscal 2010 target under the Medium-Term Management Plan of returning to profitability on a consolidated operating income basis.

Q2 What strategies did you implement in emerging and developed markets?

In emerging markets, we increased production capacity in line with growth in motorcycle unit sales.

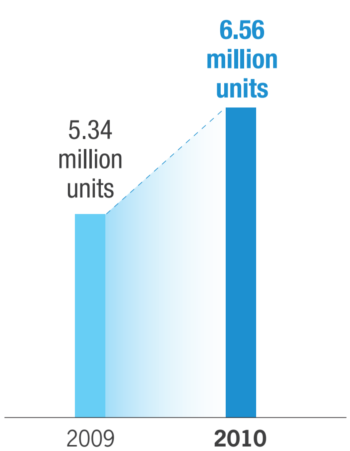
In developed markets, we saw a recovery in the marine products business.

Yamaha Motor's motorcycle unit sales in emerging markets grew 22.8% from fiscal 2009, to 6.56 million units, by actively introducing new products and strengthening our sales network. In anticipation of further growth, we also increased our production capacity to 3.60 million units in Indonesia, and to 1.00 million units in Vietnam.

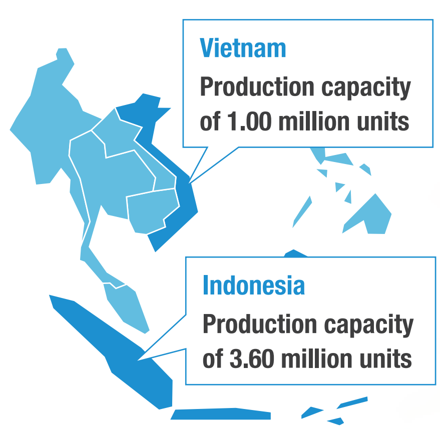
In developed markets, demand for motorcycles was lower than anticipated, and with the additional impact of a stronger yen, sales declined from the previous year. At the same time, we optimized our market inventory in the United States, bringing it in line with current demand. The marine engine business recorded sales growth as both retail sales and wholesale shipments exceeded the previous year. This was the result of inventory adjustments carried out in 2009 and the introduction of newly developed next-generation environmentally friendly engines (four models). We also signed a joint development agreement with AB Volvo Penta, the Swedish marine engine manufacturer for the development of electronic control systems for boats powered by outboard motors. We will utilize the strengths of both companies to further enhance our market competitiveness, and provide high-quality, highly dependable products to the global marine market.

The markets in emerging nations

Expanding motorcycle unit sales



Increasing production capacity



STRUCTURAL REFORMS

Q3 What progress was made in reorganizing the manufacturing layout in Japan?

We are shifting our focus from “market size-dependent” to “break-even-point” operations.

We are shifting the focus to “break-even-point” operations, and reorganizing our manufacturing layout in Japan. This aims to reform our earnings structure for developed markets so that profitability can be maintained even with domestic production of 200 thousand units for motorcycles, 230 thousand units for outboard motors and 100 thousand units for ATVs.

Our manufacturing layout in Japan will be reorganized from 12 factories/25 units to 7 factories/14 units. During 2010, we reduced the number to 11 factories/21 units.

We are also striving to extend companywide activities such as “theoretical-value-based production” and “*Zensuu Ryouhin* Process Activities*” to our group companies.

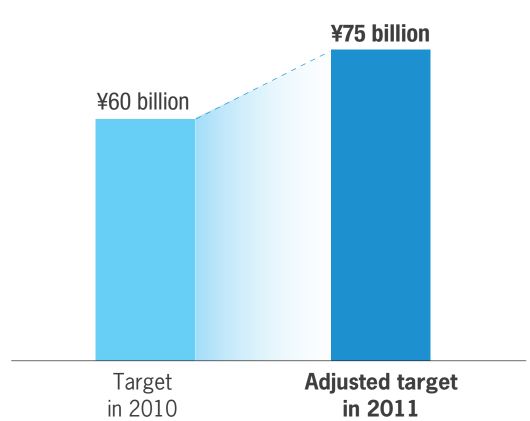
**Zensuu Ryouhin* Process Activities: Activities pertaining to the *Zensuu Ryouhin* Process, a process that allows for the logical designing and sustenance of consistently high-quality products

Q4 What cost-cutting measures were taken?

We have reached 90% of our initial target in cost reductions, and we are now working towards an even higher target.

To reduce the cost of procured parts, we are carrying out PRO-10 (cost reduction) activities with the aim of reducing costs by ¥60 billion over the three years to 2012, and as of the end of 2010 we had already achieved 90% of this target. We are now building on these PRO-10 activities, and have raised our target for 2012 from ¥60 billion to ¥75 billion.

Saving targets from parts procurement costs (2010–2012)



In Japan, we have established the Cost Innovation Section to reform the cost structure by integrating design, manufacturing technologies, and procurement functions, and through "concurrent" and "theoretical-value-based production" activities with our suppliers, we are making steady progress in cost reductions. In Asia, which accounts for 60% of our total procurement in terms of value, we are cultivating local manufacturers in China and India and rolling out domestic activities like the promotion of "concurrent activities in ASEAN." We are also building a structure for global concurrent activities, and promoting interchangeable parts among overseas group companies.

Q5 What other progress has been made in structural reforms?

We are proceeding on schedule under the Medium-Term Management Plan.

With regard to structural reforms, 932 staff at our headquarters applied for the voluntary retirement scheme in October 2010, and we also reduced the number of our employees by 350 in Europe and the U.S. Decisions were also made to sell our domestic water purifier business and withdraw from the life science business to concentrate on our core businesses.

Q6 How is the "affordably priced motorcycle" strategy progressing?

GROWTH STRATEGY

Volume segment models introduced in China and India are showing solid sales. We intend to launch affordably priced models in other markets around the world.

During 2010, we launched the affordably priced YB125-Z in China and the affordable 150cc SZ series in India, and both have been well received. Yamaha Motor is leveraging its brand image established in emerging markets with high-quality, high-value-added models to accelerate the introduction of new products in the affordably priced motorcycle zone, the largest volume segment in the Chinese and Indian markets.

Going forward, we intend to introduce affordably priced models globally, while focusing on China and India.

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Q7 How about the strategy of “Promoting FI* in ASEAN”?

We are aiming to increase the percentage of FI models in the ASEAN market, and have established a local fuel injection production system capable of producing one million units.

In cooperation with parts manufacturers, in 2010 we established a local FI production system capable of producing one million units in order to proactively launch models with FI systems like the YM-JET-FI for scooters and commuter vehicles. Fuel efficiency is a high priority in the ASEAN market, and we are addressing the needs of customers by increasing the percentage of FI models.

In addition to enhancing the strength of our products, we are also working to make FI models at the same cost as carburetor models, and aim to increase profitability through economies of scale.

*FI: Fuel injection

Q8 Tell us about the development of “next-generation environmentally friendly engines.”

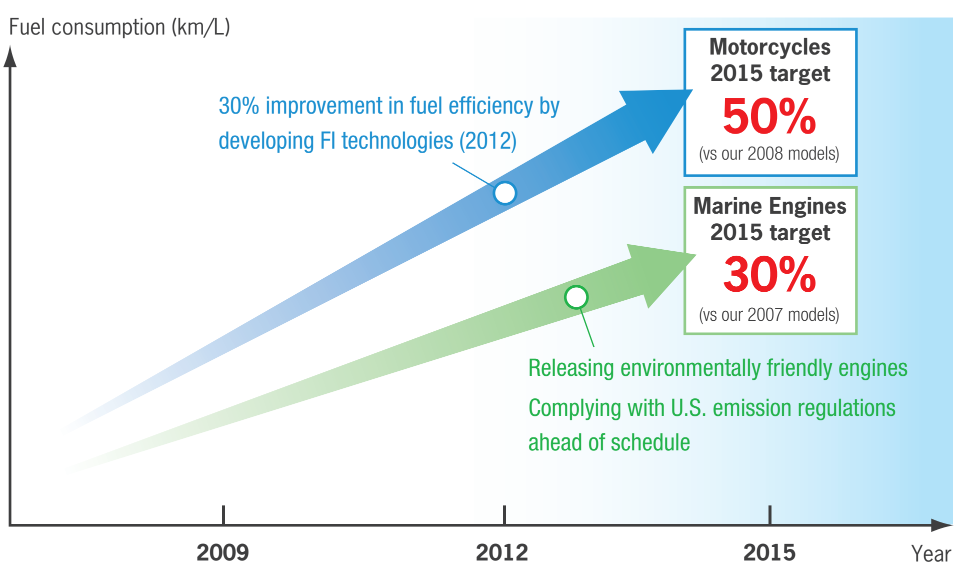
We are strengthening our product competitiveness in commuter vehicles in the ASEAN market through better fuel efficiency.

Outboard motors have experienced a recovery in sales driven by the launch of four next-generation models.

In the motorcycle business, we are working to further refine our proprietary FI system with the aim of improving fuel efficiency in 2012 models by 30% compared with our 2008 models, and by 50% in 2015 models. This improved fuel efficiency will enhance our product competitiveness in commuter vehicles in the ASEAN market, and lead to increased sales.

The outboard motor business saw sales recover, driven by the introduction of four new models of next-generation, 4-stroke large outboard motors that combine speed with fuel efficiency. Steady progress is also being seen in the development of next-generation, environmentally friendly engines that significantly improve fuel efficiency. We are accelerating our development of cutting-edge environmental technologies, with the aim of improving fuel efficiency by 30% in 2015 models compared with our 2007 models.

Next-generation environmentally friendly engines




Lexam


F300B

Q9 How is the development of "Smart Power" progressing?

We have launched the EC-03 electric motorcycle in Japan, and the PAS business has experienced solid growth.

We are striving to meet expectations for next-generation personal mobility.

"Smart Power" will play a key role in next-generation transport infrastructure, and as part of this movement Yamaha launched the EC-03 electric motorcycle in Japan in September 2010. Our initial sales target called for 1,000 vehicles in the first full year from the launch date, and as of the end of December 2010 wholesale sales had already reached approximately 1,000 units, prompting us to raise our sales target to 2,000 units.

We also plan to introduce the EC-03 in Europe and Taiwan in 2011. At the same time, the PAS electrically power assisted bicycle business recorded a 17% increase in 2010 unit sales, to 93 thousand complete units, as a result of our proprietary S.P.E.C.3* system. By promoting Smart Power, both businesses are working to meet expectations for personal mobility that conforms to a low-carbon society.

*S.P.E.C.3: Shift Position Electric Control and in-hub 3-speed gear mechanism

Q10 What is your stance on investing in research and development?

We are strengthening our investment in research and development to "lay the groundwork for future growth."

During 2010, we proactively worked to cultivate new markets, with the development of new, cost-competitive motorcycles for emerging markets, the development of next-generation environmentally friendly engines and the introduction of the EC-03 electric motorcycle.

We also procured ¥74.6 billion in capital through a public offering in April 2010, to accelerate development investment to lay the groundwork for future growth and strengthen our financial foundation. Of this amount, ¥19.3 billion is slated for development of affordably priced commuter vehicles in emerging markets, ¥34.7 billion is being used to promote FI vehicles in ASEAN and develop next-generation environmentally friendly engines, and ¥8.0 billion is being allocated to Smart Power. Having secured stable, long-term capital, we are well on our way to laying the groundwork for future growth.

STRENGTHENING THE FINANCIAL FOUNDATION

Q11 What is the status of strengthening the financial foundation?

We are aiming to achieve our Medium-Term Management Plan targets, originally set for 2012, one year ahead of schedule.

Inventory reductions and the return to profitability generated ¥66.9 billion of free cash flow in 2010, and we reduced gross interest-bearing debt by ¥77.5 billion, to ¥322.4 billion from ¥399.9 billion. In addition, with the ¥74.6 billion public offering we secured funds for research and development and bolstered shareholders' equity. This increased cash and deposits to ¥205.3 billion as of the end of 2010 from ¥137.3 billion at the end of 2009 (a ¥68.0 billion increase), and net assets grew to ¥310.8 billion from ¥249.3 billion (a ¥61.5 billion increase).

As a result, net interest-bearing debt was reduced by ¥145.5 billion, to ¥117.1 billion as of the end of 2010 from ¥262.6 billion at the end of 2009; the debt-equity ratio improved to 1.2 from 1.9; and the equity ratio rose to 28% from 22%, for a significantly stronger financial foundation.

Q12 Given the recovery in business results, what is your thinking with regard to shareholder returns?

We will strive to stabilize the management foundation in order to resume dividend payments at an early date.

Although 2010 showed a steady recovery in Yamaha Motor's business results, we were not able to eliminate our cumulative loss on a non-consolidated basis, and felt it necessary to forgo dividend payments for the year. I kindly ask our shareholders for their understanding.

In order to prepare for future dividend payments, we have eliminated the non-consolidated-basis cumulative loss in 2011 through reductions of additional paid-in capital and legal reserve and the appropriation of surplus, to apply retained earnings brought forward to the disposition of the deficit as approved at the Ordinary General Meeting of Shareholders held in March 2011.

Going forward, we will make every effort to generate profit to make it possible to resume dividend payments at an early date.

Q13 What do you see as issues to be addressed in the foreseeable future?

We will continue to work on the issues currently being addressed under the Medium-Term Management Plan, while repositioning to lay the groundwork for future growth.

Our basic outlook for the economic environment—a gradual recovery in developed markets and growth in emerging markets—remains unchanged. Nevertheless, in addition to the unchanging trends of higher prices for crude oil and raw materials and a stronger yen, coupled with the earthquake and tsunami that struck northeastern Japan and the resulting problems at the nuclear power plant in Fukushima, we recognize that the operating environment will be extremely difficult.

In order to continuously generate growth in this environment, we will continue to work on issues including ongoing structural and management foundation reforms to be able to maintain profitability at exchange rates of ¥80/U.S. dollar and ¥105/euro, cultivating new markets and entering new business fields. We will also accelerate our efforts under the Medium-Term Management Plan announced in February 2010, to stabilize earnings in 2011 despite the negative impact of factors including a stronger yen, and aim to achieve a consolidated operating income margin of 5% in 2012.

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MEDIUM-TERM MANAGEMENT TARGETS FOR 2012

Management foundation reforms, growth scenario

Q14 How are you transforming the management foundation (to address the appreciation of the yen)?

We are transforming the management foundation to be able to maintain profitability at exchange rates of ¥80/U.S. dollar and ¥105/euro.

Based on the assumption that the yen will continue to appreciate, we are transforming our management foundation from a short-term, medium-term and long-term perspective to achieve an earnings structure that is able to maintain profitability at exchange rates of ¥80/U.S. dollar and ¥105/euro.

For the short term, we are further reducing business costs. Over the medium term, we will eliminate our excessive dependence on scale, maintain production volumes in Japan that are clear of the break-even point and generate marginal profit.

Looking to the long term, we are striving to add value to headquarters functions. The headquarters is specializing in the development of cutting-edge technologies, while promoting the localization of product development. In terms of production, we will diversify our production line while maintaining low production volume, and will further consolidate and streamline administrative functions.

Future growth scenario

Q15 Please tell us about developments in emerging markets.

We are strengthening our local production capacity and accelerating the diversification of our product lineup in line with growth in motorcycle unit sales in emerging markets.

Along with continuing to proactively invest in growing markets for the motorcycle business, we will accelerate our growth in emerging markets by promoting the development of various products in promising markets for products like marine products and generators.

In the motorcycle business, total demand in emerging markets is expected to grow to 58 million units in 2012, for a 12 million-unit increase from 46 million units in 2009. Yamaha Motor's 22.8% growth in 2010, to 6.56 million units, outpaced that of the total market. We are aiming for annual growth in the one million-unit range, and are forecasting an increase to 8.40 million units in 2012.

To achieve this, we will increase our production capacity in Indonesia to 4.00 million units, introduce affordably priced models in China and India, incorporate FI in ASEAN models, increase sales in Central and South America, and cultivate markets in Africa.

Furthermore, we expect robust growth in demand for various products handled by our other businesses, including marine products and power products in emerging markets with economic growth potential. Our marine products business has begun to provide boat builders with technological assistance for pleasure boats aimed at the high net worth individual sectors in Brazil and Russia. In China, we are strengthening our cost competitiveness with an integrated production structure for generators, and are aiming for full-scale global sales.

We will develop a variety of products for promising markets, by building on the superior reliability of the Yamaha brand and the sales network that we have built in emerging markets.

Q16 What do you see as new growth areas?

By creating new values, we aim to become an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market.

The Yamaha Motor group has announced three directions for its engineering, manufacturing and marketing as a future growth scenario for the years from 2010 to 2020—"creating fulfilling lifestyles," "creating enjoyment in personal mobility" and "creating innovative technologies that harmonize with people, the Earth and society." By pursuing this scenario, we aim to become an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market. The Yamaha Motor group is shifting the footing towards growth and expanding its business scope by developing marine products, power products and a range of other products in emerging markets. Under the Medium-Term Management Plan, we are aiming for consolidated net sales of ¥1,500 billion with an operating income margin of 5% in 2012, the final year of the plan, and looking further into the future, we are working toward a goal of consolidated net sales of ¥2,000 billion.

SPECIAL FEATURE 1

Growth Continues in Emerging Markets

Trends in five ASEAN countries

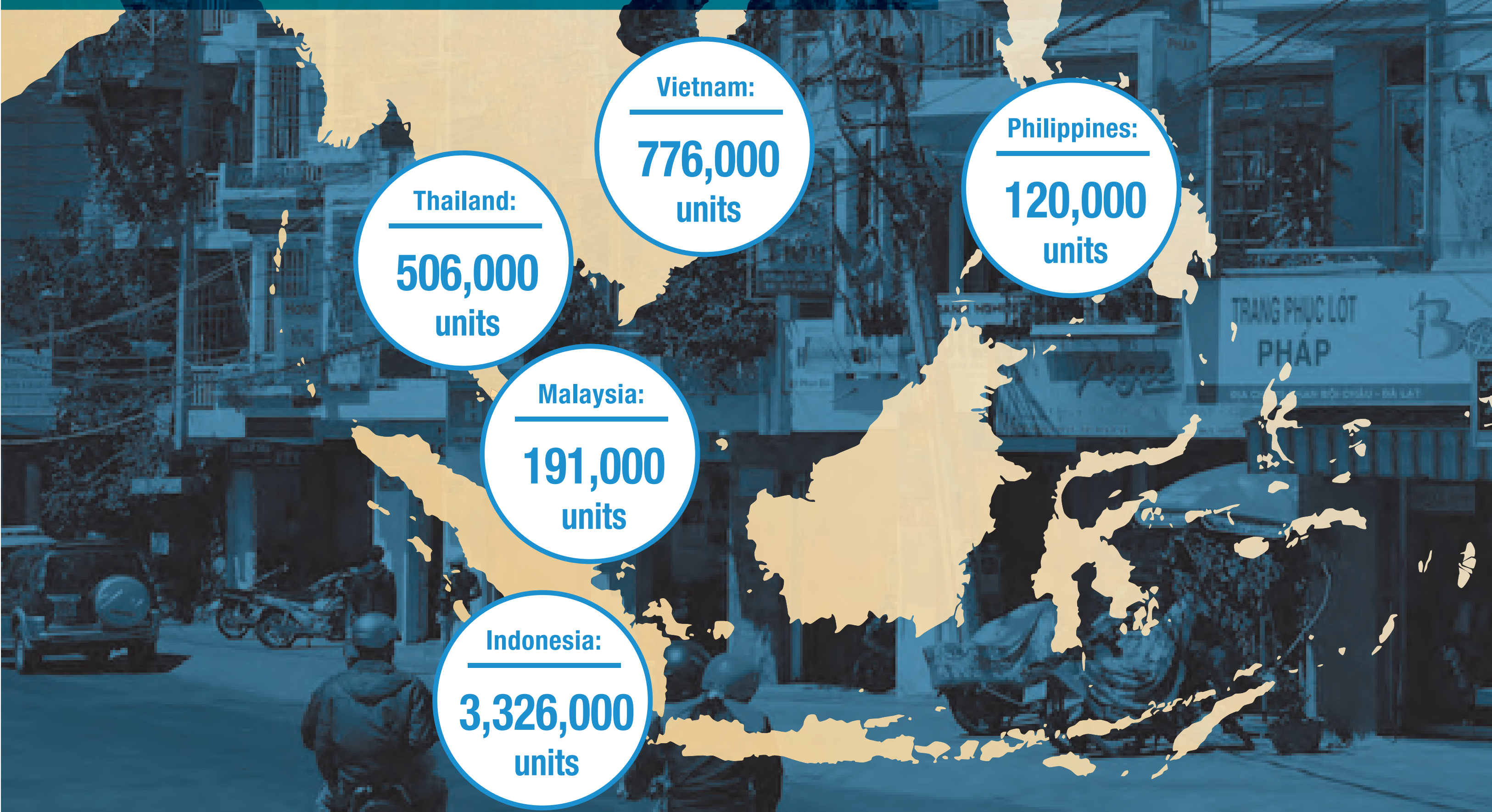
The Yamaha Motor group views the ASEAN market as a strategic region where solid growth continues, and is working to achieve “quantitative and qualitative expansion in emerging markets” by establishing both product competitiveness and profitability.

Note: ASEAN = Indonesia, Thailand, Vietnam, the Philippines and Malaysia

Yamaha Motor’s unit sales in five ASEAN countries (2010)

4,919,000 units

(3,983,000 units in 2009)

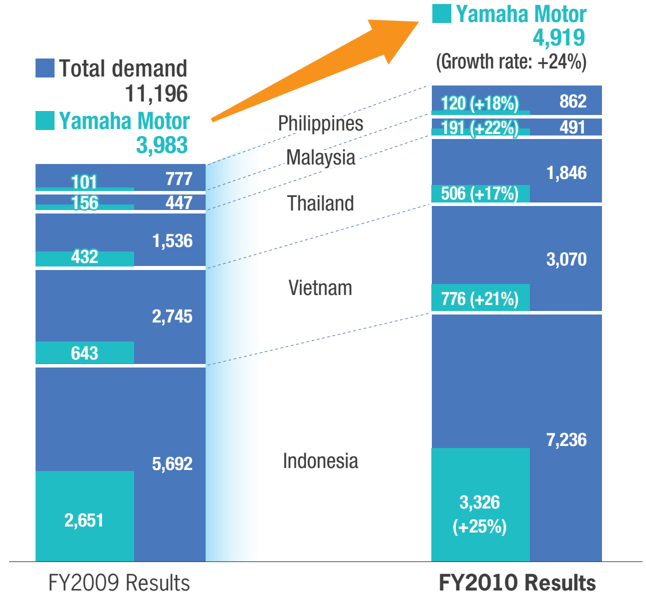


Activities in the ASEAN market

Increase in unit sales outpaces overall demand growth

Emerging market economies continued to grow in 2010, and motorcycle sales were solid. Overall motorcycle demand in the five ASEAN countries in which Yamaha Motor operates (Indonesia, Thailand, Vietnam, the Philippines and Malaysia) grew 20.6% from the previous year, to 13.51 million units, on infrastructure improvements and rising consumer sentiment. The Yamaha Motor group bolstered its lineup with the introduction of new products and carried out proactive sales activities in each market. As a result, our unit sales in these five major ASEAN markets grew 23.5%, to 4,919 thousand units, far outpacing the increase in overall demand.

Yamaha Motor motorcycle unit sales by country in main ASEAN markets
(Thousand units)



Note: Demand figures stated herein are based on Yamaha Motor's surveys.

New models (Market launch dates)

Mio 125
(Thai: Feb. 2010)

Xeon
(Indonesia: May 2010)

Lexam
(Vietnam: Nov. 2009)

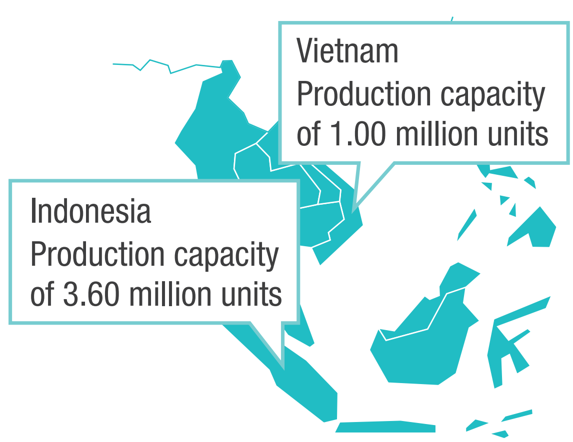
Increasing production capacity to support sales growth

The Medium-Term Management Plan sets a target of increasing our unit sales in the ASEAN market to roughly six million units by fiscal 2012, from roughly four million units in 2009, in line with the remarkable growth in demand in these five markets.

During 2010, we reorganized our manufacturing structure and now have completed vehicle production capacity of 3.60 million units in Indonesia and 1.00 million units in Vietnam. We have also begun to further increase our production capacity in Indonesia, to establish a structure that will be able to produce 4.00 million units in fiscal 2012.

New model launches lead to increased confidence in Yamaha Motor

Since launching the first commuter vehicle with automatic transmission in Thailand in 2002, the Yamaha Motor group has introduced a variety of mainline automatic transmission models as well as manual transmission models for the ASEAN market. We have established brand loyalty based on a high level of customer confidence by addressing local needs through fine-tuned marketing and a rich product lineup, and by creating synergies across our solid sales networks in each market.



Lexam

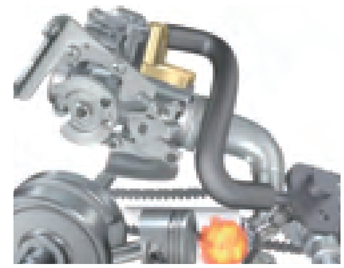
Establishing both product competitiveness and profitability in motorcycles

We are reorganizing our production structure for our five ASEAN markets to produce models equipped with fuel injection (FI) systems at the same cost as conventional carburetor-equipped models, and to increase profitability through economies of scale. This will allow us to establish a high reputation within the market for Yamaha Motor products while at the same time securing earnings strength as a business. Working with our core suppliers, we established an FI production structure in 2010 that can locally produce one million units.

We are also pursuing PRO-10 (cost reduction) activities through concurrent engineering and by making motorcycle parts interchangeable across Asia, to establish both product competitiveness and profitability in our ASEAN motorcycle business.

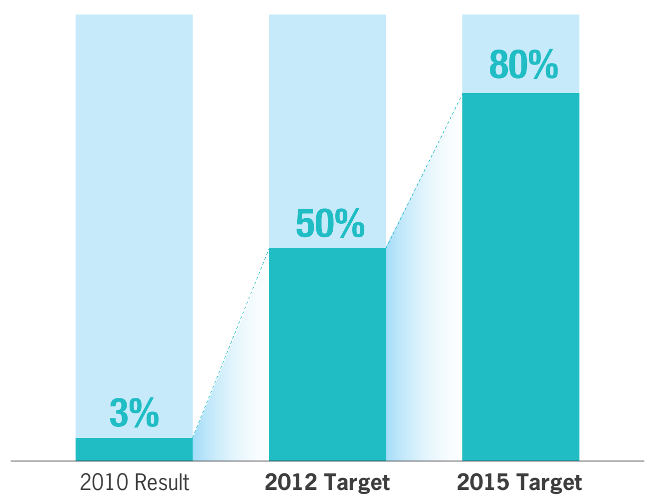
Promoting FI-equipped models

Faced with sharply higher fuel costs, improved fuel efficiency is a major factor in the ASEAN markets. The Yamaha Motor group is accelerating the shift from conventional models that use carburetors to a highly fuel-efficient fuel injection system that incorporates our proprietary technology, while at the same time aggressively introducing models equipped with our YM-JET-FI fuel injection system for scooters and commuter vehicles. We are also working to establish an even stronger presence in the ASEAN market by developing technologies that aim to improve fuel efficiency by 30% in fiscal 2012 models, and by 50% in 2015 models compared with 2008 models.



YM-JET-FI

Ratio of FI-equipped models



LOCAL REPORT Striving to provide even better products and services

Yamaha Motor's commuter vehicles and other products provide the people of the ASEAN market with fulfilling lives as an important means of everyday transportation. Because people purchase products that they need and that have value, we must continuously strive to provide customers with better products and services at a price they will accept.

The ASEAN region continues to show remarkable growth, but competition is intensifying as other companies strengthen their products and promotional activities. Yamaha Motor is aiming for even higher growth by further enhancing its customer service, qualitatively and quantitatively reinforcing its sales network, and working to continuously strengthen the Yamaha brand.

Eiji Tada, General Manager
Asia Marketing & Sales Division, 1st Business Unit, Motorcycle Business Operations

Activities in Chinese and Indian markets

China:

700,000 units

India:

259,000 units

Yamaha Motor's sales in China and India (2010)

959,000 units

(827,000 units in 2009)

Accelerating launches in affordably priced segment

Using Yamaha Motor's brand image to increase sales

In China and India—the world's largest and second-largest motorcycle markets—we are aggressively introducing affordably priced models utilizing the Yamaha brand image and market presence developed in high-quality, high-value-added models in the ASEAN market, under our unified strategy of "quantitative and qualitative expansion in emerging markets." Our aim is to increase the affordably priced models to 60% of emerging markets by fiscal 2012.

As a first step, we launched the affordably priced YB125-Z in August 2010, and in India we introduced the SZ series as a lower-priced version of the popular FZ series. Both models recorded strong sales, and contributed to the motorcycle business's return to profitability in fiscal 2010. We plan to continue to introduce very affordably priced models in both markets from 2011.

YB125-Z

HIGHLIGHT Efforts to achieve low prices

Underlying the launches of affordably priced models in the highly competitive Chinese and Indian markets is the Yamaha Motor group's proprietary parts procurement and manufacturing system, which was established as part of the business restructuring under the Medium-Term Management Plan.

As one part of the PRO-10 (cost reduction) activities to maintain "product competitiveness and profitability" under the plan, a framework is being established across Asia for low-cost production and procurement by accelerating parts procurement in China and India, the use of common platforms and making motorcycle parts interchangeable.

Going forward, we plan to export these affordably priced models produced in China and India to markets in Turkey and Africa, introduce models with common specifications in the ASEAN and Central and South American markets, and roll out affordably priced Asian models globally.

SZ-X

EC-03

SPECIAL FEATURE 2

Developing and Launching Smart Power Technologies

Smart Power is a general term for Yamaha Motor's new power sources, which were primarily developed for electric vehicles and designed to create a new paradigm of mobility. By developing and introducing Smart Power vehicles that "provide enjoyable and sustainable mobility," Yamaha Motor aims to become a world leader in next-generation personal mobility.

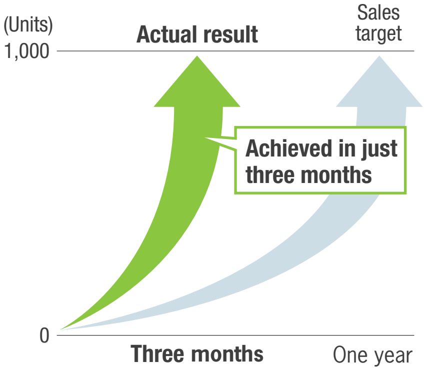
Motorcycle business

EC-03

Launching the EC-03 electric motorcycle in Japan

In 2002, Yamaha Motor became the first manufacturer to market a production-model electric commuter, the Passol, as a "Smart Minimal Commuter" designed to play a role in next-generation urban transportation. The EC-03 electric motorcycle for the Japan market was announced in September 2010, marking Yamaha Motor's return to the electric motorcycle business. With a smooth ride from an electric motor with zero exhaust emissions, the EC-03 sports a slim body that is distinct from conventional Class-1 category scooters. Expectations are high for the EC-03's role as a new-age "Smart Minimal Commuter" for traveling short distances in cities striving to achieve a "low-carbon society" status.

Sales target achieved in just three months



Orders outpacing annual sales plan

In addition to its slim design and comfortable ride, the highly functional EC-03 can be recharged from an ordinary grounded 100-volt residential outlet. Sales have been strong, with orders during the first three months after the release already reaching the initial sales target of 1,000 units within the first year from the date of launch. Going forward, we plan to roll out the EC-03 in overseas markets including Taiwan and Europe in 2011. Along with developing variations and a commercial model, we are making technological advances in terms of batteries, motors, core control technologies and production costs, with the aim of achieving the top share in the global electric motorcycle market.

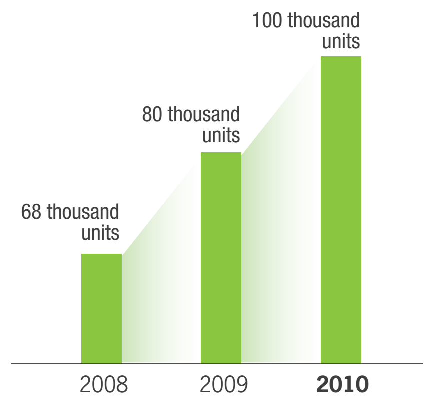
PAS electrically power assisted bicycle business

Expecting growth in the PAS electrically power assisted bicycle business

As part of our development of Smart Power, the Yamaha Motor group's PAS electrically power assisted bicycle business continues to record steady growth in Japan as well as the European markets. We have improved our products and expanded our lineup to comply with regulations allowing two infant passengers, and by developing products from the perspective of customer convenience we are enhancing our image as a pioneering manufacturer. During fiscal 2010, we announced new models that incorporate our proprietary S.P.E.C.3* system with a highly durable in-hub 3-speed gear mechanism for a powerful assisted ride.

*S.P.E.C.3: Shift Position Electric Control and in-hub 3-speed gear mechanism

Increase in volume of actual unit sales



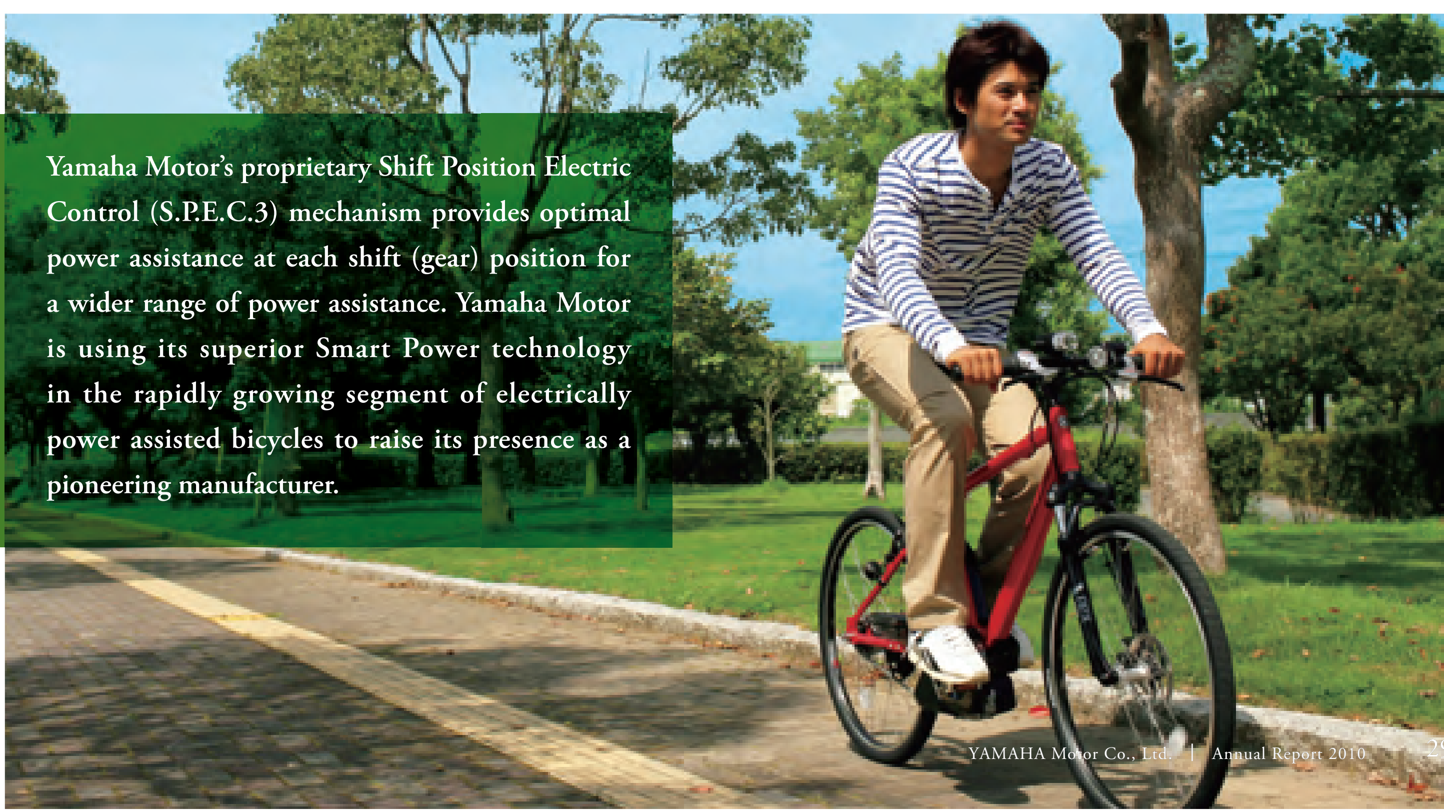
PAS Raffini

Activities in the Japanese market, rapidly growing European market

Accelerating sales network expansion and strengthening services to maintain high growth rates

Sales in Japan of electrically power assisted bicycles maintained high growth in 2010, totaling 384 thousand units. We are working to raise market recognition of the Yamaha name, expanding our sales network and strengthening services, and conducting sales promotions including test-ride events, with the aim of securing a 30% share of the Japanese market. The European market is also showing a rapid 50% annual growth rate. In addition to increasing our supply of power assisted units to local bicycle manufacturers, we are considering the introduction of completed vehicles in this market going forward.

PAS Brace-L

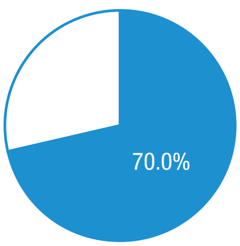


Yamaha Motor's proprietary Shift Position Electric Control (S.P.E.C.3) mechanism provides optimal power assistance at each shift (gear) position for a wider range of power assistance. Yamaha Motor is using its superior Smart Power technology in the rapidly growing segment of electrically power assisted bicycles to raise its presence as a pioneering manufacturer.

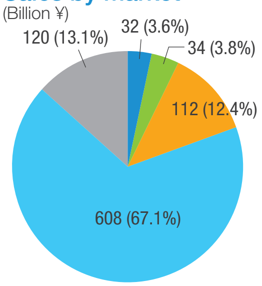
Motorcycles

Motorcycle sales rose ¥88.9 billion in 2010, or 10.9%, from 2009 to ¥906.0 billion, and accounted for 70.0% of net sales. Operating income grew ¥46.9 billion, to ¥42.7 billion.

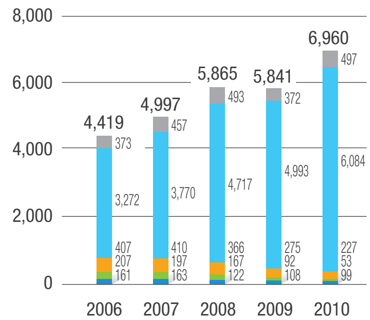
% of net sales



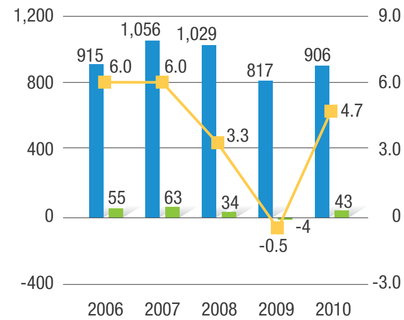
Sales by market
(Billion ¥)



Unit sales
(Thousand units)



Operating results
(Billion ¥)



Japan | North America | Europe | Asia (excluding Japan) | Other areas

Sales | Operating income (loss) | Operating income margin (%)

Japan Creating a new market with the EC-03

Cooling consumer sentiment from the weak economy led to large sales declines in the mini-sized category (126cc to 250cc) and the Class-1 category (50cc or less) segment, resulting in a 2.0% decline in total demand in 2010, to 424 thousand units.

Yamaha Motor recorded solid sales in the mini-sized category with the Tricker and the XT250X, but sales of Class-2 category (51cc to 125cc) scooters declined significantly because of new model launches by competitors.

As part of our Smart Power activities for “laying the groundwork for future growth” under the Medium-Term Management Plan, we launched the EC-03 electric motorcycle in October 2010. As of the end of December 2010, wholesale sales of the EC-03 had already reached 1,000 units, the sales target for the first year from the date of launch. As a result, Yamaha Motor’s fiscal 2010 motorcycle unit sales declined 8.0% from fiscal 2009, to 99 thousand units, and net sales declined 14.7%, to ¥32.4 billion.

EC-03

Looking ahead to 2011, with no indications of an improvement in consumer sentiment, overall motorcycle demand in Japan is seen coming in at approximately 369 thousand units. At Yamaha Motor, we have strengthened our sales activities using exhibitions and our retail support to dealers in all categories. We have also taken proactive steps to bolster the overall market, including the promotion of a rental business and licensing programs, and working to resolve parking problems. Despite our efforts, in view of the market and economic environment, we are bracing for an 11.0% decline in Yamaha Motor's fiscal 2011 unit sales, to 88 thousand units.

Europe Strengthening initiatives in the commuter market

Europe's economy struggled in 2010 as a result of turmoil in the financial markets triggered by the Greek financial crisis in May. European demand for motorcycles, which is driven by the leisure segment, contracted 3.6% from fiscal 2009 to 2,040 thousand units.

Yamaha Motor aggressively worked to expand sales during the year, with launches of two new models—the FZ8 and XT1200Z Super Ténéré—and model changes in the XMAX (125/250cc scooter) series, but given the intense competition from other companies, unit sales for the year declined 17.5%, to 227 thousand units, and net sales fell 22.1% from fiscal 2009, to ¥112.0 billion. Such sluggish sales also led to an inventory buildup, from a suitable level of 44 thousand units at the end of fiscal 2009 to 66 thousand units at the end of fiscal 2010.

An environment for weak consumption is expected to continue in the European economy in 2011, and motorcycle demand is forecast to decline 2.6%, to 1,987 thousand units.

At Yamaha Motor, we are realigning our production, distribution and sales structure to create business models for the growing segment of commuter vehicles. As part of this process, we will continue to work to reduce inventories in Europe, and plan to reduce production in 2011, to the 46 thousand unit level. We will also endeavor to increase sales of models introduced in 2010, and are forecasting a 4.0% decline in 2011 unit sales, to 218 thousand units, with an 8.0% decline in net sales, to ¥103.0 billion.

XT1200Z Super Ténéré

FZ8

Stryker

North America Bringing inventories to appropriate levels

With a weak economy leading to a higher unemployment rate, North American motorcycle demand in 2010 was lower than initially forecast, declining 15.0%, to 497,000 vehicles.

Against this backdrop, the focus of attention at Yamaha Motor was on the introduction of the Stryker (1300cc cruiser) in the cruiser category—the largest volume zone in the United States. The YZ450F also recorded solid sales following a full model change in fiscal 2009, with enhanced performance from a new engine layout and the adoption of fuel injection. In Canada, we aggressively emphasized various retail and wholesale promotional campaigns, but net sales declined as a result of the yen's appreciation, and North American unit sales in 2010 declined 42.6%, to 53 thousand units, with a 41.3% drop in net sales, to ¥34.1 billion. At the same time, we strove to bring inventories to appropriate levels and reduced inventories to 49 thousand units at the end of 2010, from 90 thousand units at the end of 2009.

Although the North American market has bottomed out and latent demand exists, a continuing high unemployment rate is seen dampening purchasing sentiment and overall demand of 494,000 units is forecast for 2011—roughly flat with 2010.

We intend to expand our peripheral businesses (such as accessories and used-bike sales), and bolster sales initiatives like the PRO-YAMAHA program to cultivate quality dealerships in preparation for a recovery on this robust underlying demand. As a result, we are forecasting a 30.3% increase in North American unit sales for 2011, to 69 thousand units, with 23.3% net sales growth, to ¥42.0 billion.

YZ450F

Asia Contributing to motorcycle earnings growth

Demand grew in all regions in Asia (except Japan) in 2010, for an overall increase of 10.2%, to 43,455 thousand units, driven by high growth in Indonesia and a boost in China.

Yamaha Motor's unit sales grew in all countries, resulting in a 21.8% overall increase, to 6,084 thousand units, and 26.9% net sales growth, to ¥607.9 billion, making a large contribution to fiscal 2010 earnings.

Economic growth, social infrastructure development and increased consumption are expected to continue throughout the Asian region in 2011, and strong demand for motorcycles is seen to continue, with 2.6% growth, to 44,589 thousand units.

We will strive to achieve quantitative and qualitative expansion under the Medium-Term Management Plan and are planning for a 12.4% increase in unit sales, to 6,841 thousand units, and a 9.4% increase in net sales, to ¥665.0 billion.

ASEAN Quantitative and qualitative expansion in three major markets

Indonesia is Yamaha Motor's largest market for motorcycle sales in the ASEAN region. In addition to an economic environment that is generating stable growth, the country's underdeveloped traffic infrastructure suggests the existence of solid, untapped potential demand. During 2010, the Indonesian economy recovered at a faster pace than initially anticipated and the number of applications for credit sales, which account for roughly 70% of total demand, recovered to the levels seen prior to the global financial crisis. Reflecting this recovery, total motorcycle unit sales grew 27.1%, to 7,236 thousand units.

Yamaha Motor's strategy is to differentiate itself through customer and community satisfaction based on confidence in the Yamaha brand, primarily in the automatic transmission (AT) category, which accounts for more than 40% of total demand. We are striving to qualitatively increase sales without getting caught up in price competition. Fiscal 2010 sales were solid in all segments, led by the Jupiter Z and Mio Soul in particular, and as a result, total unit sales rose 25.5%, to 3,326 thousand units from the previous year. Net sales grew 35.8%, to ¥352.0 billion, contributing to total earnings in 2010.

Given Indonesia's stable economic environment, motorcycle demand is expected to grow by 11.9%, to 8,100 thousand units, in 2011. Yamaha Motor has invested ¥10.0 billion to increase its local production capacity in Indonesia to further increase sales, and we are aiming for 9.7% sales growth, to 3,650 thousand units.

Mio Soul
(Indonesia)

Fino
(Thailand)

Thailand recorded 8% GDP growth in 2010, driven by an increase in exports associated with the global economic recovery. Underpinned by this strong economy, demand for motorcycles rose 20.2%, to 1,846 thousand units.

In addition to solid customer support for our main AT model Fino, the 110cc manual transmission (MT) model Spark Nano, introduced in fiscal 2009, recorded solid sales, leading to a 17.1% increase in Yamaha Motor's 2010 unit sales, to 506 thousand units.

For 2011, 5.6% growth in total demand to 1,950 thousand units is forecast. Yamaha Motor will continue to focus on the AT category, and we are planning for 8.7% sales growth to 550 thousand units.

Vietnam is showing rapid growth on both a stable recovery in agricultural exports and accelerated investment from developed nations. Motorcycle demand in 2010 grew 11.8% to 3,070 thousand units.

Yamaha Motor introduced affordably priced models including the Sirius in the MT category where demand is solid, and two new models in the AT category where demand is expected to increase. The models in the AT category were the 125cc Luvias and the stylish Cuxi, as we strove to cultivate new customers, particularly among women. Existing models like the Nouvo also performed well, and Yamaha Motor's 2010 unit sales rose 20.7%, to 776 thousand units.

A 6.2% increase in demand is forecast in Vietnam for 2011, to 3,260 thousand units, supported by stable economic growth. Yamaha Motor will continue to focus on the MT category while also strengthening sales in the AT category, and we are aiming for 16.4% net sales growth, to 903 thousand units from the previous year.

Cuxi
(Vietnam)

China—Launching affordably priced motorcycles

With the implementation of new emission standards in July 2010, 2010 unit sales in the Chinese motorcycle market were concentrated in models conforming to the previous standard during the first half of the year. Given the large inventory buildup, second-half unit sales were sluggish, and as a result, the market contracted 7.6%, to 16,090 thousand units.

Along with accelerated production and unit sales of models conforming to new emission standards, Yamaha Motor launched the YB125-Z in August and the Future (XA100) in November as affordably priced motorcycles for the Chinese market, and aggressively carried out promotional campaigns, to achieve a future growth scenario. As a result, Yamaha Motor's fiscal 2010 unit sales grew 15.1%, to 700 thousand.

The changeover to products complying to the new emission standards is seen having a full effect in fiscal 2011, and demand in the Chinese market is expected to

YB125-Z
(China)

contract 11.5%, to 14,240 thousand units. Focusing on the affordably priced YB125-Z and the 100cc scooter Future (XA100), we will strive to strengthen sales in rural regions, where our presence to date has been weak. Through these efforts, we are planning for 2011 unit sales of 850 thousand units, a 21.4% increase from 2010.

India—Adding affordably priced models to mainstay products

The Indian market grew significantly in 2010, against the backdrop of growth in personal incomes and women taking on a more prominent role in society. Total demand, underpinned by the scooter category, grew 30.5% to 11,270 thousand units.

At Yamaha Motor, we launched the SZ (160cc motorcycle) series, an affordably priced version of the FZ series that was introduced in 2008 and remains popular. The YBR110 in the standard segment and the YZF-R15 (150cc sport) in the premium segment recorded robust sales. Yamaha Motor's 2010 sales on a unit sales basis rose 18.3%, to 259 thousand units.

Despite concerns of inflation and higher gasoline prices, solid growth is forecast for the Indian market in 2011, with 15.4% growth to 13,000 thousand units. We intend to introduce a model based on the SZ and will also work to strengthen exports. We are planning for 19.7% growth, to 310,000 units.

Latin America—Accelerating quantitative and qualitative expansion

The Brazilian motorcycle market grew 12.4% to 1,801 thousand units in 2010. This larger-than-anticipated growth was the result of increased domestic demand from stable economic growth and increased retail consumption. Neighboring emerging markets driven by the Brazilian economy expanded as well, and in total the Latin American market grew 17.6%, to 3,967 thousand units.

Yamaha Motor's efforts in Brazil focused on promoting sales in the affordably priced segment, including the new Crypton (100cc moped) in the moped category and our mainstay YBR125. Unit sales rose 17.6% to 227 thousand units. Results in neighboring countries were strong as well, including record sales in Colombia, and for the region overall unit sales grew 28.9% to 415 thousand units.

Gradual growth is expected to continue in the region in 2011, with 2.7% growth to 1,850 thousand units forecast for Brazil and a 4.6% increase to 4,148 thousand units for the region overall. Yamaha Motor will work to strengthen its sales channels, primarily in Brazil, and accelerate the introduction of affordably priced models. We are aiming for 15.4% sales growth to 262 thousand units in Brazil, and an 11.3% increase to 462 thousand units for the region as a whole.

SZ-X
(India)

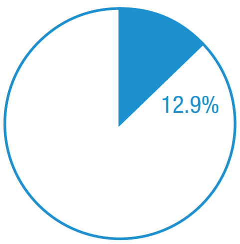
FZ16
(India)

Crypton
(Brazil)

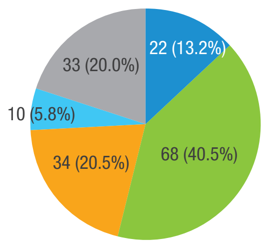
Marine Products

Marine product sales for 2010 rose ¥17.0 billion, or 11.3% from fiscal 2009 to ¥167.1 billion and accounted for 12.9% of net sales. Operating income improved ¥25.0 billion to an operating profit of ¥0.7 billion.

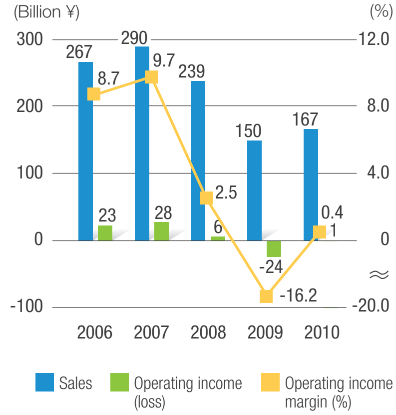
% of net sales



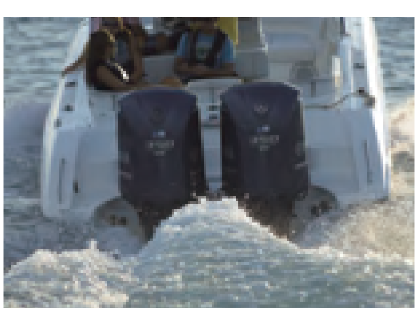
Sales by market
(Billion ¥)



Operating results



F300B



Outboard Motor Business

Introduction of new products results in increased sales

At the beginning of 2010, the previous year's weak overall demand for outboard motors had been expected to continue, but with a significant upward trend during the second half of the year, demand in 2010 rose 7.5% to 670 thousand units.

At Yamaha Motor, inventory adjustments were completed in North America, and OEM* sales to boat builders were solid. We also accelerated development of next-generation products to comply with environmental regulations and introduced three new next-generation 4-stroke large-displacement models—the F225F, the F250D and the F300B. As a result, North American unit sales rose 33.3% to 56 thousand units, as developed market sales recovered. Emerging markets also had solid business with the high net worth individual sectors in Brazil, Russia and Asia, and Yamaha Motor's unit sales grew 13.3%, to 272 thousand units. Net sales rose 24.6%, to ¥102.4 billion, contributing to the 2010 earnings recovery.

The marine leisure market is expected to remain stable going forward. Growth of 0.7% to 675 thousand units is forecast for outboard motor demand in 2011. Yamaha Motor is planning for 4.0% unit sales growth to 283 thousand units through an enhanced product lineup from the introduction of products with superior environmental performance. We are also strengthening our cooperation with boat builders, and have concluded a joint development agreement with AB Volvo Penta, the Swedish marine engine manufacturer for the development of electronic control systems for boats powered by outboard motors, attaining far and away the top share in the global market.

*OEM: Original equipment manufacturer

Personal Watercraft Business Inventory adjustments progressing

Reflecting weak economies, fiscal 2010 demand for personal watercraft declined 8.2%, to 67 thousand units.

Yamaha Motor worked to bring inventories to levels corresponding to this weak demand, while keeping manufacturing and sales according to plan. As a result, unit sales declined 3.8% to 25 thousand units, and sales were 6.1% lower at ¥23.9 billion.

The marine leisure market overall is seen having the strength to recover, and total demand in 2011 is expected to grow 1.5% to 68 thousand units. At Yamaha Motor, we plan to proactively increase sales of the new VXR and VXS around the world, and are targeting 36.0% unit sales growth to 34 thousand units. We will also continue to keep manufacturing volumes in line with demand and plan manufacturing to match seasonal trends, and transform the business to one that generates high profitability.

VXR

Boat Business in Japan Commercial fishing boat market picking up

Demand for commercial fishing boats in Japan during 2010 was strong in certain regions because of special circumstances, but demand for pleasure-use boats and utility boats remained sluggish, and overall boat demand in Japan contracted 7.5% to 2,325 units.

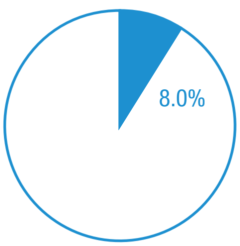
Yamaha Motor introduced new and affordably priced models in the pleasure-use boat market, and sales growth outpaced the increase in overall demand. Commercial fishing boat sales were also solid, growing by more than 60%. As a result, the business's unit sales rose 3.8% to 716 units, while net sales declined 15.4% to ¥6.6 billion.

Although a recovery is forecast in 2011 for small-sized boats led by fishing demand, utility and commercial fishing boats remain areas of concern, and overall demand is expected to be roughly flat with the previous year, declining 0.9% to 2,305 units. Yamaha Motor intends to make inroads by launching strategic models in the pleasure-use boat market, and we are projecting a 5.9% increase in unit sales to 758 units in fiscal 2011.

Power Products

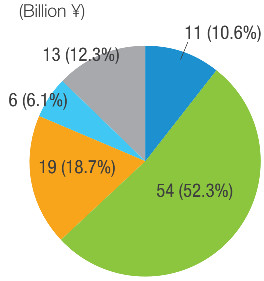
Sales of power products in 2010 grew ¥2.4 billion, or 2.4% compared with 2009 to ¥103.0 billion and accounted for 8.0% of net sales. The operating loss improved by ¥22.5 billion to a loss of ¥11.3 billion.

% of net sales

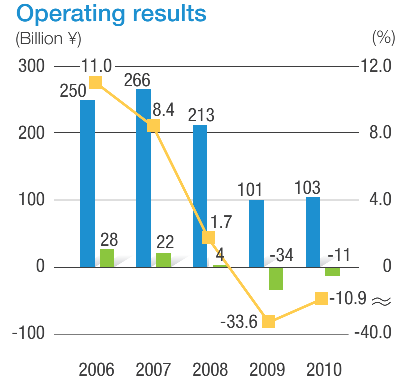


Sales by market

(Billion ¥)



Operating results



ATV/SSV Business U.S. inventory adjustments successful

Total demand for all-terrain vehicles (ATVs) declined 13.6% in 2010 to 522 thousand units, due to the delayed economic recovery.

Sales in the sports category, Yamaha Motor's area of strength, were sluggish in part because of the weak economy, and our unit sales of ATVs declined 1.2% to 81 thousand units. Unit sales, however, increased 19.0% on the success of inventory adjustments carried out in the United States in 2009.

Sales of side-by-side vehicles (SSVs) declined 25%, to three thousand units on sluggish retail sales. As a result, fiscal 2010 net sales in the ATV/SSV business declined 1.1% to ¥45.3 billion.

Total demand for ATVs is expected to decline 1.3% in 2011 to 515 thousand units, due to the delayed economic recovery and an uncertain exchange rate environment. With an economic recovery continuing to look unlikely, we expect sluggish retail sales and are planning roughly flat ATV and SSV sales of 82 thousand units for ATVs, and three thousand units for SSVs.

Raptor 700R

Snowmobile Business

Growing demand in European market

Apex SE

Total demand for snowmobiles in 2010 rose 6.0% to 124 thousand units on increased demand in Russia and the rest of Europe, and despite the weak economic recovery in North America.

Although Yamaha Motor cut back production to reduce market inventories, the market recovered and our unit sales rose 22.2% to 22 thousand units, and net sales grew 13.7% to ¥15.8 billion.

Golf Car Business

Steady growth notably in Asia

G30 · 31 Series

Total demand for golf cars in 2010 declined 2.2% to 225 thousand units, owing to the global recession followed by the continued curtailment of capital expenditures and the introduction of affordably priced products.

Yamaha Motor saw increased unit sales in Korea and Japan, where demand has grown. As a result, unit sales grew 5.0% to 45 thousand units, while net sales declined 2.8% to ¥19.0 billion.

Generators and Other Power Products

Accelerating realignment of production structure in China

EF1600iS

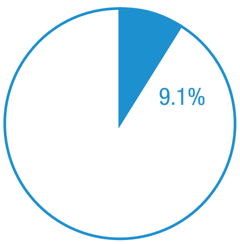
Global demand for generators reached 9.60 million units in 2010, and is expected to grow to 10.00 million units in 2012. Yamaha Motor's generator sales rose 18.3% in 2010 to 136 thousand units.

Yamaha Motor is developing a variety of products for markets with attractive prospects as part of its "future growth scenario," and has begun to establish an integrated production structure for engines and generators in China in preparation for reforming its manufacturing layout.

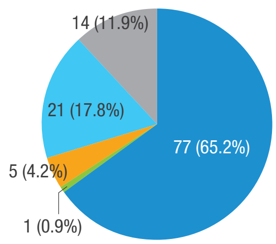
Other Products

Sales of other power products in 2010 rose ¥32.2 billion, or 37.4% from 2009, to ¥118.0 billion and accounted for 9.1% of net sales. Operating income improved ¥19.5 billion to an operating profit of ¥19.1 billion.

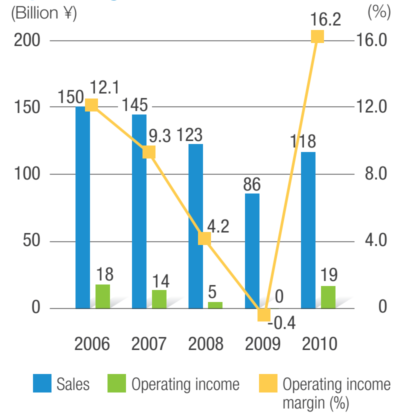
% of net sales



Sales by market
(Billion ¥)



Operating results
(Billion ¥)



IM Business Sales double on recovery in demand

The Intelligent Machinery (IM) business primarily manufactures and sells industrial robots for use in a variety of industries, and surface mounters account for roughly 80% of sales. Total 2010 demand in the surface mounter market recovered to pre-financial-crisis levels, with 145.2% growth to 14 thousand units, on increased demand for home electronics against the backdrop of increased domestic demand in China, and strength in mobile devices.

Yamaha Motor's strength is in automotive-related products, which were affected by the delayed economic recovery in Japan. However, supported by concentrated investment in the mobile device market by Korean manufacturers and demand from China, the YS series of next-generation modular surface mounters and the YG series for China's low-end market registered solid sales. As a result, unit sales in 2010 rose 125.0% to 2,160 units, and net sales for the IM business grew 118.0% to ¥32.9 billion, contributing to the year's earnings recovery.

The surface mounter market is expected to remain strong in 2011, boosted by mobile devices, FDPs and digital household appliances, and total demand is forecast to grow 7.1% to 15 thousand units. Yamaha Motor intends to launch new products using integrated platforms and to increase sales in China's low-end market, and we are planning for a 6.5% increase in unit sales to 2,300 units.

Compact high-speed flexible modular mounter YS24X

Automotive Engine Business Shipment volume grows on government programs

Yamaha Motor supplies both domestic and overseas automakers with high-performance engines that incorporate technologies we have developed in motorcycles. We also supply domestic and overseas automakers with the Relative Absorber System (REAS) automotive suspension and the Performance Damper anti-vibration damper for automobiles.

Supported by government programs including tax reductions for “eco” vehicles, automobile engine unit sales grew in 2010 and net sales rose 29.4% to ¥31.2 billion.

Automobile engine

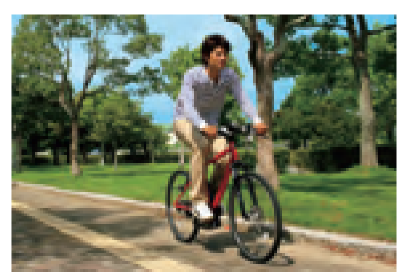
PAS Business Solid sales growth

Reflecting heightened interest in health and the environment, demand in Japan for electrically power assisted bicycles rose 5.2% in 2010 to 384 thousand units.

Yamaha Motor has established a leading market position, with continued strength in models for two infant passengers that were introduced in 2009, following the revision of regulations in 2008, while sales of the PAS Lithium T model with a highly durable battery launched in May 2010 significantly exceeded the sales target. We have also developed the S.P.E.C.3 system, with a highly durable in-hub 3-speed gear mechanism for a powerful assisted ride, and a new model using this system introduced in 2010 is recording solid sales. As a result, our unit sales of complete PAS bicycles in Japan grew 16.3% to 93 thousand units, and the PAS business’s net sales rose 20.4% to ¥14.5 billion.

PAS Raffini

Total demand in Japan in fiscal 2011 is forecast to grow 6.8% from the previous year, to 410 thousand units. Yamaha Motor intends to install highly durable batteries in all models, and create a service network with cooperating stores. By strengthening these measures from the perspective of customers, we are aiming for a 15.1% increase in units sold in 2011 to 107 thousand units.



PAS Brace-L

Other Products Withdrawal from life science business

Other businesses in this segment include unmanned industrial helicopters and intermediate business parts supplied to other business segments within Yamaha Motor. Net sales rose 13.5% in 2010, to ¥39.4 billion.

In order to concentrate on core businesses, decisions were made to sell the domestic water purifier business and to withdraw from the life science business.

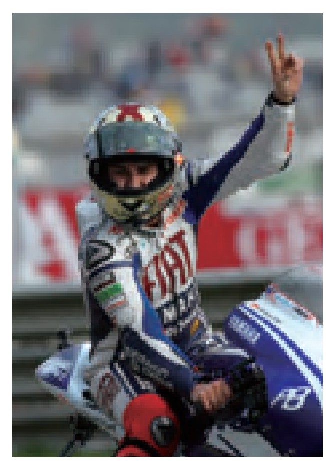
Racing Activities

The Yamaha Motor group aims to give people the wisdom and enthusiasm to realize their dreams as a company that is constantly being looked to for the "next inspiration," to provide people around the world with a new sense of excitement and a fulfilling lifestyle. Yamaha Motor's heart and soul is on display in races around the globe, as we continue to make our presence known to the entire world.

2010: First ever winner of three consecutive triple crowns at MotoGP

At MotoGP, the premier motorcycle racing world championship, we showed our unrivaled position by becoming the first team in history to win the triple crown—Rider, Manufacturer and Team—for three years in a row. We also demonstrated our strength in the production model races at the WSB (World Superbike Championship), and at the top motocross event, the MX1 Motocross World Championship.

In addition, Yamaha finished in the top tier of the road race, motocross and trial categories of the All Japan Championship, again showing our passion for engineering, manufacturing and marketing along with the "spirit of challenge" that is part of the Yamaha DNA.



2011: Marking 50 years of competing in the road racing world championship grand prix

The year 2011 will mark the 50th anniversary of the Yamaha Motor group's participation in the road racing world championship grand prix. During our half-century of activities, we have achieved spectacular successes including being the first team in history to win the triple crown—Rider, Manufacturer and Team—for three consecutive years at MotoGP, while also continuing to foster a spirit of constantly pursuing the limits of technologies and expertise, and the possibilities they hold. This all boils down to Yamaha Motor's original engineering, manufacturing and marketing, and plays a major role in increasing corporate value.

The Yamaha Motor group aims to be a company that is constantly being looked to for the next *kando**, and during 2011 we will again display our "spirit of challenge" by participating in MotoGP and other motor sports events in Japan and around the world, to share a sense of *kando* with people all around the globe.

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

Web site commemorating 50th anniversary of WGP competition

Yamaha has created a special Web site to commemorate its 50 years of competition in the Road Racing World Championship Grand Prix. In addition to priceless photographs and an information archive, the site shows the spectacular history of the Grand Prix, displaying details regarding the year, rider and machine. Going forward, we plan to add features including video messages from key Yamaha team riders and recent news and information, to make this a "must see" site for racing fans.

http://www.yamaha-motor.co.jp/global/race/wgp-50th/

Customers

Providing Value that Surpasses Customer Expectations

The Yamaha Motor group is the picture of an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market, and as such, the products the group offers must first and foremost deliver value and satisfaction from a customer perspective. We aim to create next-generation modes of mobility and lifestyles that are safer and more comfortable. It is our enduring goal to provide safe, high-quality products and services that exceed customer expectations.

Business Activities that Address Social Issues

At Yamaha Motor, we believe we play a significant role in promoting the kind of personal mobility that underpins the realization of a sustainable society. Part of our strategy to lay the groundwork for future growth, as outlined in the Medium-Term Management Plan, is to emphasize the development of next-generation environmentally friendly engines with lower fuel consumption—while promoting the development of Smart Power (new power sources). Our efforts have yielded good results, exemplified by the September 2010 announcement of the EC-03 electric motorcycle for the Japanese market. This product, which features a plug-in charger for easy recharging from a home electric outlet, has won high praise from the market as a new form of mobility with a low-carbon footprint.

In 1993, we ventured into the electrically power assisted bicycle PAS business. This business is also in a spotlight, drawing attention for providing energy-saving short travel-distance solutions, addressing issues of particular concern to an aging society, and contributing to regional revitalization through environmentally friendly modes of transportation. We tackle various social issues through the pursuit of business, constantly applying wisdom and a passion for excellence to products that enable people to fulfill their dreams. We are also directing concerted efforts into our electric wheelchair business to meet diverse customer needs.

Motorcycle Business Supports ASEAN Growth

In the member states of the Association of Southeast Asian Nations (ASEAN), transport infrastructure is not being built as fast as the rapidly growing regional economies require, leaving many roads unpaved. These roads are prone to flooding during the rainy season, making moped-type motorcycles with their large tires and exceptional durability ideal for getting around. Affordability is another factor that makes this mode of transportation well-suited to local conditions and therefore a popular choice.

Yamaha Motor actively incorporates proprietary technologies, such as highly fuel-efficient fuel injection systems into its motorcycles (including mopeds), and strives to fulfill its role in supporting mobility and continued economic growth in the ASEAN region by providing localized products. A prime example of our response to local needs (specifically the rising number of women in the workforce) is the Mio, a moped designed with the slimmer physique of women in mind. These efforts to tailor products to market requirements underscore a stellar reputation for reliability and an unshakable position in the ASEAN market.

Promoting Safe Driving Appropriate to Local Social and Traffic Environments

The most important criterion for mobility products is safety. But safety is actually a two-way street, requiring us, as a manufacturer, to seek maximum safety in the products we provide and requiring users, the people who operate our products, to operate these products safely. Toward this end, we hold Yamaha Riding Academy courses all over the world with a focus on motorcycles but also covering other products such as all-terrain vehicles and snowmobiles to promote riding safety that reflects social, transportation and user conditions in each region.

Employees

A Workforce Bursting with Creativity Promotes Shared Values and Job Satisfaction

An underlying objective within the Yamaha Motor group is to create an atmosphere in which employees and management share their perspectives and brainstorming and cooperate to reach stated goals, and in the end experience together the satisfaction of a job well done. Traveling the corporate road together fosters respect and harmony between employees and management who appreciate diversity.

Diversity-Reinforced Workplace Nurtures Creativity

Within the Yamaha Motor group, the relationship between employees and management is seen as a partnership, and it is the responsibility of each company to promote an appealingly challenging environment for self-motivated individuals. Employees and their supervisors evaluate work roles, and the results are used to pinpoint the right career plan for each employee. In addition, a variety of programs have been implemented to support a healthy work/life balance. These programs include flexible work hours, leaves to care for children or a sick or aged family member, and shortened work days.

We endeavor to maintain a diversity-reinforced workplace that fosters greater creativity among employees. Key programs that support this effort are a rehiring program for retired employees who wish to continue working and stable employment for the disabled.

Cultivating Human Resources with a Global Perspective

As a corporate ensemble pursuing business on the world stage, the Yamaha Motor group maintains several training programs designed to enhance the ability of human resources in Japan to work overseas.

We offer self-directed language courses that provide employees with the opportunity to learn languages, such as English, Spanish and Indonesian, that are spoken in the countries where the Yamaha Motor group has a presence. These courses attract a growing number of participants every year. To enable employees posted abroad to acquire the necessary business skills as well as vital insight into local culture and social mores, we are enriching our overseas residents with essential personnel development training and overseas study exchange programs.

Business Partners

Collaborating with Suppliers Promotes Sustainable Growth

Driven by a spirit of mutual trust and mutual benefit, the Yamaha Motor group works with a variety of suppliers at home and abroad and is working to realize continuous growth.

Promoting Green Procurement

The Yamaha Motor group maintains Green Procurement Guidelines, formulated from a perspective of reducing environmental impact and utilizing resources as efficiently as possible. The group shares information as well as value-based standards with its various suppliers and encourages adherence to green procurement processes.

In fiscal 2010, with a view to promoting CSR, we drafted CSR Guidelines for Suppliers.

Emphasizing Fairness in Business Relationships

In Japan, we observe laws and regulations, including the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, based on Fair Trade Guidelines for the Automotive Industry, issued by the Ministry of Economy, Trade and Industry. The group adheres to a code of conduct and strives to maintain business relationships built on fair practices.

In addition, in our business continuity plan, which outlines measures to respond to risks, such as disasters, we describe support for suppliers.

Operating Performance
Message from the Management
Special Feature
Overview of Operations
CSR
Corporate Information
Financial Section

The Community

Contributing to Society in the Creation of Affluent Communities

The Yamaha Motor group has made "offering new excitement and a more fulfilling life to people all over the world" a corporate mission. As a group, we effectively utilize the products, technology, facilities and human resources we have under our corporate umbrella and maintain open lines of communication with all local interests to help build affluent, energetic communities.

Electrically Power Assisted Bicycles Benefit the Community

Since 2009, Yamaha Motorcycle Sales Japan Co., Ltd., has been promoting PASCRU, a leasing system that offers PAS electrically power assisted bicycles to public agencies and private enterprises in a packaged service complete with maintenance and insurance. In recent years, local governments have actively implemented trials using this system as a way to create destinations that attract visitors by maximizing respective tourism resources.

In October 2009, Atami, a city in Shizuoka Prefecture that is one of Japan's top tourist destinations, launched a community project that encourages visitors to travel between urban areas and sightseeing spots, particularly those scattered along the coast, by PAS electrically power assisted bicycles and boat. In 2010, similar projects were initiated in Fuji-Kawaguchiko, Yamanashi Prefecture, and Mino, Gifu Prefecture. The PAS is a wonderful contribution to local efforts aimed at making mobility more convenient for residents and tourists alike.

Companywide Approach to Community Activities

The Yamaha Motor and Yamaha Motor Sales Co., Ltd. support the Japan Guide Dog Association through donations collected under the Yamaha Nice Ride charity program. Another community-oriented program is the 40,000 People's V Campaign, which utilizes the corporate intranet to share information on volunteer activities to employees throughout the group. The program, introduced in 2004, was initiated to instill greater awareness of volunteering and encourage group employees to participate in volunteer activities. The number of people who volunteered their time in 2010 hit 42,834, marking the third consecutive year that we achieved our goal of at least 40,000 employees getting involved.

The Environment

Coexisting with the Environment to Achieve Sustainable Development

Through its personal mobility segment, the core business hinging on motorcycles and electrically power assisted bicycles, the Yamaha Motor group seeks to contribute to the realization of a society with a low-carbon footprint. We seek a harmonious balance between the environment and all our business pursuits and earnestly promote activities that underpin a sustainable society.

Efforts to Reduce CO_2 Emissions

To the Yamaha Motor group, greenhouse gas emissions are the most critical environmental issue for the corporate world. As a maker of transportation machines, most notably, motorcycles, Yamaha Motor has made the reduction of greenhouse gases a priority and is directing efforts to curb emissions in all aspects of operations, particularly the lifecycle of products, from development to manufacturing, use and end-of-use disposal. In addition, we take an active role in realizing solid results from group companies. Toward this end, we seek to verify the progress achieved by subsidiaries at home and abroad in their pursuit of lower energy consumption and offer support to those companies facing difficulties in this task.

Steps to Cut the Use of Substances with Negative Environmental Impact

In compliance with prevailing regulations in each country where the Yamaha Motor group operates, reports are submitted to the relevant authorities regarding the release of chemical substances that are detrimental to human health or the environment as well as the chemical content of waste generated at group facilities.

More than 99% of the substances released from the Company's facilities and subject to reporting under the Pollutant Release and Transfer Register system are volatile organic compounds (VOCs). Nearly all of these VOCs are generated during painting processes. We will continue working to reduce our environmental impact through wider use of low-VOC paints, improved painting efficiency and less waste.

Resource- and Energy-Saving Activities

The 3Rs—reduce, reuse, recycle—form the foundation of a recycling-oriented society, and the need to embrace the 3Rs at each stage of the lifecycle of products, from development to production and use and end-of-use disposal, is continually attracting greater attention.

In fiscal 2010, the Yamaha Motor group pursued two goals: 100% recycling for products and factories, and ensuring long product life. Toward this end, we heightened efforts to improve our 3R status by trimming the number of parts in our products and decreasing size, emphasizing greater use of parts made out of reusable materials and expanding the application of a system that collects data on parts recyclability.

Initiatives to Protect Biodiversity

The Yamaha Motor group is dedicated to protecting the natural environment and sustaining biodiversity. In Kikugawa, Shizuoka Prefecture, where we intend to build a test course, we have already completed an environmental assessment of the site and surrounding area. Based on the findings of this in-depth assessment, we prepared a plan that will help to protect the environment and the creatures that inhabit the area. Officially referred to as the "Natural Environment Conservation Agreement," this plan was submitted to the Shizuoka Prefecture Environmental Protection Division's Department of Community Affairs for approval. It will guide us in the construction of a facility that takes the surrounding environment well into consideration.

Efforts to Foster an Eco-Minded Perspective

The Yamaha Motor group subscribes to the belief that cooperation among all stakeholders is essential for business activities to coexist in harmony with the environment. Everyone must recognize the importance of communication. We promote various in-house activities, such as eco-commuting*, and strive to spur greater discussion about environmental issues through our CSR Report and other information sources.

*A system that encourages employees to take an environment-friendly way to work—whether it be on foot, by bicycle, public transit or electric scooter

Corporate Governance

Basic Corporate Governance Policies

Yamaha Motor Co., Ltd. (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; make the accountability system clearer; develop a transparent system of Director selection and remuneration; and establish an internal control system. Because it is one of its most important management issues, the Company also plans to implement other measures to strengthen and solidify corporate governance. At the same time, the Company is enhancing Investor Relations services, in order to build on the relationship of trust with its shareholders and investors.

Summary of Corporate Governance and Reasons for Adopting the System

1) Reasons for adopting current system

The Company maintains a corporate auditor system, and most of the Company's Directors are full-time Directors with considerable knowledge of business matters. The Company draws on the supervisory function of outside executives through the appointment of two (2) Outside Auditors and three (3) Outside Directors. The Company also emphasizes efforts to strengthen corporate governance, underpinned by an Executive Officer system, the Executive Personnel Committee and an internal auditing system.

2) Summary of current system

Directors and the Board of Directors and Executive Officers

The Company introduced an Executive Officer system to expedite business execution. It then strengthened management supervision by clarifying the respective roles of Executive Officers and the Board of Directors. Executive Officers are responsible for "business execution" itself, while the Board of Directors is charged with "approving the basic policies of the Yamaha Motor group and supervising the group's business execution."

The Company's Articles of Incorporation stipulate that the number of Directors shall not be more than fifteen (15). As of March 24, 2011, there were eleven (11) Directors, three (3) of whom are Outside Directors. The Board of Directors will in principle meet once every month, and whenever else it may be necessary.

The Articles also stipulate that resolutions for the election of Directors shall be adopted by a majority of the voting rights held by the shareholders present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights and not using cumulative votes.

As of March 24, 2011, there were twenty-four (24) Executive Officers, and eight (8) Directors concurrently serving as Executive Officers. A Management Committee comprising Executive Officers with specific posts has been formed to deliberate matters of business execution, speeding up the Company's decision-making process.

Directors and Executive Officers will serve a one-year term, a period limited to assure accountability.

Executive Personnel Committee

In August 2001, the Company established the Executive Personnel Committee as an advisory body of the Board of Directors, in order to improve transparency in nominating candidates for Director and Executive Officer, and to determine the remuneration for these officers. The Committee comprises several full-time Directors and several Outside Directors of the Company, in addition to the President and Chief Executive Officer. It deliberates on candidates for Director and Executive Officer, the remuneration and bonus system, and the overall direction of governance.

Corporate Auditors and the Board of Corporate Auditors

As of March 24, 2011, the number of Corporate Auditors stood at four (4), of whom two (2) are Outside Corporate Auditors. Corporate Auditors attend Board of Directors, Management Committee and other important meetings, in addition to executing audits, receiving business execution reports from Directors, perusing important documents in the decision-making process, and conducting audits at the Company's subsidiaries.

In support of these audit services performed by Corporate Auditors, the Company has established the Corporate Auditors' Office, with staff exclusively dedicated to assisting auditors.

Internal auditing

The Integrated Auditing Division established an Internal Control Auditing Division (consisting of twenty-nine (29) staff members as of March 24, 2011) under the direct control of the President and Chief Executive Officer. The Division audits, based on annual audit plans, the appropriateness, reasonableness, and efficiency of business execution at the Company and each group company, and submits evaluations and makes proposals.

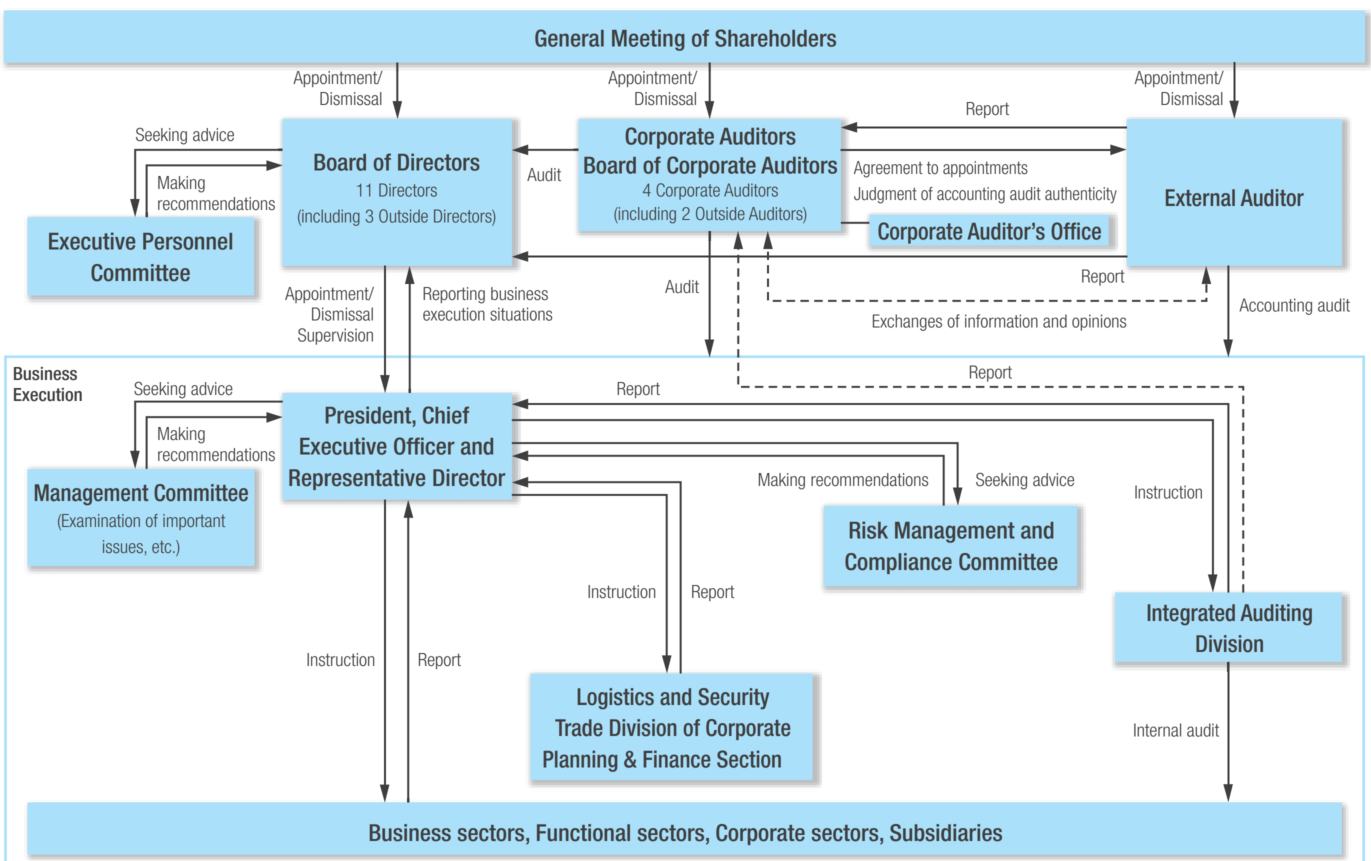
Communication among Outside Directors, Corporate Auditors (including Outside Corporate Auditors), Accounting Auditor, Internal Auditing Division and internal control division

Outside Directors assess the current status of the group and identify issues of interest through regular receipt of internal audit reports from the Integrated Auditing Division. Opinions are voiced at Board of Directors' meetings when necessary.

In their association with the Accounting Auditor, Corporate Auditors, including Outside Corporate Auditors, receive an auditor's report, in accordance with prevailing laws, and review the fairness of the report. Both sides pursue communication through the exchange of information and opinions whenever necessary. In their association with the Internal Auditing Division, Corporate Auditors, including Outside Corporate Auditors, seek to improve the effectiveness and efficiency of auditors' audits through access to internal audit plans and reports on the results of audits.

The internal control division offers reports, when necessary, to the Internal Auditing Division, Corporate Auditors and the Accounting Auditor on the status of internal control measures, specifically their establishment and application.

Yamaha Motor's Corporate Governance System and Internal Control System (As of March 24, 2011)



Corporate Governance

Outside Directors and Outside Corporate Auditors

1) Function and role of Outside Directors and Outside Corporate Auditors in achieving proper corporate governance

The Company has three (3) Outside Directors and two (2) Outside Corporate Auditors. These executives offer advice and supervision from an independent and objective perspective regarding management policies and strategies and decisions on executive personnel and their remuneration.

2) Appointment of Outside Directors and Outside Corporate Auditors

Positions	Names	Reasons for Appointment
Outside Directors	Yuko Kawamoto	With wide-ranging experience as a management consultant and considerable expertise in finance-oriented research activities, Ms. Kawamoto brings high-level know-how valuable to the Company in its management efforts. Ms. Kawamoto has no special interests in the Company and will, in her capacity as an Outside Director, provide advice and supervision from an independent perspective. The Company registered Ms. Kawamoto as an Independent Director since she does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Masamitsu Sakurai	Having acquired ample experience and broad-based insights through the management of global corporations, Mr. Sakurai will utilize this background to provide advice and supervision from an independent perspective. He has no special interests in the Company. The Company registered Mr. Sakurai as an Independent Director since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Mitsuru Umemura	As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Mr. Umemura brings the viewpoint of a company executive to the Company and provides valuable advice and supervision that ensures effective corporate management functions underpinning efforts to maximize corporate value for shareholders.
Outside Corporate Auditors	Norihiko Shimizu	Formerly a management consultant and currently a scholar, Mr. Shimizu has acquired in-depth experience and expertise in management strategy and corporate governance, which will reinforce the Company's auditing capabilities. He has no special interests in the Company and provides advice and supervision from an independent perspective. The Company registered Mr. Sakurai as an Independent Corporate Auditor since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.
	Tetsuo Kawawa	As a lawyer, Mr. Kawawa has ample specialized knowledge in corporate law that can be applied to the Company's auditing activities. He has no special interests in the Company and provides advice and supervision from an independent perspective. The Company registered Mr. Kawawa as an Independent Corporate Auditor since he does not have any attributes that would require additional disclosure as defined by the Tokyo Stock Exchange.

3) Vested Interests of the Outside Directors and Outside Corporate Auditors at Yamaha Motor Co., Ltd.

Outside Director Mitsuru Umemura is President and Representative Director of Yamaha Corporation, which holds 12.1% of the Company's shares, as of December 31, 2010. The Company has a trade relationship with this company, buying and selling such items as products and merchandise.

Outside Directors Yuko Kawamoto and Masamitsu Sakurai and Outside Corporate Auditors Norihiko Shimizu and Tetsuo Kawawa have no special interests in the Company other than Company shareholdings.

Overview of Agreements that Limit Liabilities for Damages

The Company has entered into agreements with Outside Directors and Outside Corporate Auditors, in accordance with the provisions of Paragraph 1 of Article 427 of the Company Law, which limit these executive's liabilities (as specified in Paragraph 1 of Article 423 of the Company Law) for damages. The upper limit of liability for damages in the agreements is the amount as specified in the Law.

The Company limits liabilities for damages charged to the Outside Directors and the Outside Corporate Auditors only when they acted with good will and the liability did not arise because they committed serious negligence in executing their duties.

Remuneration and Other Compensation for Directors and Corporate Auditors

1) Policies on determining the amounts of remuneration or the calculation method thereof

The Company's Directors' Remuneration Plan comprises basic compensation (monthly salary) in a fixed amount, Directors' bonuses, reflecting the short-term performance of the Company overall, compensation linked to each Director's individual performance, a stock compensation plan reflecting the medium- to long-term performance of the Company overall, and share warrants offered as stock options. Note that stock options are integrated into a stock compensation plan from the Company's 77th fiscal year (fiscal 2011).

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value. However, the performance-based remuneration system and stock compensation plan do not apply to compensation for Outside Directors and Corporate Auditors.

Retirement benefits for Directors were abolished at the conclusion of the 70th Ordinary General Meeting of Shareholders held on March 29, 2005. However, retirement benefits for Directors during their terms in office up to that date will be paid when each Director resigns, in accordance with the resolution for payment approved at the 73rd Ordinary General Meeting of Shareholders held on March 26, 2008.

2) Directors' remuneration

Remuneration and other compensation for the Company's Directors and Corporate Auditors in fiscal 2010 are as follows.

(Millions of yen)

Classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (15)	188	—	—	48	236
Outside Directors (4)	(29)	*5	*5	*5	(29)
Corporate Auditors (5)	70	*5	*5	*5	70
Outside Corporate Auditors (3)	(22)	*5	*5	*5	(22)
Total	258	—	—	48	306

Notes **1** The numbers above include amounts for four Directors who retired, effective from the closing of the 75th Ordinary General Meeting of Shareholders held on March 25, 2010.
2 In addition to the remuneration presented above, ¥38 million—equivalent to employee salaries—was paid to three Directors concurrently serving as employees.
3 The Company did not pay Directors' bonuses or compensation linked to individual performance because of a cut in remuneration reflecting unfavorable results in the fiscal year under review.
4 Remuneration related to stock options is included in the stock compensation plan.
***5** No related items.

3) No names are listed because no Director or Corporate Auditor received more than ¥100 million in aggregate remuneration and other compensation.

Matters to Be Resolved at the General Meeting of Shareholders that Can Be Adopted at the Board of Directors' Meeting

1. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own shares, in accordance with the provisions of Paragraph 2 of Article 165 of the Company Law. This is to ensure that the Company can acquire its own shares through market transactions or other methods and implement a flexible capital policy response to changes in the management environment.

2. The Company's Articles of Incorporation stipulate that in accordance with the provisions of Paragraph 1 of Article 426 of the Company Law, the Company may, by a resolution of the Board of Directors, exempt its Directors (including former Directors) and Corporate Auditors (including former Corporate Auditors) from liabilities for damages arising from negligence of their duties, within the limits prescribed by laws and ordinances. This is to ensure that Directors and Corporate Auditors can successfully fulfill their expected roles.

3. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date, in accordance with the provisions of Paragraph 5 of Article 454 of the Company Law. This allows the Company flexibility in returning profits to shareholders.

Special Resolution Requirement for General Meeting of Shareholders

The Company has stipulated a special resolution requirement

Corporate Governance

at General Meeting of Shareholders in the Articles of Incorporation, in accordance with the provision of Paragraph 2 of Article 309 of the Company Law, as follows: The resolution shall be authorized by a two-thirds (2/3) majority of the voting rights held by the holders of shares present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights.

This relaxes the number of required votes for special resolutions at any General Meeting of Shareholders, enabling shareholder meetings to progress smoothly.

Improving Investor Relations (IR)

The Company has been aggressively pursuing IR activities worldwide, designed to ensure accountability by providing shareholders and investors with appropriate, accurate and timely information regarding the Company's management performance and business operations. They include quarterly financial results briefings, an "IR road show" for overseas investors, efforts to improve information disclosure on the IR homepage, and interviews in response to requests from analysts and media.

State of Audit

The Company has designated Ernst & Young ShinNihon LLC as the independent auditing company with review responsibilities for Company audits. Certified Public Accountants who engaged in the certification of audit are as follows.

Kazuhiro Fujita
Designated Limited Liability and Engagement Partner
Shinji Tamiya
Designated Limited Liability and Engagement Partner
Masahiko Tsukahara
Designated Limited Liability and Engagement Partner

The number of continuous years the Certified Public Accountants have served the Company is omitted because it is under seven (7) years for all of them.

Ernst & Young ShinNihon LLC has introduced a voluntary system for rotating engagement partners in its employ so that none exceeds a certain number of years in continuous service.

Support staff for the audit includes six (6) certified public accountants and twenty-four (24) other assistants.

Basic Policy Regarding the Internal Control System and the State of Its Development

The Company, in accordance with the Company Law, passed a resolution at a Board of Directors meeting regarding development of a system to ensure the conduct of its business is appropriate. The Company considers risk management and compliance its most important issues, and is therefore continuing to develop the internal control system.

1) Systems to ensure Director compliance with laws, regulations and the Company's Articles of Incorporation

1. The Board of Directors shall supervise Directors in the execution of their responsibilities, to ensure that the Directors 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 performance of the Directors' duties.
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 that 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 performance of Directors' duties

1. Documents and other forms of information storage that detail the execution of duties by Directors are properly produced, stored and managed through the establishment and application of required in-house rules.
2. The Company ensures correct handling of classified information, including the content of documents and other forms of information storage that detail the execution of duties by Directors, through the establishment and application of required in-house rules.
3. The Company has the necessary structures and internal rules in place to facilitate timely and accurate disclosure of important corporate information.

3) Rules relating to risk control against loss

1. A Risk Management and Compliance Committee shall be established to formulate and promote measures for integrated risk control.

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. The necessary in-house rules are in place and are carefully observed 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 the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

4) Systems to ensure efficient execution of Directors' duties

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 the Board of Directors Rules, Decision-making Rules and other important rules. This will allow these 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 relevant 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 "management by objectives" 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 and 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 that 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 assure proper business conduct by the group, internal policies shall be established, defining the controlling sectors in charge of each subsidiary, responsibilities, authority, management methods of subsidiaries, and other rules.
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 Japanese subsidiary, in principle, shall have a Board of Directors and a Corporate Auditor; overseas subsidiaries shall design their organizations in accordance with local law.
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 with oversight for financial information offers guidance and training to subsidiaries to ensure that they handle financial information appropriately.
6. The section with oversight for risk management provides subsidiaries with guidance and training on risk management practices.
7. 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.

Corporate Governance

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 on the following matters to the Board of Corporate Auditors periodically, or, when necessary, at its request.

1. Establishment and operation of internal control systems, and related subjects
2. Results of internal audits conducted by the internal audit section
3. Operation of the internal reporting system, and receipt of reports
4. Director malpractice and/or acts conducted in violation of the law or the Company's Articles of Incorporation
5. 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, the Risk Management and Compliance Committee, and the Expanded 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 meetings and any other meetings that the Board of Corporate Auditors may specify, and Decision-making Forms shall be made available for Corporate Auditors' perusal.
5. Auditing assistance from outside experts shall be secured when deemed necessary by the Board of Corporate Auditors.

Equity Holdings

1) Total number of companies and amounts on the balance sheet for equity holdings that are not held for the purpose of pure investment

65 companies ¥17,172 million

2) Companies, number of shares, balance sheet amounts and purpose of holding for equity holdings that are not for pure investment

Companies	Number of shares (shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	10,409	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	1,613	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	1,184	To maintain a stable business relationship
Imasen Electric Industrial Co., Ltd.	613,750	750	To maintain a stable business relationship
Mizuho Financial Group, Inc.	2,288,340	734	To maintain a stable business relationship as a financial institution with which the Company has transactions
The Shizuoka Bank, Ltd.	825,706	618	To maintain a stable business relationship as a financial institution with which the Company has transactions
Enshu Limited	6,457,395	542	To maintain a stable business relationship
Stanley Electric Co., Ltd.	100,000	151	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	134	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	116	To maintain a stable business relationship

3) Pure investment equity holdings

No related items.

Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares

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.

Please refer to the following URL for more information.
http://www.yamaha-motor.co.jp/global/news/2010/0212/pdf/prevent.pdf

Directors, Corporate Auditors and Executive Officers

As of March 24, 2011

Board of Directors

President and Representative Director
Hiroyuki Yanagi

Representative Director
Takaaki Kimura

Director
Toyoo Ohtsubo

Director
Yoshiteru Takahashi

Director
Hiroyuki Suzuki

Director
Kozo Shinozaki

Director
Nobuya Hideshima

Director
Masahiro Takizawa

Director
Yuko Kawamoto*

Director
Masamitsu Sakurai*

Director
Mitsuru Umemura*

*Outside Director

Corporate Auditors

Yutaka Kume　**Shigeki Hirasawa**　**Norihiko Shimizu****　**Tetsuo Kawawa****

**Outside Corporate Auditor

Executive Officers

President and Chief Executive Officer
Hiroyuki Yanagi

Senior Managing Executive Officer
Takaaki Kimura
Chief General Manager of Marine Business Operations, Chief General Manager in charge of Product Assurance & Safety Promotion Center, and Chief General Manager in charge of Automotive Business Unit

Managing Executive Officer
Toyoo Ohtsubo
Chief General Manager of Technology Center

Managing Executive Officer
Yoshiteru Takahashi
Chief General Manager of Motorcycle Business Operations, and Chief General Manager in charge of Overseas Market Development Operation Business Unit

Senior Executive Officer
Hiroyuki Suzuki
Managing Director of India Yamaha Motor Pvt. Ltd.

Senior Executive Officer
Kozo Shinozaki
Senior General Manager of Corporate Planning & Finance Section

Senior Executive Officer
Nobuya Hideshima
Chief General Manager of Procurement Center, and Chief General Manager in charge of Parts Business Unit

Senior Executive Officer
Masahiro Takizawa
Chief General Manager of Business Development Operations

Senior Executive Officer
Yoshiaki Hashimoto
Senior General Manager of Human Resources & General Affairs Section, and Chief General Manager in charge of Business Development Managing Unit

Senior Executive Officer
Kunihiko Miwa
Senior General Manager of Engineering Section, Motorcycle Business Operations

Senior Executive Officer
Katsuaki Watanabe
Chief General Manager of Manufacturing Center

Executive Officer
Nobuaki Shiraishi
Executive General Manager of Recreational Vehicle Business Unit, Motorcycle Business Operations

Executive Officer
Tadakazu Ishibashi
Executive General Manager of Product Assurance & Safety Promotion Center, General Manager of Safety Promotion & Traffic System Division, Product Assurance & Safety Promotion Center, and Executive General Manager of Business Development Managing Unit

Executive Officer
Souichi Sasagawa
President of Yamaha Motor Powered Products Co., Ltd.

Executive Officer
Hajime Yamaji
President of Yamaha Motor Europe N. V.

Executive Officer
Toshizumi Kato
President of Yamaha Motor Corporation, U.S.A.

Executive Officer
Hiroshi Yoshii
Senior General Manager of Manufacturing Technology Section, Technology Center

Executive Officer
Takahiko Goan
Executive General Manager of Overseas Market Development Operation Business Unit

Executive Officer
Masato Adachi
Executive General Manager of Boat Business Unit, Marine Business Operations

Executive Officer
Masanori Kobayashi
Executive General Manager of Smart Power Vehicle Business Unit, Business Development Operations, and General Manager of PAS Development Division, Smart Power Vehicle Business Unit, Business Development Operations

Executive Officer
Yoichiro Kojima
Executive General Manager of Marine Engine Business Unit, Marine Business Operations

Executive Officer
Tsuneji Suzuki
President of PT. Yamaha Indonesia Motor Manufacturing and President of PT. Yamaha Motor Manufacturing West Java

Executive Officer
Ryouichi Sumioka
Executive General Manager of 1st Business Unit, Motorcycle Business Operations

Executive Officer
Hiroaki Fujita
Executive General Manager of IM Business Unit, Business Development Operations and General Manager of Quality Assurance Division, IM Business Unit, Business Development Operations and President and Reppresentative Director of i-Pulse Co., Ltd."

*Abbreviations:
PAS: Electrically Power Assisted Bicycle
IM: Intelligent Machinery

Organization

Yamaha Motor Co., Ltd., as of January 1, 2011

- General Meeting of Shareholders
  - Board of Corporate Auditors — Corporate Auditors' Office
- Board of Directors
- President & CEO*
  - Management Committee
  - Risk Management and Compliance Committee
  - Integrated Auditing Division
  - Human Resources & General Affairs Section
    - Human Resources Development Division
    - General Affairs Division
    - Group Administration Division
    - Legal & Intellectual Property Division
    - Public Relations & Advertising Division
    - Tokyo Office
  - Corporate Planning & Finance Section
    - Corporate Planning Division
    - Finance & Accounting Division
    - Business Management Division
    - Logistics and Security Trade Division
    - Process & IT* Division
  - CGM* — Product Assurance & Safety Promotion Center
  - Technology Center
    - Research & Development Section
    - Manufacturing Technology Section
    - Technology Infrastructure Section
  - Manufacturing Center
    - Manufacturing Planning Section
    - Body Manufacturing Section
    - Engine Manufacturing Section
  - Procurement Center
    - Procurement Section
    - Cost Innovation Section
  - Motorcycle Business Operations
    - 1st Business Unit
    - 2nd Business Unit
    - Recreational Vehicle Business Unit
    - Product Planning Section
    - Engineering Section
    - Quality Assurance Section
  - Marine Business Operations
    - Marine Engine Business Unit
      - Engineering Section
    - Water Vehicle Business Unit
    - Boat Business Unit
  - CGM* — Automotive Business Unit
  - CGM* — Overseas Market Development Operation Business Unit
  - CGM* — Parts Business Unit
  - Business Development Operations
    - IM* Business Unit
    - Smart Power Vehicle Business Unit
    - Unmanned Aerial Vehicle Business Development Section
    - Pool Business Development Section
  - CGM* — Business Development Managing Unit

*Abbreviations:

CEO: Chief Executive Officer

CGM: Chief General Manager

IT: Information Technology

IM: Intelligent Machinery

Risk Factors

The Yamaha Motor group faces a variety of risks which have the potential to significantly affect investor judgments about the group. These are discussed below. Forward-looking statements in this section are based on the information available to the group as of March 25, 2011.

Risks Related to Business Operations

For risks discussed below, to which our business is normally exposed, the Yamaha Motor group (the "group") incorporates hedging policies in its business plans, and takes hedging measures in its Medium-Term Management Plan and budgets. The group also closely monitors conditions and developments, and promptly responds to changes. Nevertheless, if risks emerge that exceed the scope for which means of control have been prepared, the group's business results and financial standing could be adversely impacted.

Economic Conditions

The group conducts businesses in nations and regions around the globe, including Japan, North America, Europe and Asia. In these markets, purchasing our products may not be essential or imperative for consumers. If demand in these markets were to shrink more than it has already due to such developments as financial instability in countries bordering the euro zone and rising interest rates to curb inflation in emerging markets, the group's business development may be negatively impacted.

Market Competition

The group is exposed to intense competition in many of the markets in which it does business, and such competition may prevent the group from advantageous product pricing. Intense market competition increases pressure on group profits, and this profit squeeze can become especially pronounced when market demand slackens. Although the group must continue introducing attractive new products in order to maintain or gain an advantage amid tough competition, there is no assurance that the group can in fact allocate sufficient resources to develop such new products. Furthermore, there is no way to assure that the group can successfully market the products it does develop with the resources invested.

Currency Fluctuations

Most of the motorcycles and outboard motors sold in volume by the group in North America and Europe are manufactured in Japan and exported as completed products. Therefore, fluctuations in the exchange rates of the Japanese yen against major currencies, such as the U.S. dollar and the euro, significantly impact not only the group's sales, but also profits and other results. Generally, the appreciation of the yen against other currencies has a negative impact, while the yen's depreciation positively affects the group's business performance. Although the group uses hedging instruments in an effort to minimize the negative effects of the Japanese yen's fluctuations against the U.S. dollar, the euro and other major currencies, dramatic exchange rate fluctuations may impact planned procurement, production and marketing activities. Furthermore, by utilizing hedging instruments, the group potentially loses profits that would result from the exchange rates moving in the direction opposite the hedge forecast.
The group's business results and financial standing are stated based on the consolidated financial statements, prepared by translating local-currency-denominated business results of the Company's overseas subsidiaries into yen. Thus, fluctuations in the exchange rates of the yen against these currencies may have a significant impact on their results, and, in turn, the Company's consolidated financial statements.

Business Operations in Overseas Markets

The group does business in many nations and regions around the globe. On a consolidated basis, the ratio of overseas sales to net sales for the fiscal year ended December 31, 2010 stood at 89.0%. Particularly in the motorcycle business, sluggish sales in developed nations make the group increasingly dependent on sales and profits in Asian and other emerging markets. In the more strategically important of these markets, the group may forecast growth in demand or anticipate developments that will strongly impact neighboring nations and regions. In these situations, the group may need to make large strategic investments long before any profit can be expected. If factors that could not be anticipated when the investment decisions were made should subsequently materialize in those nations and regions, such as changes in governments' currency exchange policies, foreign investment policies, and tax systems, demand may decrease substantially, possibly delaying or entirely preventing recovery of the investment.

Risk Factors

Joint Ventures

In some nations and regions, the group operates businesses through joint ventures with local enterprises, due to legal and other requirements in those nations and regions. These joint-venture businesses may be affected by factors involving the group's business partners, such as the policies or conditions of their management.

Dependence on Suppliers for Procurement of Certain Raw Materials and Parts

The group procures raw materials, parts and other goods used to manufacture products from many suppliers outside the group, and relies heavily on several key suppliers for certain items. Whether the group can continue procuring these raw materials and parts efficiently at low cost depends on many factors, some of which, such as market conditions and natural disasters, are not within the group's control.

Dependence on Corporate Customers

The group not only supplies consumer products such as motorcycles and outboard motors to consumer markets, but also automobile engines to automakers and surface mounters as OEM products to corporate customers. Sales of automobile engines and surface mounters through the OEM business may be affected by factors outside the group's control, such as the management and procurement policies of the client companies.

Retirement Benefit Obligation

The group's employees' retirement benefits and the obligation thereto are computed by applying actuarial assumptions to the discount rate and the expected rate of return on the pension asset fund. Should the actual results differ from the assumptions, or should the assumptions change, the effects generated by these events are calculated cumulatively, thus repeatedly impacting results—and, generally, expenses and obligations—in the future. Therefore, decreases in discount rates, and/or lower-than-expected returns from pension asset management, may have a negative impact on the group.

Unrealized Loss on Land

Pursuant to the "Law Concerning the Revaluation of Land," the fair value of land at December 31, 2010 was lower than the book value after the revaluation by ¥6.3 billion, resulting in unrealized loss. Consequently, the unrealized loss on land may materialize when the land is sold, thus negatively impacting the business performance of the group.

Natural Disasters and Others Factors

Natural disasters, diseases, wars, terrorism and other unforeseen events may affect the operations of the group, directly or indirectly. Specifically, the occurrence of any of these incidents or events could delay or disrupt group operations. Furthermore, if group manufacturing plants or other facilities are directly damaged, substantial expenditure may be required to repair or replace the damaged facilities.

Great Tohoku Earthquake

The Great Tohoku Earthquake, which rattled Japan on March 11, 2011, caused damage at some affiliated companies, such as marina facilities, under the Yamaha Motor group umbrella, but did not seriously damage the factories or facilities of the Company or its consolidated subsidiaries.

However, widespread devastation in the disaster zone and worrisome developments at the nuclear power plant in Fukushima Prefecture have impacted the group's operations. A shortage of parts, beginning March 16, 2011, has forced many production sites to suspend operations. A decision to resume production at the affected factories will be based on the availability of necessary parts. If the stoppage in production drags on, the business results and financial standing of the group could be eroded.

Significant Risks Related to the Business Foundation

The group has identified significant risks which may negatively impact its business foundation, and which require priority countermeasures. The Risk Management and Compliance Committee conducts integrated management of such risks and implements the countermeasures. As for individual risks considered significant, the Company is to clarify the department in charge, whereupon that department works to decrease the risk. Should even more serious risks than these materialize, an Emergency Countermeasures Headquarters headed by the President and Chief Executive Officer will be organized, in order to establish a system for minimizing the damage and negative effects. Main risks of this nature are described below. If an incident more severe than assumed in contingency planning occurs, it may negatively affect business results of the group.

Product Liability

Recognizing that it is our social responsibility to provide products of high quality, the group manufactures motorcycles and other products at its factories worldwide under a strict quality assurance system, based on the group's Quality Assurance Standards. However, it is practically impossible to ensure zero defects for all products or eliminate the possibility of recalls in the future. Consequently, the group is covered with product liability insurance, but there is no assurance that the maximum amount of compensation provided by the insurance policy can provide the total amount required. Furthermore, situations may arise in which the group is unable to continue purchasing the insurance policy under acceptable conditions for the group. Should a large-scale recall or a product defect trigger a product liability case, the group could incur major expenses, and its credibility could be damaged. Such a development may decrease sales and negatively affect business results of the group. In order to provide for the payment of liabilities that may not be covered by product liability insurance, the group allocates an accrual for product liabilities at an estimated amount of payment, based on the actual results in past years. Such provision notwithstanding, however, the development of product liability lawsuits—particularly cases involving side-by-side vehicles in the United States—could adversely effect the group's business performance.

Environmental and Other Regulations

In many countries and regions where the group operates, the group and its products are subject to a wide range of environmental and other regulations, encompassing product safety, fuel economy, exhaust emission levels and the levels of pollutants generated from manufacturing facilities. These regulations may be revised and made stricter in the future. The group has been promoting environmental preservation activities, in accordance with the "CSR Policy" and the "Year 2010 Yamaha Motor Group Environmental Plan," such as formulating green procurement guidelines to reduce environmentally hazardous emissions from products and factories, and establishing dedicated teams. Nevertheless, major changes in the regulations or laws in the countries and regions where the group does business may necessitate significant further expenditure.

Protection of Intellectual Properties

The group protects its many patent rights, trademark rights and other intellectual properties, which help differentiate the group's products from others, through legal measures and procedures. However, in some nations and regions where the group operates, complete protection of intellectual property rights may not be possible, or intellectual property rights may only be protected on a limited basis. In such nations and regions, the group may not be able to exercise its intellectual property rights to effectively prohibit the production of similar products.

Tokai Earthquake

The group's main Japanese factories are concentrated in an area subject to "intensified measures against earthquake disasters" in anticipation of a potentially severe predicted earthquake, referred to as the Tokai Earthquake. The group has been promoting seismic retrofitting for its main buildings and structures, establishing systems that will facilitate early post-earthquake restoration, and regularly reviewing these systems and measures with the aim of minimizing damage and achieving early restoration in the event of an earthquake. However, an earthquake exceeding the group's predicted magnitude could occur. The buildings and inventories owned by the group are covered by earthquake insurance policies, but earthquake damage may exceed the maximum collateral limits for such assets and properties.

Information Management

Protection of personal and/or confidential information, including customer information, is essential for maintaining a company's credibility and ensuring smooth business operations. The group takes extensive measures to protect information assets, such as establishing corporate regulations, conducting in-house education, and constructing information security systems. However, there is no guarantee that leaks or unauthorized transfers of information will not occur. Should such an incident occur in the group, the reputation of the group would be damaged considerably, and the group could be held liable for damage caused to customers. Dependence on information systems, as well as their importance in the group's business activities, continue to grow. Therefore, if an information system should fail to function properly, the group's operations, business performance and financial conditions may be negatively impacted.

History of the Yamaha Motor Group

1955
•Motorcycle operations spun off from Nippon Gakki Co., Ltd. (presently Yamaha Corporation) and made independent in Hamakita City as Yamaha Motor Co., Ltd.
•Production of our first product, the 125cc Yamaha motorcycle YA-1, began
•YA-1 won the 125cc class at the 3rd Mount Fuji Ascent Race
•YA-1 captured first, second and third place in the 125cc class at the 1st Asama Highlands Race

1956
•Won both the 125cc and 250cc classes at the 4th Mount Fuji Ascent Race

1957
•Won both the 125cc and 250cc classes at the 2nd Asama Highlands Race

1958
•Took 6th place in first attempt at the Catalina Grand Prix in the U.S. (International racing debut)
•Yamaha de Mexico established

1960
•Yamaha International Corporation (YIC) founded in the U.S.

1961
•Listed on First Section of the Tokyo Stock Exchange (Capitalized at ¥800 million, 1.6 million shares)
•First appearance in road race World GP (Franc GP)
•Took 6th place in World GP 250cc class in round 4, the Isle of Man TT Race in Britain
•CAT-21 won 1st Pacific 1,000km Motorboat Marathon

1962
•Won Novice 250/350cc classes at the 1st All Japan Road Race Championship
•STR-18 won 2nd Pacific 1,000km Motorboat Marathon

1963
•Pearl Yamaha in India started production and sales of mopeds
•RD56 set a new record in winning the Daytona Grand Prix in the U.S.
•Won first 250cc class in the Belgium GP leg of the World GP

1964
•Boat production business transferred from Nippon Gakki
•Won 1st Japan Motocross GP in the 251cc and above class
•Captured first manufacturer and rider titles in the 250cc class (RD65) of the road race World GP
•Siam Yamaha founded in Thailand
•Yamaha Motor acknowledged in Japan as a company contributing to exports

1965
•Won 125cc class at the Isle of Man TT Race in the World GP for first time
•Captured manufacturer and rider titles for the second consecutive year in the 250cc class of the road race World GP

1966
•Yamaha-built Toyota 2000GT set world records in 13 categories at speed trials
•Technical assistance agreement made for motorcycle production in Taiwan

1967
•Took 125cc class manufacturer and rider titles at the road race World GP

1968
•Joint venture established with Wei-Ming Co. for local production for motorcycles in Malaysia
•First overseas subsidiary, Yamaha Motor Europe N.V. (YMENV), founded in the Netherlands

1969
•Yamaha Motor Malaysia began local production of motorcycles
•Completion of Yamaha test course at Fukuroi City

1970
•Yamaha Motor do Brasil (YMDB) founded
•Took 250cc class manufacturer and rider titles at the road race World GP (TD2)

1971
•Local production of motorcycles begun in Indonesia
•Won snowmobile manufacturer title at the Eagle River World Championship in the U.S.

1972
•Headquarters moved to present location in Iwata City
•First wins in Motocross WGP at the Swedish GP (250cc class) and Luxembourg GP (500cc class)
•Yamaha Motor Deutschland GmbH. (YMG) founded in Germany

1973
•Yamaha Motor Canada (YMCA) founded
•Opening of Yamaha Technical Center in Iwata City
•Won first manufacturer and rider titles in the 250cc class of the Motocross WGP

1974
•Joint venture PT. Yamaha Indonesia Motor Manufacturing (YIMM) founded
•Won manufacturer titles in the 125cc, 250cc, 350cc and 500cc classes of the road race World GP

1975
•Representative office in Nigeria opened
•*Wing of Yamaha* won 1st Single-Handed Transpacific Yacht Race

1976
•YZR750 finished 1-2 in the 13th All Japan Grand Prix Road Race

1977
•Yamaha Motor Corporation, U.S.A. (YMUS) founded
•KD production of motorcycles begun in Peru

1978
•R&D Minnesota opened in the U.S.
•Yamaha-built *Magician 5* won the quarter-ton world championship sailboat competition

1979
•Sino-Japanese friendship “Guangzhou Yamaha Exhibition” held in China
•R&D Amsterdam opened in the Netherlands
•XT500 won the 1st Paris-Dakar Rally
•Won Formula 750 class road race of the World GP for the sixth straight year

1980
•R&D California opened in the U.S.
•Joint venture with Benemoto Co. to produce motorcycles in Venezuela

1981
•Service center opened in Guangzhou and Beijing, China
•Took rider title in the 250cc class of the Motocross WGP

1982
•Sale of two-wheeled vehicle technology to NHW Co. in West Germany
•Two-wheeled vehicle production and marketing tie-up with Motobecane in France
•Joint venture with SEMSA Co. began production of motorcycles in Spain

1983
•Local production begun in Portugal through technical assistance agreement with SIS Co.
•Yamaha Motor Australia (YMA) founded in Sydney
•Joint venture with Escorts to produce motorcycles in India

1984
•Commercial tie-up to supply engines to Ford Motor in the U.S.
•Local production begun in France with technical assistance agreement given to MBK Industrie
•13th consecutive Yamaha victory at the Daytona 200 Mile Race in U.S.

1985
•Signed contract to develop, produce and supply automobile engines to Ford Motor in the U.S.

1986
•Yamaha Motor Taiwan (YMT) founded
•Motorcycle production begun in Italy
•Yamaha automobile racing engine OX66 won first place in the All Japan F2 Championship Series
•Yamaha Motor Manufacturing Corporation of America (YMMC) founded

1987
•Yamaha Motor España S.A. (YMES) established in Spain
•YZF750 won the Suzuka 8-Hours Endurance Race
•Cosworth Yamaha OX77 won the first All Japan F3000 Championship race in its second appearance

1988
- •Production of DOHC engine SHO for Ford Motor begun
- •Completion of Hamaoka test course in Shizuoka Prefecture
- •Cosworth Yamaha OX77 won series title in the All Japan F3000 Championship

1989
- •West Zakspeed Yamaha team formed in Yamaha's first F1 challenge

1990
- •Corporate Mission — *Kando* Creating Company — and long-term management vision announced
- •Yamaha constructed 1992 America's Cup challenge boat, *Nippon*
- •Yamaha Motor Portugal (YMP) founded

1991
- •Established the Environment Affairs Division
- •Functions of customer consultation offices expanded and strengthened
- •Technical Training Center (TTC) completed
- •Yamaha Motor France S.A. (YMF) founded
- •Yamaha Motor de Mexico, S.A. de C.V. (YMMEX) founded

1992
- •Established CCS (Customer Community Satisfaction) Committee
- •Established Yamaha Football Club Co., Ltd.
- •Chongqing-Jianshe Yamaha Motorcycle Co., Ltd. (CJYM) established in China

1993
- •European distribution center began operations in the Netherlands
- •Announcement of the Action Plan for Environmental Conservation
- •Signed agreement with Brunswick Co. in the U.S. to jointly develop 4-stroke outboard motors

1994
- •Technical tie-up for manufacture and sale of surface mounters with Philips EMT
- •YZF750 won the 58th Bordeaux 24-Hours Endurance Road Race
- •Yamaha victorious in the 6th Whitbread Round the World Yacht Race

1995
- •Escorts Yamaha Motor Ltd. established in India
- •Yamaha Motor Thailand established

1996
- •Yamaha Motor Argentina S.A. (YMARG) founded
- •PT. Yamaha Motor Parts Manufacturing Indonesia (YPMI) founded
- •Yamaha motorcycles, snowmobiles, ATVs acquired ISO 9002 certification

1997
- •Yamaha Motor Nuansa Indonesia (YMNI) founded
- •Motorcycle service skills training center opened in Colombia
- •Second-place finish at the Hungary F1 GP world championships

1998
- •Yamaha Motor Asia Pte. Ltd. (YMAP) established in Singapore
- •Yamaha Motor Marketing Japan Co., Ltd. established

1999
- •Announced 2010 Environmental Action Plan, Eco Cite YAMAHA
- •Nine Yamaha Motor factory and office sites acquired ISO 14001 certification
- •Production of motorcycles began at Yamaha Motor Vietnam Co., Ltd. (YMVN)

2000
- •Corporate ties with Toyota Motor Co. strengthened
- •IM Division reorganized as an in-house company

2001
- •Won manufacturer and rider titles in the 500cc class of the Motocross WGP

2002
- •Initiated three-year Medium-Term Management Plan, NEXT50
- •Yamaha branding strategy launched
- •Production of scooters for the Japanese market transferred to Yamaha Motor Taiwan (YMT)

2003
- •Marine Engine Division reorganized as an in-house company
- •Yamaha Boating Systems Co., Ltd. founded
- •Yamaha Motor Distribution Singapore Pte. Ltd. (YDS) founded
- •Net sales topped one trillion yen for the first time
- •All-Yamaha ASEAN Cup Race started

2004
- •Won the rider title at the MotoGP
- •Won the MX1 class rider title of the Motocross WGP
- •Sixteen bases at all nine Yamaha Motor office and factory sites in Japan acquired international certification for integrated Environmental Management Systems (EMS)

2005
- •Initiated new three-year Medium-Term Management Plan, NEXT50-Phase II
- •50th anniversary
- •Won manufacturer, team and rider titles at the MotoGP
- •Won the manufacturer and rider titles in the MXI class of the Motocross WGP, repeating the 2003 success
- •OOO Yamaha Motor CIS (YMCIS) established in Russia
- •Completed the Life Science Laboratory, an R&D center for the biotechnology business

2006
- •PT. Yamaha Motor Manufacturing West Java (YMMWJ) began operation (Indonesia)
- •Global Parts Center (Fukuroi City) began full-scale operation
- •Established the Compliance Special Committee
- •Plant for astaxanthin raw material completed; mass production begun
- •Yamaha Motor Foundation for Sports established

2007
- •Yamaha Motor Philippines, Inc. (YMPH) began manufacturing and sales of motorcycles
- •Announced CF magnesium die casting technology and the world's first use of the technology in rear frames of mass-produced motorcycles
- •Yamaha Motor's first health supplement, "ASTIVO," launched in the market

2008
- •Launched the long-term vision "Frontier 2020" and initiated Phase I of the vision, the new Medium-Term Management Plan
- •Yamaha Motor Cambodia Co., Ltd. (YMKH), a joint venture company for the manufacture and sale of motorcycles, founded
- •India Yamaha Private Limited (IYM) founded jointly with Mitsui & Co., Ltd. for the manufacture of motorcycles
- •Global Training Center opened in Indonesia
- •Yamaha Riding Academy established in Thailand to promote motorcycle riding safety
- •Won the manufacturer, team and rider titles at the MotoGP, repeating the triple crown performance of 2005

2009
- •Announced policies and measures to "return to profitability on a consolidated income basis in fiscal 2010" and "achieve a consolidated operating income margin of 5% in fiscal 2012," in view of the revised forecasts of business performance
- •Yamaha Motor Co., Ltd. and Yamaha Marine Co., Ltd. merged
- •Announced the commercialization of the Y.C.A.T. (Yamaha Compact Automatic Transmission), a continuously variable transmission for moped-type motorcycles
- •Won the manufacturer, team and rider titles at the MotoGP, claiming the triple crown for the second consecutive year

2010
- •Yamaha Motor withdrew from life science business

Principal Subsidiaries and Affiliates

As of December 31, 2010

Consolidated Subsidiaries

Company	Location	Principal business lines
Japan		
❶ Yamaha Motorcycle Sales Japan Co., Ltd.	Minato, Tokyo	Marketing of Yamaha Motor products
❷ Yamaha Kumamoto Products Co., Ltd.	Yatsushiro, Kumamoto	Manufacture of outboard motors and other products
❸ Yamaha Motor Powered Products Co., Ltd. (YMPC)	Kakegawa, Shizuoka	Manufacture of power products and motorcycle frames
❹ Yamaha Motor Electronics Co., Ltd.	Mori-machi, Shizuoka	Manufacture of motorcycle electric parts
U.S.A.		
❺ Yamaha Motor Corporation, U.S.A. (YMUS)	Los Angeles, California	Regional headquarters for North America
❻ Yamaha Motor Manufacturing Corporation of America (YMMC)	Atlanta, Georgia	Manufacture and marketing of golf cars, and manufacture of personal watercraft and all-terrain vehicles
❼ Century Boat Company, Inc.	Panama City, Florida	Manufacture and marketing of FRP boats
❽ Skeeter Products, Inc.	Dallas, Texas	Manufacture and marketing of FRP boats
❾ Precision Propeller Industries, Inc. (PPI)	Indianapolis, Indiana	Manufacture and marketing of stainless steel outboard motor propellers
❿ Tennessee Water Craft, Inc.	Knoxville, Tennessee	Manufacture and marketing of FRP boats
⓫ Yamaha Golf-Car Company (YGC)	Atlanta, Georgia	Marketing of golf cars
⓬ Yamaha Motor Distribution Latin America Inc. (YDLA)	Miami, Florida	Distribution of spare parts and accessories
Canada		
⓭ Yamaha Motor Canada Limited (YMCA)	Toronto	Marketing of motorcycles, all-terrain vehicles, outboard motors, personal watercraft and snowmobiles
The Netherlands		
⓮ Yamaha Motor Europe N.V. (YMENV)	Amsterdam	Regional headquarters for Europe
⓯ Yamaha Motor Netherland B.V. (YMNL)	Amsterdam	Marketing of motorcycles, all-terrain vehicles, outboard motors, personal watercraft and power products
⓰ Yamaha Motor Middle Europe B.V. (YMME)	Amsterdam	Management of group companies in Germany and UK
France		
⓱ Yamaha Motor France S.A. (YMF)	Paris	Marketing of motorcycles, outboard motors, personal watercraft, all-terrain vehicles and power products
⓲ MBK Industrie (MBK)	Saint Quentin	Manufacture and marketing of scooters, outboard motors and bicycles
Italy		
⓳ Yamaha Motor Italia S.p.A. (YMIT)	Milan	Manufacture of motorcycles; marketing of motorcycles, all-terrain vehicles, outboard motors and power products
⓴ Motori Minarelli S.p.A.	Bologna	Manufacture and marketing of motorcycle engines
㉑ Yamaha Motor Research & Development Europe S.r.l. (YMRE)	Milan	Procurement of components and parts
Spain		
㉒ Yamaha Motor España S.A. (YMES)	Barcelona	Manufacture and marketing of motorcycles; marketing of all-terrain vehicles, outboard motors and power products
Portugal		
㉓ Yamaha Motor Portugal S.A. (YMP)	Lisbon	Marketing of motorcycles, all-terrain vehicles and golf cars
United Kingdom		
㉔ Yamaha Motor (UK) Limited (YMUK)	London	Marketing of motorcycles, outboard motors, personal watercraft, all-terrain vehicles, golf cars and power products
Germany		
㉕ Yamaha Motor Deutschland GmbH. (YMG)	Düsseldorf	Marketing of motorcycles, outboard motors, personal watercraft, all-terrain vehicles and power products
Sweden		
㉖ Yamaha Motor Scandinavia AB (YMS)	Stockholm	Marketing and distribution of all products for Scandinavian nations
Russia		
㉗ OOO Yamaha Motor CIS (YMCIS)	Moscow	Marketing of motorcycles, outboard motors, all-terrain vehicles, snowmobiles and parts
Australia		
㉘ Yamaha Motor Australia Pty Limited (YMA)	Sydney	Marketing of motorcycles, all-terrain vehicles, golf cars, boats, outboard motors, personal watercraft and power products
New Zealand		
㉙ Yamaha Motor New Zealand Limited (YMNZ)	Auckland	Marketing of motorcycles, all-terrain vehicles, golf cars, boats, outboard motors, personal watercraft and power products

Company	Location	Principal business lines
Brazil		
㉚ Yamaha Motor do Brasil Ltda. (YMDB)	São Paulo	Manufacture and marketing of motorcycle parts; marketing of motorcycles, outboard motors, all-terrain vehicles and generators
㉛ Yamaha Motor da Amazonia Ltda. (YMDA)	Manaus	Manufacture and marketing of motorcycles and outboard motors
Colombia		
㉜ Industria Colombiana de Motocicletas Yamaha S.A. (INCOLMOTOS)	Medellin	Manufacture and marketing of motorcycles and motorcycle parts
Argentina		
㉝ Yamaha Motor Argentina S.A. (YMARG)	Buenos Aires	Marketing of motorcycles, outboard motors and personal watercraft
Mexico		
㉞ Yamaha Motor de Mexico, S.A. de C.V. (YMMEX)	Mexico City	Manufacture and marketing of motorcycles; marketing of all-terrain vehicles and golf cars
Indonesia		
㉟ PT. Yamaha Indonesia Motor Manufacturing (YIMM)	Jakarta	Manufacture and marketing of motorcycles
㊱ PT. Yamaha Motor Kencana Indonesia (YMKI)	Jakarta	Marketing of motorcycles
㊲ PT. Yamaha Motor Manufacturing West Java (YMMWJ)	Karawang	Manufacture of motorcycles
㊳ PT. Yamaha Motor Parts Manufacturing Indonesia (YPMI)	Jakarta	Manufacture and marketing of motorcycle parts
㊴ PT. Yamaha Motor Nuansa Indonesia (YMNI)	Jakarta	Manufacture and marketing of water purifiers
Singapore		
㊵ Yamaha Motor Asia Pte. Ltd. (YMAP)	Singapore	Financing center for Asia production bases
㊶ Yamaha Motor Distribution Singapore Pte. Ltd. (YDS)	Singapore	Distribution of spare parts and accessories
Vietnam		
㊷ Yamaha Motor Vietnam Co., Ltd. (YMVN)	Hanoi	Manufacture and marketing of motorcycles
㊸ Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. (YPMV)	Hanoi	Manufacture of motorcycle parts
Thailand		
㊹ Thai Yamaha Motor Co., Ltd. (TYM)	Bangkok	Manufacture and marketing of motorcycles
㊺ Yamaha Motor Asian Center Co., Ltd. (YMAC)	Bangkok	Regional headquarters for ASEAN nations
The Philippines		
㊻ Yamaha Motor Philippines, Inc. (YMPH)	Laguna	Manufacture and marketing of motorcycles
Taiwan		
㊼ Yamaha Motor Taiwan Co., Ltd. (YMT)	Taipei	Manufacture and marketing of motorcycles
㊽ Yamaha Motor Taiwan Trading Co., Ltd. (YMTT)	Taipei	Export of motorcycles
㊾ Yamaha Motor R&D Taiwan Co., Ltd. (YMRT)	Taipei	Research and development of motorcycles
India		
㊿ India Yamaha Motor Pvt. Ltd. (IYM)	Delhi	Manufacture of motorcycles
51 Yamaha Motor India Sales Pvt. Ltd. (YMIS)	Delhi	Marketing of motorcycles
China		
52 Yamaha Motor Commercial Trading (Shanghai) Co. Ltd. (YMCT)	Shanghai	Procurement of parts and raw materials from within China and supply to overseas Yamaha production bases, etc.
53 Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. (YMSM)	Shanghai	Marketing of Yamaha-brand motorcycles made in China, and after-sales service and marketing of parts for those products
54 Zhuzhou Yamaha Motor Shockabsorber Co., Ltd. (ZYS)	Zhuzhou, Hunan	Manufacture and marketing of motorcycle suspensions
55 Yamaha Motor R&D Shanghai Co., Ltd. (YMRS)	Shanghai	Planning and development of motorcycles

Other consolidated subsidiaries: 49 companies
Total consolidated subsidiaries: 104 companies

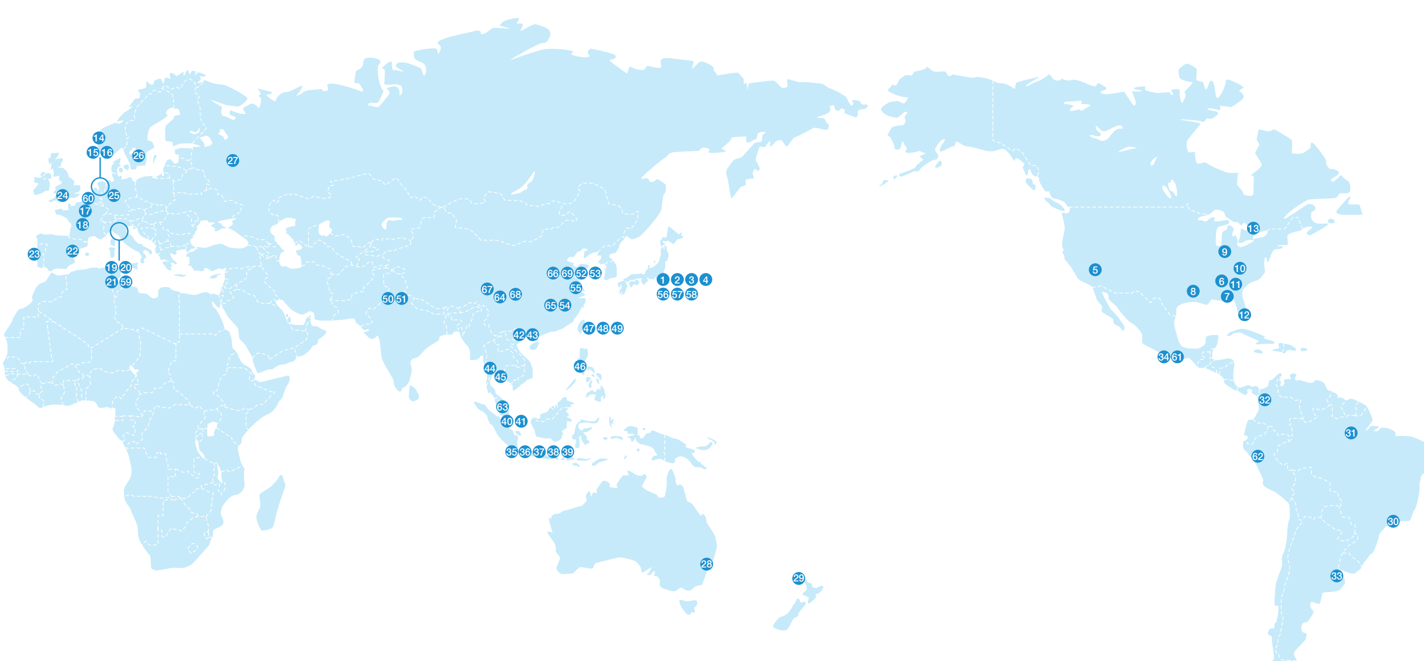
Principal Subsidiaries and Affiliates

As of December 31, 2010

Subsidiaries and Affiliates Accounted for by the Equity Method

Company	Location	Principal business lines
Japan		
56 Yokohama Bay Side Marina Co., Ltd.	Yokohama, Kanagawa	Management of a marina and related business
57 Yamaha Football Club Co., Ltd.	Iwata, Shizuoka	Management of a professional soccer team
58 Mikasa Unyu Co., Ltd.	Kakegawa, Shizuoka	Distribution
Italy		
59 Yamaha Motor Racing S.r.l. (YMR)	Milan	Contract coordination, management and related activities for MotoGP and machine development testing
Belgium		
60 D'Ieteren Sport S.A.	Brussels	Marketing of motorcycles, outboard motors, personal watercraft, all-terrain vehicles and power products
Mexico		
61 Industria Mexicana de Equipo Marino, S.A. de C.V. (IMEMSA)	Mexico City	Manufacture and marketing of FRP boats; marketing of outboard motors, generators, personal watercraft and parts
Peru		
62 Yamaha Motor del Perú S.A. (YMDP)	Lima	Marketing of motorcycles, all-terrain vehicles, parts and other related products
Malaysia		
63 Hong Leong Yamaha Motor Sdn. Bhd. (HLYM)	Kuala Lumpur	Manufacture of motorcycles
China		
64 Chongqing Jianshe·Yamaha Motor Co., Ltd. (CJYM)	Chongqing, Sichuan	Manufacture of motorcycles
65 Zhuzhou Jianshe Yamaha Motor Co., Ltd. (ZJYM)	Zhuzhou, Hunan	Manufacture of motorcycles
66 Jiangsu Linhai Yamaha Motor Co., Ltd. (LYM)	Taizhou, Jiangsu	Manufacture and marketing of motorcycle engines
67 Sichuan Huachuan Yamaha Motor Parts Manufacturing Co., Ltd. (SHY)	Chengdu, Sichuan	Manufacture and marketing of electrical components for motorcycles
68 Chongqing Pingshan TK Carburetor Co., Ltd. (PTK)	Chongqing, Sichuan	Manufacture and marketing of motorcycle engine carburetors
69 Yamaha Motor Taizhou O.P.E. Co., Ltd. (YMTO)	Taizhou, Jiangsu	Manufacture of multi-purpose engines

Other subsidiaries and affiliates accounted for by the equity method: 19 companies
Total subsidiaries and affiliates accounted for by the equity method: 33 companies



Financial Section

Management Discussion and Analysis of Operations

Overview

The global economic environment during fiscal 2010—the consolidated fiscal year ended December 31, 2010—was a mix of challenges and opportunities, weighted slightly perhaps more toward the challenging side. In the United States, consumer spending seemed to rally but unemployment remained a concern, and in Europe, financial crises befell countries on the edge of the euro zone. These developments dampened economic recovery in the West. A similar positive-negative air hung over Japan, with signs of improvement in export activity overshadowed by obstacles, especially persistent yen appreciation, which created uncertainty over the direction that recovery might take. Meanwhile, emerging markets, primarily in Asia, were for all intents and purposes impervious to slowdown and continued to expand.

Looking at key markets for the Yamaha Motor group, in the United States and Europe demand for motorcycles and all-terrain vehicles retreated year on year, but the downward trend in outboard motors appeared to have bottomed out. In emerging markets, demand for motorcycles remained brisk. Of note, year-on-year sales rose significantly in Indonesia.

Against this operating backdrop, consolidated net sales for fiscal 2010 increased 12.2% from a year earlier to ¥1,294.1 billion ($15,880.9 million), buoyed by higher sales of motorcycles in emerging markets on a unit basis, which offset a value drop caused by yen appreciation. A turnaround in demand for outboard motors and surface mounters also contributed to better net sales.

On the income front, the group welcomed a return to the black. Consolidated operating income rebounded ¥113.9 billion ($1,397.6 million) from last year's loss position to ¥51.3 billion ($629.6 million), and consolidated ordinary income bounced back ¥134.5 billion ($1,650.3 million) to ¥66.1 billion ($811.7 million). This achievement reflects several factors, including higher sales despite the revenue-squeezing impact of adverse exchange rates between the yen and major currencies and rising prices for raw materials, as well as structural reforms that streamlined depreciation expenses and personnel costs, successful cost-cutting measures, and enhanced marginal profit supported by a recovery in domestic output of motorcycles and outboard motors. These results, plus a much less burdensome extraordinary loss—largely due to the booking of business structure improvement expenses of ¥103.7 billion in fiscal 2009 and the absence of such an amount in fiscal 2010—propelled the group out of last year's net loss position to net income of ¥18.3 billion ($224.6 million), a ¥234.4 billion ($2,877.0 million) turnaround.

Scope of Consolidation

The number of consolidated subsidiaries at the end of fiscal 2010 decreased by three from fiscal 2009, to 104, and the number of companies accounted for by the equity method remained the same, at 33.

Impact of Exchange Rate Fluctuations

Fluctuating exchange rates had a negative effect on net sales and gross profit, causing year-on-year reductions of ¥8.7 billion ($106.8 million) to net sales and ¥18.4 billion ($225.8 million) to gross profit.

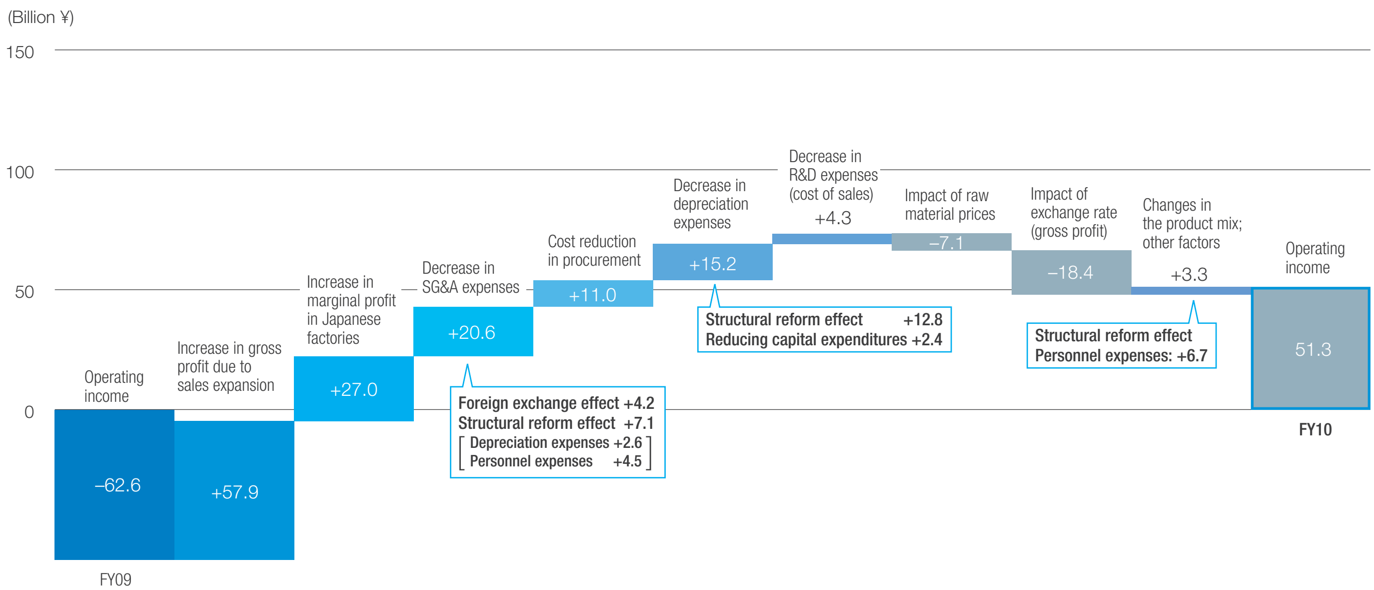
The impact of exchange rate fluctuations on net sales is defined as the difference between yen-translated amounts of foreign currency-denominated sales generated at overseas subsidiaries in fiscal 2010 calculated at exchange rates that prevailed at the end of fiscal 2010 and respective exchange rates applied in fiscal 2009. Similarly, the impact of exchange rate fluctuations on gross profit is defined as the difference between yen-translated amounts of foreign currency-denominated gross profit generated at overseas subsidiaries in fiscal 2010 calculated at exchange rates that prevailed at the end of fiscal 2010 and respective exchange rates applied in fiscal 2009. The impact of exchange rate fluctuations does not take into account changes in the selling prices of group products.

The exchange rates used in converting foreign currency-denominated amounts into yen on the financial statements were ¥88 to the U.S. dollar, appreciating ¥6 from fiscal 2009, and ¥116 to the euro, appreciating ¥14 from fiscal 2009.

Sales and Operating Income

Net sales for fiscal 2010 increased ¥140.5 billion ($1,724.0 million), or 12.2%, from fiscal 2009 to ¥1,294.1 billion ($15,880.9 million). In Japan, sales increased ¥11.9 billion

Factors Impacting Operating Income

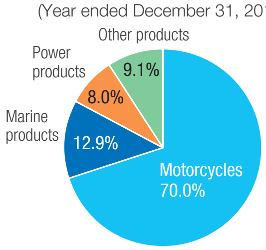


($146.5 million), or 9.2%, to ¥142.4 billion ($1,747.2 million), representing 11.0% of net sales. Meanwhile, overseas sales increased ¥128.5 billion ($1,577.5 million), or 12.6%, to ¥1,151.8 billion ($14,133.7 million), accounting for 89.0% of net sales.

In terms of profit, operating income for fiscal 2010 increased ¥113.9 billion ($1,397.6 million) from fiscal 2009 to ¥51.3 billion ($629.6 million). This result was attributable to the increase in sales, reduced depreciation and personnel expenses due to structural reforms, cost reductions, an improvement in marginal profit owing to a recovery in domestic production volumes of motorcycles and outboard motors, and other factors, despite the negative impact of yen appreciation and higher raw material prices.

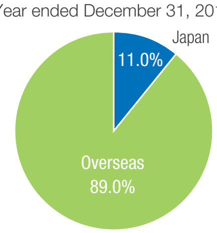
Percentage of sales by product segment

(Year ended December 31, 2010)

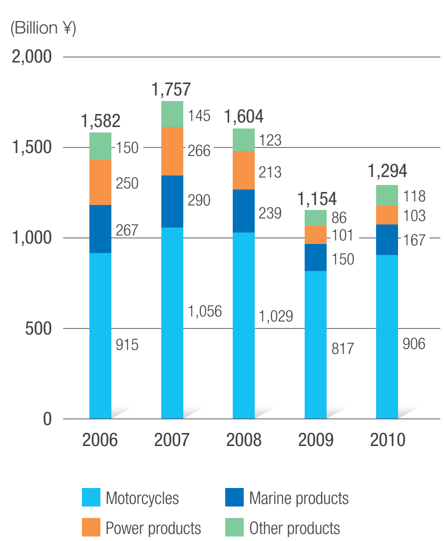


Percentage of sales by market

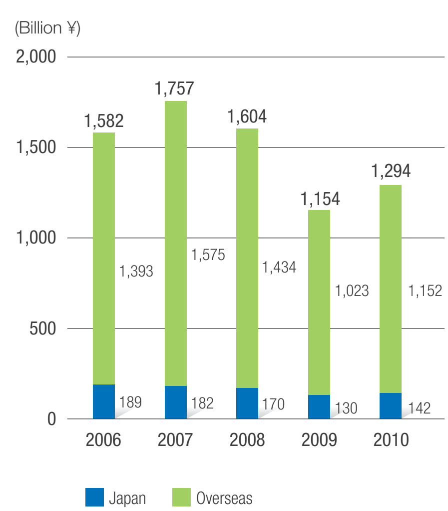
(Year ended December 31, 2010)



Sales by product segment



Sales by market



Management Discussion and Analysis of Operations

Sales Performance by Business Segment

Motorcycles

Unit sales in emerging markets rose 22.8% from the previous year to 6.56 million units. Overall unit sales, including those to developed markets, rose 19.2% to 6.96 million units. Production capacity was expanded to 3.60 million units in Indonesia and 1 million units in Vietnam, markets where growth is expected to continue.

In emerging markets, motorcycle sales increased from the previous year on higher sales volume. In developed markets, however, motorcycle sales decreased from the previous year as a result of a decline in sales volume due to lower-than-expected demand and yen appreciation. In the United States, market stock adjustments were implemented to bring stock in line with current demand.

As a result of these developments, motorcycle sales for the fiscal year ended December 31, 2010 (fiscal 2010) rose 10.9% from the previous year to ¥906.0 billion ($11,117.6 million), while operating income improved by ¥46.9 billion ($575.4 million) to ¥42.7 billion ($524.5 million).

Marine Products

Retail sales and wholesale shipments of outboard motors in developed markets increased from the previous year, owing to the introduction of newly developed, next-generation environmentally friendly outboard motors and the implementation of market stock adjustments in the previous year and a recovery in retail sales in the United States in the current year. Furthermore, sales also rose in emerging markets, including Russia and Brazil.

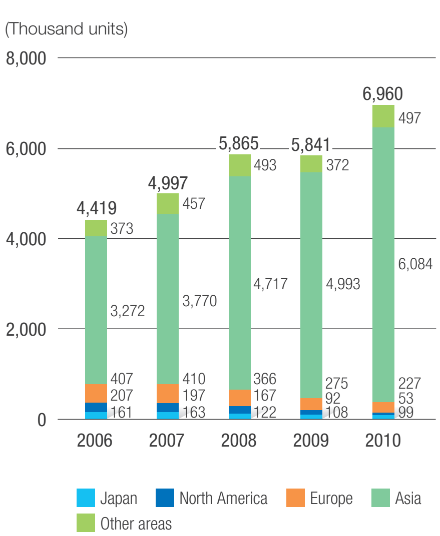
Consequently, marine product sales for fiscal 2010 increased 11.3% to ¥167.1 billion ($2,051.1 million). Operating income was ¥0.7 billion ($9.2 million), representing an improvement of ¥25.0 billion ($307.1 million) from the previous year.

Power Products

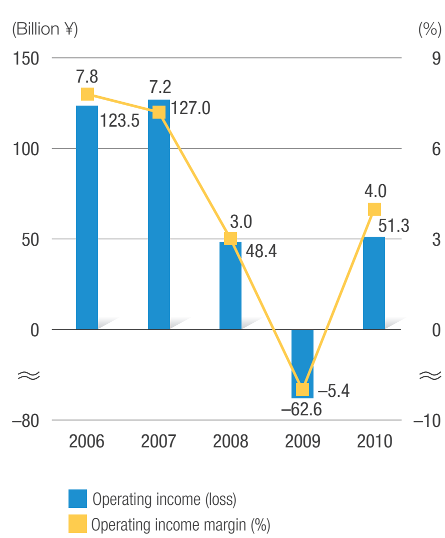
Although retail sales of ATVs in the United States decreased from the previous year, wholesale shipments increased due to market stock adjustments implemented in the previous year.

As a result, total sales of power products rose 2.4% to ¥103.0 billion ($1,263.6 million). Operating loss was ¥11.3 billion ($138.1 million), representing an improvement of ¥22.5 billion ($276.3 million) from the previous year.

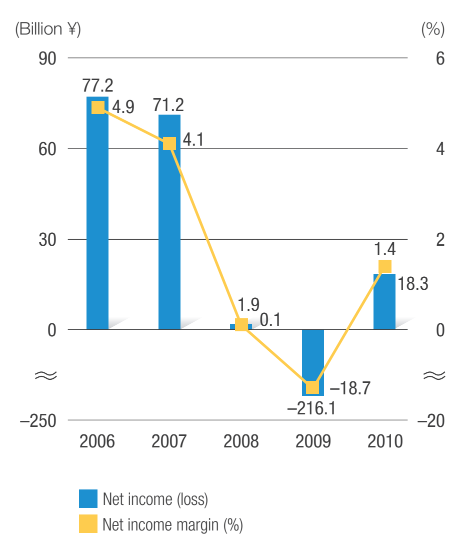
Motorcycle unit sales



Operating income (loss) and operating income margin



Net income (loss) and net income margin



Other Products

Sales in this segment for fiscal 2010 increased 37.4% from the previous year to ¥118.0 billion ($1,448.6 million), due to factors including a recovery in demand for surface mounters in China, an increase in the sales of automobile engines and higher demand for electrically power assisted bicycles in Japan.

Operating income improved by ¥19.5 billion ($238.8 million) from the previous year to ¥19.1 billion ($234.1 million).

Sales Performance by Geographical Segment Note 1

Japan

Sales in Japan for the fiscal year ended December 31, 2010 (fiscal 2010) rose 17.1% from the previous year to ¥527.2 billion ($6,469.9 million), reflecting sales increases for surface mounters, automobile engines and electrically power assisted bicycles. Operating loss was ¥2.5 billion ($30.9 million), an improvement of ¥53.1 billion ($651.2 million) from the previous year. This is attributable to an improvement in marginal profit resulting from a recovery in production volumes of motorcycles for developed markets and outboard motors, coupled with fixed expense cutbacks, despite the negative impact of exchange rates due to yen appreciation.

North America

Sales in North America for fiscal 2010 decreased 6.4% from the previous year to ¥171.4 billion ($2,103.1 million). Although sales of outboard motors and ATVs increased, motorcycle sales fell due to continued demand contraction. Operating loss improved by ¥27.5 billion ($338.0 million) to ¥14.7 billion ($180.7 million), owing to the impact of fixed expense reductions realized from structural reform.

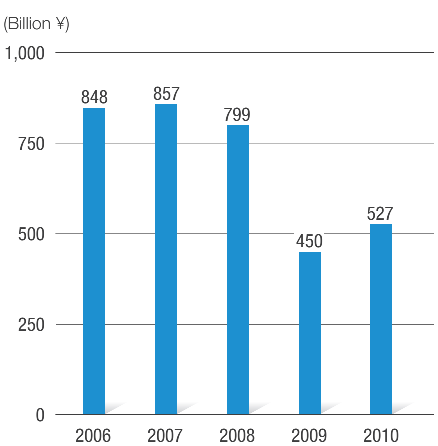
Europe

Sales in Europe for fiscal 2010 decreased 16.1% from the previous year to ¥168.7 billion ($2,070.1 million), as sales of motorcycles and ATVs fell. Operating income improved by ¥11.1 billion ($136.4 million) to ¥2.0 billion ($24.2 million), due to factors including fixed cost reductions realized from structural reform.

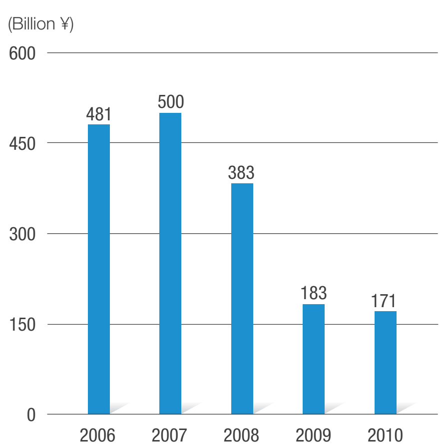
Asia

Sales in Asia (excluding Japan) for fiscal 2010 increased 26.7% from the previous year to ¥658.2 billion ($8,077.0 million). This is attributable to favorable motorcycle sales in Indonesia, Vietnam and other markets. Operating income rose 64.6% to ¥55.2 billion ($678.0 million).

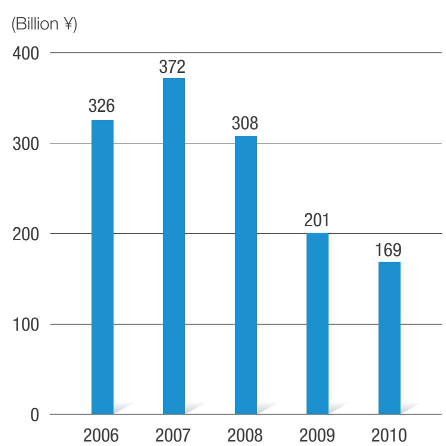
Sales by geographical segment Note 1 —Japan



Sales by geographical segment Note 1 —North America



Sales by geographical segment Note 1 —Europe



Other Areas

Sales in other areas for fiscal 2010 rose 19.7% from the previous year to ¥144.6 billion ($1,774.4 million), thanks to increased motorcycle sales in Brazil. Operating income improved by ¥12.3 billion ($150.9 million) to ¥10.3 billion ($125.9 million).

Note 1
Sales amounts by geographical segment include intersegment sales.

Income and Expenses

Cost of Sales, Gross Profit and SG&A Expenses

Cost of sales for fiscal 2010 increased ¥47.2 billion ($579.4 million), or 5.0%, from fiscal 2009 to ¥998.6 billion ($12,253.8 million), representing 77.2% of net sales.

Gross profit increased ¥93.3 billion ($1,144.6 million), or 46.1%, to ¥295.6 billion ($3,627.0 million), which accounted for 22.8% of net sales. This change is largely due to a ¥57.9 billion ($710.5 million) increase arising from higher sales and an ¥11.0 billion ($135.0 million) increase attributed to the positive impact of efforts to cut the costs of procurement. The gross profit margin rose to 22.8%, a 5.3 percentage point improvement over fiscal 2009.

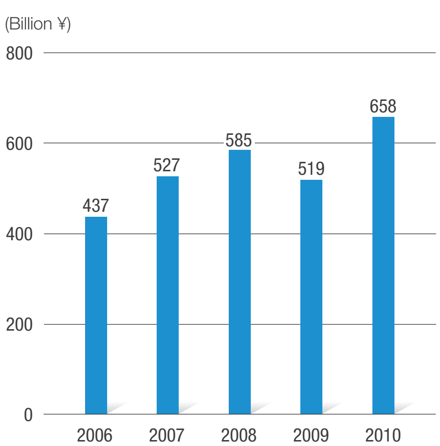
In addition, selling, general and administrative expenses dropped ¥20.6 billion ($253.0 million) to ¥244.3 billion ($2,997.4 million), thanks to a decrease in contingency expenses. Selling, general and administrative expenses as a percentage of net sales reached 18.9%, which is 4.1 percentage points less than the fiscal 2009 result.

R&D Expenses

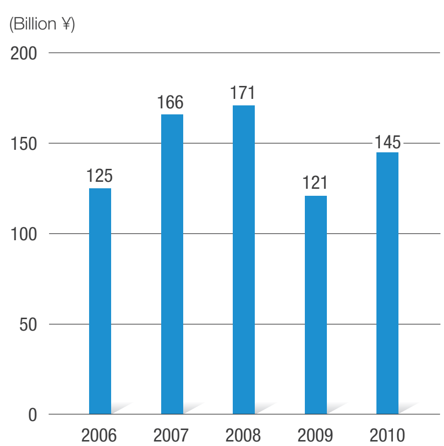
Capitalizing on its core small engine technology, and other technologies centering on frame, hull and electronic control, the group is engaged in research and development (R&D) activities for a diversity of products, including motorcycles, marine products, power products, surface mounters, industrial robots, and automobile engines.

R&D expenses for fiscal 2010 decreased ¥6.9 billion ($84.5 million), or 11.1%, from fiscal 2009 to ¥55.2 billion ($677.2 million), which was equivalent to 4.3% of net sales. Broken down by business segment, R&D expenses stood at ¥34.9 billion ($428.7 million) in the motorcycle business; ¥6.9 billion ($84.6 million) in the marine products business; ¥5.9 billion ($72.7 million) in the power products business; and ¥7.4 billion ($91.2 million) in the other products business.

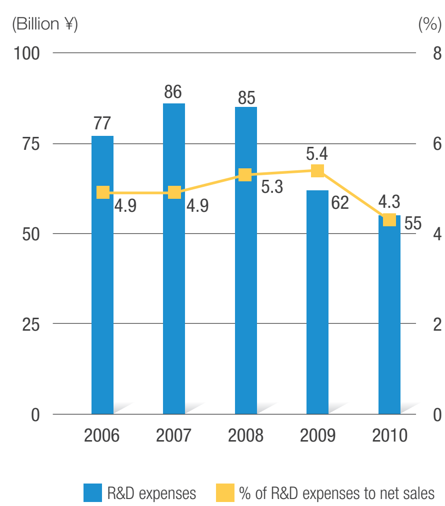
Sales by geographical segment Note 1 **—Asia**



Sales by geographical segment Note 1 **—Other areas**



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



Under the new Medium-Term Management Plan in place from fiscal 2010 through 2012, the Company will focus on developing affordably priced motorcycles to be marketed in China, India and other emerging nations. The Company will also work to simultaneously increase the appeal and profitability of motorcycles in Indonesia, Vietnam, and other ASEAN nations by incorporating Yamaha's exclusive fuel injection system, while reducing the costs of these products. Furthermore, it will develop next-generation, environmentally friendly engines for motorcycles and outboard motors, as well as Smart Power[Note 2] technology for electric motorcycles and electrically power assisted bicycles.

Note 2
Smart Power: New power sources, primarily for electric vehicles, designed to create a new paradigm of mobility

Operating Income (Loss)

The Company posted operating income in fiscal 2010, marking a ¥113.9 billion ($1,397.6 million) rebound from last year's loss position to ¥51.3 billion ($629.6 million). As a result, the operating income ratio jumped 9.4 percentage points, to 4.0%.

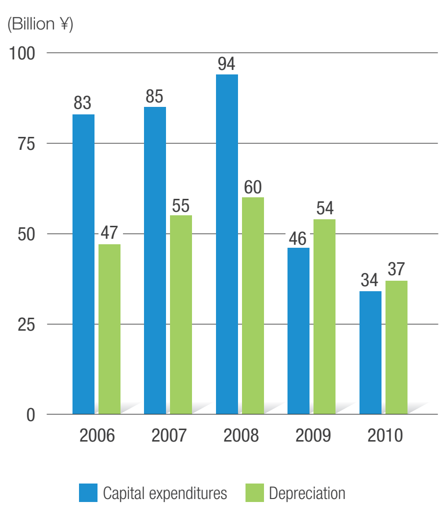
By key operating segments, the motorcycle business delivered operating income of ¥42.7 billion ($524.5 million), a ¥46.9 billion ($575.4 million) turnaround from a year earlier, thanks to more units sold in emerging markets and efforts to adjust trade inventories to a level commensurate with prevailing demand conditions in developed nations.

The marine products business also moved into the black through higher sales in emerging markets, particularly Russia and Brazil, with operating income of ¥0.7 billion ($9.2 million), a ¥25.0 billion ($307.1 million) improvement from a year earlier.

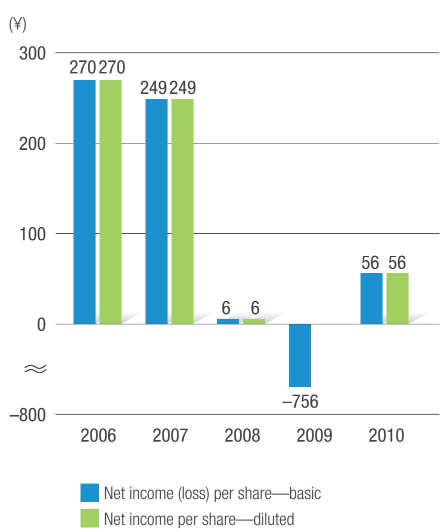
The power products business remained in the red, at ¥11.3 billion ($138.1 million) in operating loss, but improved by ¥22.5 billion ($276.3 million) through the implementation of trade inventory adjustments in the United States in the previous year.

The other products business reversed the operating loss recorded in fiscal 2009 with operating income of ¥19.1 billion ($234.1 million), a ¥19.5 billion ($238.8 million) upward change. This was mainly attributed to rallying demand for surface mounters in China as well as an increase in shipments of automobile engines in that market, which was complemented by growing demand for power assisted bicycles in Japan.

Capital expenditures and depreciation

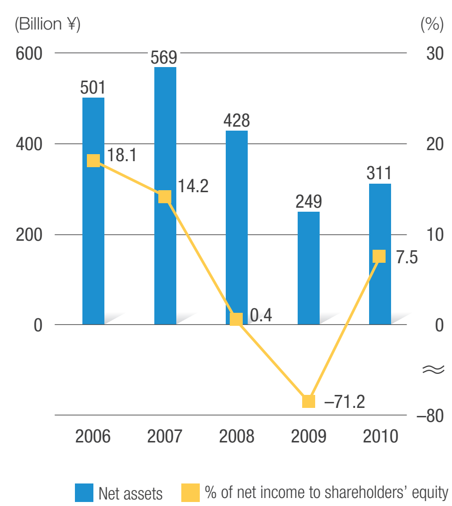


Net income (loss) per share



Note
Net income per share—diluted—for fiscal 2009 is not listed, since the Company registered a net loss per share for the period.

Net assets and % of net income to shareholders' equity



Management Discussion and Analysis of Operations

Non-Operating Income and Expenses

The Company posted non-operating income of ¥14.8 billion ($182.0 million), or ¥20.6 billion ($252.7 million) more than in fiscal 2009, largely due to the impact of exchange rates and a decrease in valuation loss on available-for-sale financial assets.

Extraordinary Profits and Losses

Extraordinary profits for fiscal 2010 amounted to ¥0.7 billion ($8.4 million), largely due to ¥0.5 billion ($6.7 million) in a gain on sale of fixed assets. In fiscal 2010, the Company showed extraordinary losses of ¥7.9 billion ($96.7 million), down ¥97.8 billion ($1,200.4 million) from the previous fiscal year. In fiscal 2009, the Company recorded ¥103.7 billion in business structure improvement costs under extraordinary losses, while the primary component of extraordinary losses in fiscal 2010 was ¥6.6 billion ($81.3 million) in impairment loss on fixed assets.

Income (Loss) before Income Taxes and Minority Interests

Income (loss) before income taxes and minority interests increased ¥232.6 billion ($2,854.5 million) from a loss of ¥173.7 billion for fiscal 2009, resulting in income of ¥58.9 billion ($723.4 million) for fiscal 2010.

Income Taxes

In fiscal 2010, income taxes decreased ¥7.5 billion ($91.5 million), or 19.0%, from fiscal 2009 to ¥31.8 billion ($390.2 million).

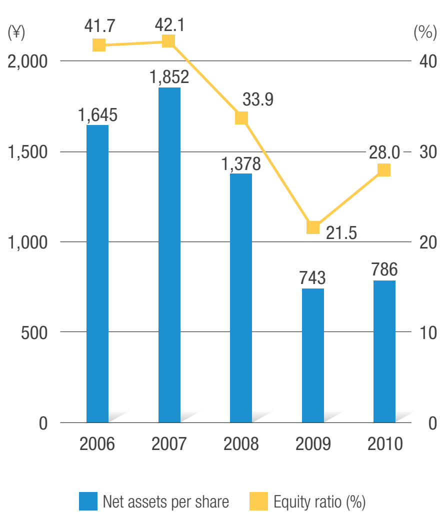
Minority Interests

Minority interests—including interests owned by minority shareholders in PT. Yamaha Indonesia Motor Manufacturing and its consolidated subsidiaries; Yamaha Motor Vietnam Co., Ltd.; Industria Colombiana de Motocicletas Yamaha S.A.; and Yamaha Motor Taiwan Co., Ltd.—increased ¥5.6 billion ($69.1 million), or 174.8%, from fiscal 2009 to ¥8.8 billion ($108.6 million).

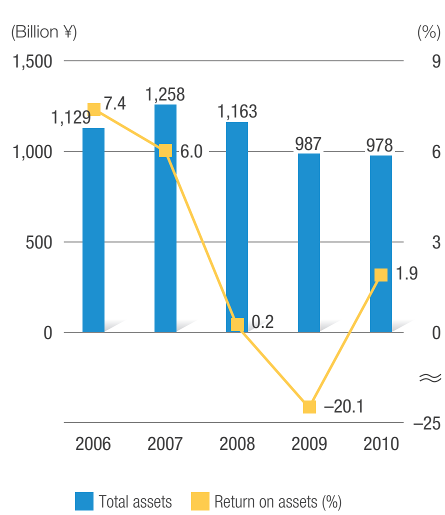
Net Income (Loss)

Net income for fiscal 2010 increased ¥234.4 billion ($2,877.0 million), from a net loss of ¥216.1 billion for fiscal 2009 to net income of ¥18.3 billion ($224.6 million) for fiscal 2010. Basic net income per share rose ¥811.42 ($10.0), from a basic net loss per share of ¥755.92 for fiscal 2009 to basic net income per share of ¥55.50 ($0.7) for fiscal 2010.

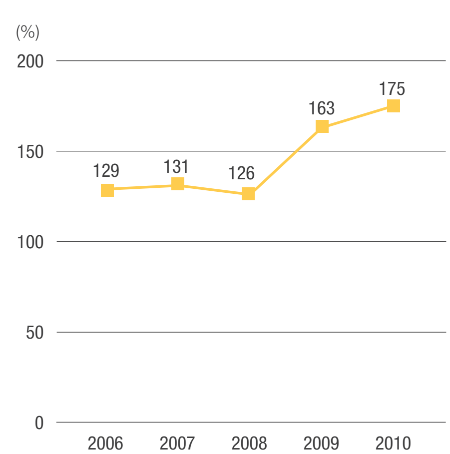
Net assets per share and equity ratio Note 3



Total assets and return on assets



Current ratio



Capital Resources and Liquidity

Assets, Liabilities and Shareholders' Equity

Free cash flow amounted to ¥66.9 billion ($820.9 million) at the end of the fiscal year ended December 31, 2010, owing to the achievement of returning to profitability, cutbacks in working capital through market stock adjustment and curtailment of capital investment. As a result of the appropriation of free cash flows to repay borrowings, interest-bearing debt declined ¥77.5 billion ($951.0 million) from the end of the previous fiscal year. Meanwhile, cash and deposits in banks increased ¥68.0 billion ($834.9 million) and capital and additional paid-in capital rose ¥37.3 billion ($458.0 million), owing to such factors as a public offering conducted to fund research and development in order to achieve the Company's growth strategy.

Consequently, total assets at the end of the fiscal year ended December 31, 2010 fell ¥8.7 billion ($107.2 million) from the end of the previous fiscal year to ¥978.3 billion ($12,005.7 million), while total liabilities fell ¥70.3 billion ($862.4 million) to ¥667.5 billion ($8,191.6 million). Net assets rose ¥61.5 billion ($755.2 million) to ¥310.8 billion ($3,814.1 million), and shareholders' equity ratio rose 6.5 percentage points from the end of the previous fiscal year to 28.0%.

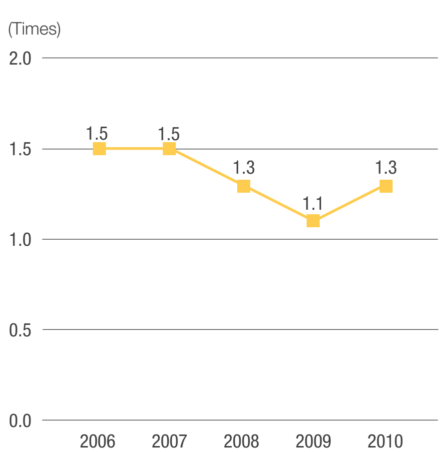
Note 3
Equity ratio: (Shareholders' equity + Valuation and translation adjustments)/ Total assets x 100 (%)

Capital Expenditures

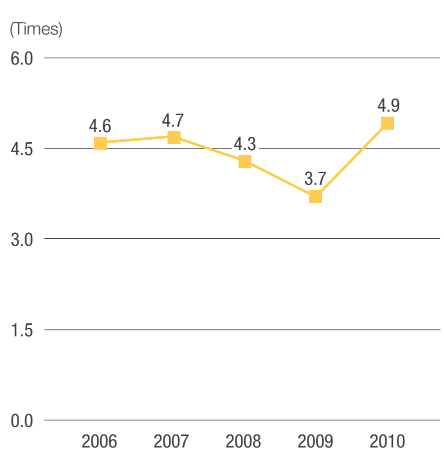
Capital expenditures for fiscal 2010 decreased ¥12.1 billion ($148.4 million), or 26.3%, from fiscal 2009 to ¥33.9 billion ($416.5 million). These were mainly investments in manufacturing equipment and facilities for new products, and production capacity enhancements—primarily for the motorcycle and marine products business—as well as investments in research and development operations.

Broken down by business segment, capital expenditures for the motorcycle business totaled ¥23.8 billion ($291.9 million). In Asia (excluding Japan), investments were undertaken mainly in equipment and facilities. This included the equipment, facilities and molds for manufacturing new models, and the maintenance of existing equipment and facilities. In Japan, investments were mainly to acquire research and development equipment and facilities.

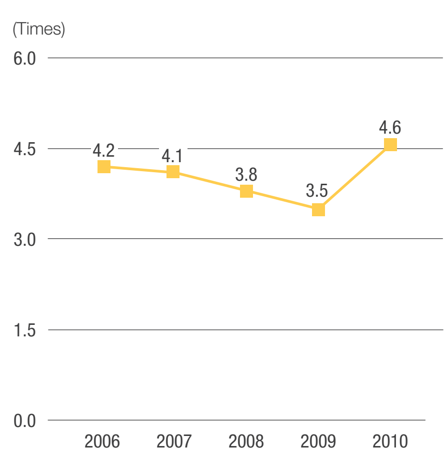
Total asset turnover



Tangible fixed asset turnover



Inventory turnover



Capital expenditures for the marine products business amounted to ¥3.6 billion ($44.6 million), invested mainly in equipment, facilities and molds to manufacture new outboard motor and personal watercraft models.

Capital expenditures for the power products business totaled ¥2.5 billion ($30.2 million), invested mainly in manufacturing equipment and facilities for new recreational vehicle models. Capital expenditures for the other products business stood at ¥4.1 billion ($49.8 million), invested mainly in research and development operations in the automobile engine business.

The entire amount of the expenditures discussed above was funded by internal resources.

The Company registered an impairment loss on fixed assets of ¥6.6 billion ($81.3 million) in fiscal 2010.

During fiscal 2010, there was no disposal or sale of important facilities or similar assets.

Cash Flows

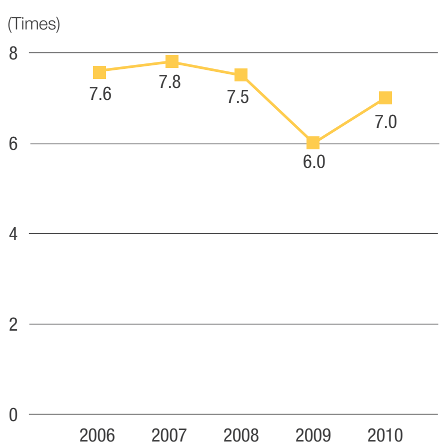
Net cash provided by operating activities during the fiscal year under review stood at ¥104.5 billion ($1,282.7 million), due mainly to income before income taxes and minority interests totaling ¥58.9 billion ($723.4 million), depreciation expenses totaling ¥36.6 billion ($449.1 million), and an increase in notes and accounts payable totaling ¥22.4 billion ($274.6 million).

Net cash used in investing activities amounted to ¥37.6 billion ($461.8 million), ¥7.7 billion ($93.9 million) lower than the previous fiscal year, due mainly to payments for purchase of fixed assets totaling ¥31.9 billion ($391.1 million) as a result of holding capital investment of fixed assets below the level of depreciation expenses. Consequently, free cash flows totaled ¥66.9 billion ($820.9 million).

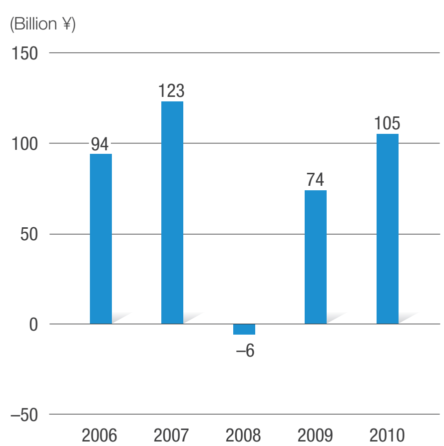
Net cash provided by financing activities was ¥5.3 billion ($65.0 million). The figure mainly reflects ¥74.6 billion ($916.0 million) raised in a public offering to fund research and development of low-priced motorcycles for emerging countries and next-generation environmentally friendly engines and the appropriation of free cash flows to repay short-term borrowing and long-term debt.

Consequent to the developments discussed above, interest-bearing debt at the end of the fiscal year decreased ¥77.5 billion ($951.0 million) from the end of the previous fiscal year to ¥322.4 billion ($3,956.8 million), while cash and cash equivalents rose ¥66.7 billion ($818.0 million) to ¥203.9 billion ($2,501.9 million). Interest-bearing debt includes ¥114.2 billion ($1,401.6 million) in borrowings for sales financing.

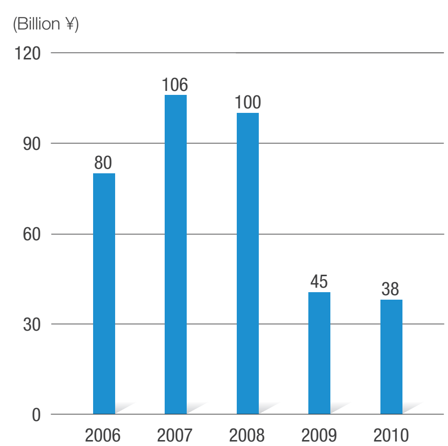
Account receivable turnover



Cash provided by (used in) operating activities



Cash used in investing activities



Demand for Funds

Within the group, funds are primarily required to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs, selling, general and administrative expenses, working capital and capital expenditures.

Capital expenditures in fiscal 2010 amounted to ¥33.9 billion ($416.5 million). In Japan, funds were allocated mainly to research and development activities in the motorcycles and marine products segments. Overseas, funds were applied mainly to the introduction of new equipment and expanded production capacity, especially in Indonesia.

Under the new Medium-Term Management Plan in place from fiscal 2010 through 2012, the Company will concentrate the management resources in two domains—personal mobility and engines—of the four defined in the Frontier 2020 long-term vision the Company announced in February 2008. Specifically, the Company plans to invest in developing affordably priced motorcycles to be marketed in emerging nations and simultaneously increasing the appeal and profitability of motorcycles in the ASEAN region by incorporating Yamaha's exclusive fuel injection system.

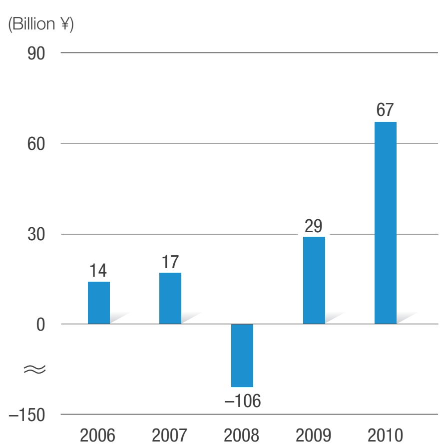
On the green technology front, the Company will develop next-generation, environmentally friendly engines for motorcycles and outboard motors; and enhance research and development toward marketing Smart Power technology and products.

Cash Dividends

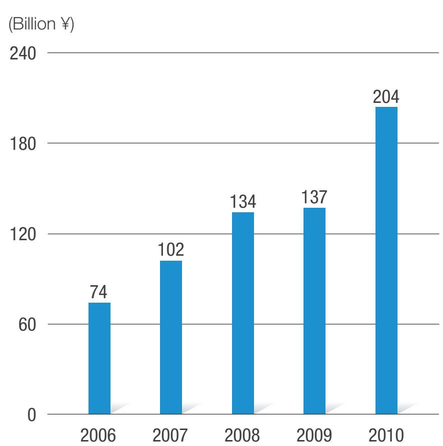
Recognizing that shareholders' interests represent one of Yamaha Motor's highest management priorities, the Company has been striving to meet shareholder expectations by working to maximize its corporate value through a diversity of business operations worldwide. The Company's policy centers on paying cash dividends based on a long-term perspective, reflecting its consolidated financial performance and other factors in a comprehensive manner, using the payout ratio as an indicator.

However, in light of considerations such as the decline in performance in fiscal 2009 and the harsh business environment—projected to continue into the future—the Company regrets to announce it has suspended its dividend payout for fiscal 2009 and fiscal 2010.

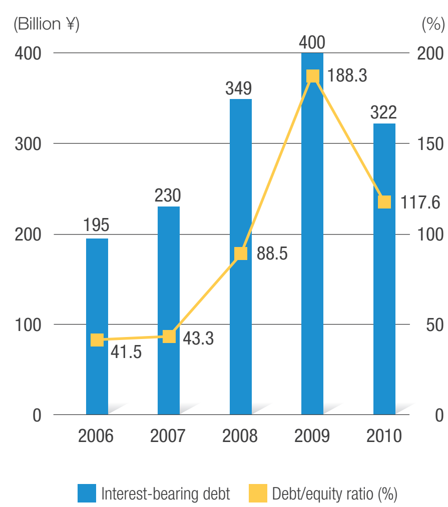
Free cash flows



Cash and cash equivalents at the end of the year



Interest-bearing debt and debt/equity ratio



Fund Procurement Conditions

Group companies acquire short-term loans denominated in local currencies to use as working capital. Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings. To promote aggressive investment in R&D and realize its plans for long-term growth, the Company procured a total of ¥74.6 billion ($916.0 million) by issuing new shares through a public offering in April 2010 and by executing an offering-linked third-party allocation of shares due to over-allotment in May 2010. These moves were approved for implementation by the Board of Directors at Yamaha Motor at its meeting on April 2, 2010.

(Billion ¥)

	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term borrowing	35.5	35.5	—	—	—	—	—
Long-term debt	287.0	57.6	98.0	61.4	48.8	11.2	10.0

Share Performance

Price per share increased from ¥1,166 at December 31, 2009 to ¥1,323 ($16.24) at December 31, 2010. The number of shares outstanding, excluding treasury stock, increased from 285,849,635 shares at December 31, 2009 to 349,097,035 shares at December 31, 2010. As a result, the market capitalization of the Company increased from ¥333.3 billion at December 31, 2009 to ¥461.9 billion ($5,667.6 million) at December 31, 2010.

Forecast for Fiscal 2011

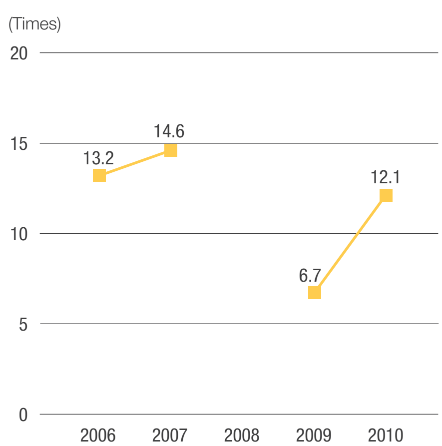
In fiscal 2011, although demand in emerging markets is expected to grow, primarily in Asia (excluding Japan), demand in Europe and the United States is not expected to recover for some time. The business environment is expected to remain severe due to factors including the continuing trend of yen appreciation and increases in raw material prices.

To cope with these adverse conditions, the Yamaha Motor group will continue to steadily implement structural reform and pursue further reductions in business costs through reform of its operational infrastructure.

Factoring in all these elements, the Company forecasts its consolidated business results for fiscal 2011 as follows: ¥1,350 billion in net sales, an increase of ¥55.9 billion from fiscal 2010; ¥53.0 billion in operating income, an increase of ¥1.7 billion; ¥55.0 billion in ordinary income, a decrease of ¥11.1 billion; and ¥20.0 billion in net income, an increase of ¥1.7 billion.

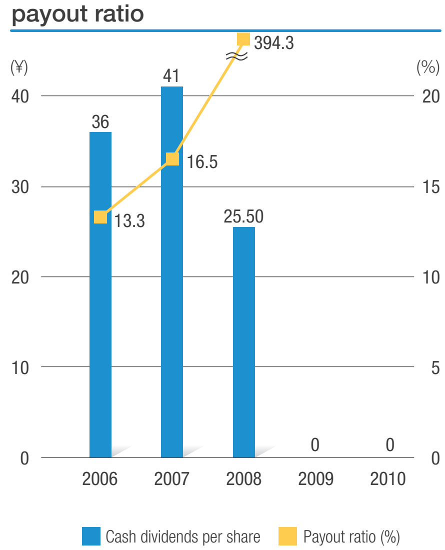
All of the business performance forecasts highlighted above are based on the assumption that one U.S. dollar will trade at ¥82 (appreciating ¥6 from fiscal 2010) over the period, while one euro will equal ¥110 (appreciating ¥6 from fiscal 2010).

Interest coverage



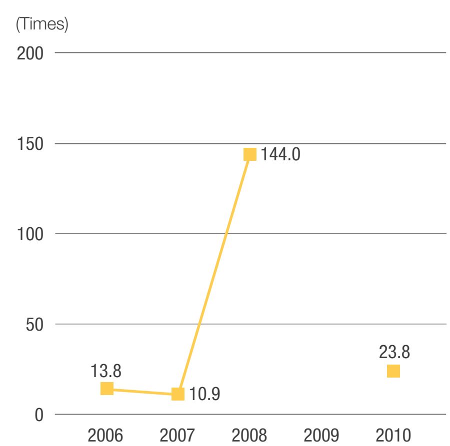
Note
Interest coverage for fiscal 2008 is not listed, due to the negative status of cash flows from operating activities during the period.

Cash dividends per share and payout ratio



Note
The payout ratio for fiscal 2009 is not listed, since the Company registered a net loss for the period.
The payout ratio for fiscal 2010 is not listed, since the Company did not pay out any dividends.

Price/earnings ratio



Note
The price/earnings ratio for fiscal 2009 is not listed, since the Company registered a net loss for the period.

Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2006, 2007, 2008, 2009 and 2010

	Millions of yen				
	2006	2007	2008	2009	**2010**
For the year					
Net sales	¥1,582,046	¥1,756,707	¥1,603,881	¥1,153,642	**¥1,294,131**
Sales by market:					
Japan	188,650	181,586	170,208	130,437	**142,378**
Overseas	1,393,395	1,575,120	1,433,672	1,023,205	**1,151,752**
Sales by product:					
Motorcycles	914,810	1,056,212	1,028,809	817,058	**905,977**
Marine products	266,529	289,867	238,814	150,113	**167,141**
Power products	250,418	265,606	213,259	100,577	**102,968**
Other products	150,288	145,021	122,997	85,893	**118,043**
Cost of sales	1,162,255	1,280,616	1,226,775	951,350	**998,565**
Operating income (loss)	123,534	126,998	48,382	(62,580)	**51,308**
Ordinary income (loss)	125,371	140,338	58,872	(68,340)	**66,142**
Net income (loss)	77,233	71,222	1,851	(216,148)	**18,300**
Capital expenditures	83,014	84,789	94,391	46,035	**33,939**
Depreciation expenses	47,448	54,578	59,606	53,701	**36,594**
At the year end					
Total assets	¥1,128,688	¥1,258,430	¥1,163,173	¥ 987,077	**¥ 978,343**
Net assets	501,054	569,221	428,483	249,266	**310,809**
	Yen				
Per share amounts					
Net income (loss)—basic	¥ 270.09	¥ 248.81	¥ 6.47	¥ (755.92)	**¥ 55.50**
Net income—diluted	269.82	248.73	6.47	—	**55.50**
Cash dividends	36.00	41.00	25.50	0.00	**0.00**
Number of employees	41,958	46,850	49,761	49,994	**52,184**

Quarterly Financial Information

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Year ended December 31, 2010

	Millions of yen			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
For the period				
Net sales	¥ 309,898	¥ 676,166	¥ 987,402	¥1,294,131
Operating income	9,611	35,030	48,773	51,308
Net income	7,511	23,776	31,067	18,300
At the end of period				
Total assets	¥1,033,310	¥1,017,130	¥1,007,521	¥ 978,343
Net assets	259,031	324,386	331,005	310,809
	Yen			
Per share amounts				
Net income—basic	¥ 26.28	¥ 76.68	¥ 96.12	¥ 55.50
Net income—diluted	26.28	76.68	96.12	55.50

Consolidated Balance Sheets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
ASSETS			
Current assets:			
Cash and deposits in banks	¥137,328	**¥205,362**	**$ 2,520,088**
Trade notes and accounts receivable (Notes 9 (2) and 9 (7))	201,684	**183,711**	**2,254,399**
Merchandise and finished goods (Note 9 (2))	147,380	**136,308**	**1,672,696**
Work-in-process (Note 9 (2))	42,746	**37,423**	**459,234**
Raw materials and supplies (Note 9 (2))	33,401	**39,903**	**489,667**
Deferred tax assets	3,276	**—**	**—**
Others (Note 9 (2))	63,273	**43,822**	**537,759**
Less: Allowance for doubtful receivables	(8,291)	**(7,503)**	**(92,073)**
Total current assets	620,800	**639,028**	**7,841,797**
Fixed assets:			
Tangible fixed assets:			
Buildings and structures (net) (Notes 9 (1) and 9 (2))	94,743	**83,630**	**1,026,261**
Machinery and transportation equipment (net) (Notes 9 (1) and 9 (2))	76,114	**65,610**	**805,129**
Land (Notes 9 (2) and 9 (3))	73,829	**72,486**	**889,508**
Construction in progress (Note 9 (2))	13,444	**12,658**	**155,332**
Others (net) (Notes 9 (1) and 9 (2))	17,424	**15,935**	**195,545**
Total tangible fixed assets	275,556	**250,320**	**3,071,788**
Intangible fixed assets	4,802	**4,247**	**52,117**
Investments and other assets:			
Investment securities (Notes 9 (2) and 9 (6))	38,137	**35,316**	**433,378**
Long-term loans receivable (Note 9 (2))	32,390	**37,034**	**454,461**
Deferred tax assets	5,707	**—**	**—**
Others (Notes 9 (2) and 9 (6))	10,987	**13,868**	**170,180**
Less: Allowance for doubtful receivables	(1,305)	**(1,473)**	**(18,076)**
Total investments and other assets	85,917	**84,745**	**1,039,944**
Total fixed assets	366,276	**339,314**	**4,163,873**
Total assets	¥987,077	**¥978,343**	**$12,005,682**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
LIABILITIES			
Current liabilities:			
Notes and accounts payable (Note 9 (7))	¥110,147	**¥ 125,809**	**$ 1,543,858**
Short-term loans (Note 9 (2))	87,574	**35,455**	**435,084**
Current portion of long-term debt	30,470	**57,576**	**706,541**
Accrued expenses	49,328	**—**	**—**
Income taxes payable	2,480	**8,282**	**101,632**
Accrued bonuses	8,052	**8,800**	**107,989**
Accrued warranty costs	22,403	**28,356**	**347,969**
Other provisions	926	**1,083**	**13,290**
Others	68,313	**99,765**	**1,224,261**
Total current liabilities	379,698	**365,131**	**4,480,685**
Long-term liabilities:			
Long-term debt (Note 9 (2))	281,898	**229,410**	**2,815,192**
Deferred tax liabilities on unrealized revaluation gain on land (Note 9 (3))	7,024	**7,009**	**86,011**
Accrued employees' retirement benefits	34,748	**35,423**	**434,691**
Accrued retirement benefits for Directors and Corporate Auditors	156	**—**	**—**
Accrual for product liabilities	24,715	**20,882**	**256,252**
Accrual for motorcycle recycling costs	1,183	**—**	**—**
Other provisions	407	**1,529**	**18,763**
Others (Note 9 (2))	7,978	**8,147**	**99,975**
Total long-term liabilities	358,111	**302,401**	**3,710,897**
Total liabilities	737,810	**667,533**	**8,191,594**
NET ASSETS			
Shareholders' equity:			
Common stock	48,342	**85,666**	**1,051,246**
Capital surplus	60,824	**98,147**	**1,204,405**
Retained earnings	180,880	**199,190**	**2,444,349**
Treasury stock	(677)	**(681)**	**(8,357)**
Total shareholders' equity	289,369	**382,323**	**4,691,655**
Valuation and translation adjustments:			
Unrealized holding gain on other securities	4,039	**2,719**	**33,366**
Unrealized revaluation gain on land (Note 9 (3))	10,208	**10,186**	**124,997**
Foreign currency translation adjustments	(91,220)	**(120,977)**	**(1,484,563)**
Total valuation and translation adjustments	(76,971)	**(108,070)**	**(1,326,175)**
Share warrants	72	**102**	**1,252**
Minority interests	36,796	**36,454**	**447,343**
Total net assets	249,266	**310,809**	**3,814,075**
Total liabilities and net assets	¥987,077	**¥ 978,343**	**$12,005,682**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
Net sales	¥1,153,642	**¥1,294,131**	**$15,880,857**
Cost of sales (Notes 10 (1) and 10 (3))	951,350	**998,565**	**12,253,835**
Gross profit	202,292	**295,565**	**3,627,009**
Selling, general and administrative expenses (Notes 10 (2) and 10 (3))	264,872	**244,256**	**2,997,374**
Operating income (loss)	(62,580)	**51,308**	**629,623**
Non-operating income:			
Interest income	8,367	**8,734**	**107,179**
Dividend income	532	**676**	**8,295**
Equity in earnings of affiliates	1,911	**2,516**	**30,875**
Foreign exchange gain	—	**4,072**	**49,969**
Others	12,443	**13,071**	**160,400**
Total non-operating income	23,255	**29,071**	**356,743**
Non-operating expenses:			
Interest expense	9,984	**8,023**	**98,454**
Early retirement benefit expenses	35	**—**	**—**
Sales finance-related expenses	1,378	**—**	**—**
Loss on revaluation of sales finance assets	3,056	**321**	**3,939**
Foreign exchange loss	2,559	**—**	**—**
Others	12,001	**5,892**	**72,303**
Total non-operating expenses	29,015	**14,238**	**174,721**
Ordinary income (loss)	(68,340)	**66,142**	**811,658**
Extraordinary profits:			
Gain on sale of fixed assets (Note 10 (4))	367	**544**	**6,676**
Gain on sale of investment securities	4	**34**	**417**
Gain on transfer of business	—	**106**	**1,301**
Total extraordinary profits	372	**685**	**8,406**
Extraordinary losses:			
Loss on sale of fixed assets (Note 10 (5))	531	**175**	**2,148**
Loss on disposal of fixed assets (Note 10 (6))	1,186	**1,038**	**12,738**
Impairment loss on fixed assets (Note 10 (7))	239	**6,628**	**81,335**
Loss on sale of investment securities	15	**3**	**37**
Loss on cancellation of lease contracts	—	**34**	**417**
Business structure improvement expenses (Note 10 (7))	103,729	**—**	**—**
Total extraordinary losses	105,701	**7,879**	**96,687**
Income (loss) before income taxes and minority interests	(173,669)	**58,947**	**723,365**
Income taxes:			
Current	14,114	**31,671**	**388,649**
Refund	(13,553)	**—**	**—**
Deferred	38,697	**126**	**1,546**
Total income taxes	39,258	**31,798**	**390,207**
Minority interests	3,220	**8,849**	**108,590**
Net income (loss)	¥ (216,148)	**¥ 18,300**	**$ 224,567**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
Shareholders' equity			
Common stock:			
Balance at the end of previous period	¥ 48,342	**¥ 48,342**	**$ 593,226**
Changes in items during the period:			
Issuance of new stocks	—	**37,323**	**458,007**
Total of changes in items during the period	—	**37,323**	**458,007**
Balance at the end of current period	48,342	**85,666**	**1,051,246**
Capital surplus:			
Balance at the end of previous period	60,824	**60,824**	**746,398**
Changes in items during the period:			
Issuance of new stocks	—	**37,323**	**458,007**
Disposal of treasury stock	(0)	**0**	**0**
Total of changes in items during the period	(0)	**37,323**	**458,007**
Balance at the end of current period	60,824	**98,147**	**1,204,405**
Retained earnings:			
Balance at the end of previous period	392,025	**180,880**	**2,219,659**
Effect of changes in accounting policies applied to foreign subsidiaries	(609)	**—**	**—**
Changes in items during the period:			
Reversal of revaluation reserve on land	7,045	**21**	**258**
Dividends from surplus	(1,432)	**—**	**—**
Net income (loss)	(216,148)	**18,300**	**224,567**
Increase in consolidated subsidiaries	—	**(12)**	**(147)**
Total of changes in items during the period	(210,535)	**18,309**	**224,678**
Balance at the end of current period	180,880	**199,190**	**2,444,349**
Treasury stock:			
Balance at the end of previous period	(181)	**(677)**	**(8,308)**
Changes in items during the period:			
Acquisition of treasury stock	(497)	**(3)**	**(37)**
Disposal of treasury stock	0	**0**	**0**
Total of changes in items during the period	(496)	**(3)**	**(37)**
Balance at the end of current period	¥ (677)	**¥ (681)**	**$ (8,357)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
Total shareholders' equity:			
Balance at the end of previous period	¥ 501,011	¥ 289,369	$ 3,550,976
Effect of changes in accounting policies applied to foreign subsidiaries	(609)	—	—
Changes in items during the period:			
Issuance of new stocks	—	74,647	916,027
Reversal of revaluation reserve on land	7,045	21	258
Dividends from surplus	(1,432)	—	—
Net income (loss)	(216,148)	18,300	224,567
Increase in consolidated subsidiaries	—	(12)	(147)
Acquisition of treasury stock	(497)	(3)	(37)
Disposal of treasury stock	0	0	0
Total of changes in items during the period	(211,032)	92,953	1,140,668
Balance at the end of current period	289,369	382,323	4,691,655
Valuation and translation adjustments			
Unrealized holding gain on other securities:			
Balance at the end of previous period	100	4,039	49,564
Changes in items during the period:			
Net changes in items other than shareholders' equity	3,939	(1,320)	(16,198)
Total of changes in items during the period	3,939	(1,320)	(16,198)
Balance at the end of current period	4,039	2,719	33,366
Deferred gains or losses on hedges:			
Balance at the end of previous period	1,992	—	—
Changes in items during the period:			
Net changes in items other than shareholders' equity	(1,992)	—	—
Total of changes in items during the period	(1,992)	—	—
Balance at the end of current period	—	—	—
Unrealized revaluation gain on land:			
Balance at the end of previous period	17,254	10,208	125,267
Changes in items during the period:			
Net changes in items other than shareholders' equity	(7,045)	(21)	(258)
Total of changes in items during the period	(7,045)	(21)	(258)
Balance at the end of current period	10,208	10,186	(124,997)
Foreign currency translation adjustments:			
Balance at the end of previous period	(125,791)	(91,220)	(1,119,401)
Changes in items during the period:			
Net changes in items other than shareholders' equity	34,570	(29,757)	(365,161)
Total of changes in items during the period	34,570	(29,757)	(365,161)
Balance at the end of current period	¥ (91,220)	¥(120,977)	$(1,484,563)

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
Total valuation and translation adjustments:			
Balance at the end of previous period	¥(106,443)	**¥ (76,971)**	**$ (944,545)**
Changes in items during the period:			
Net changes in items other than shareholders' equity	29,471	**(31,099)**	**(381,630)**
Total of changes in items during the period	29,471	**(31,099)**	**(381,630)**
Balance at the end of current period	(76,971)	**(108,070)**	**(1,326,175)**
Share warrants			
Balance at the end of previous period	30	**72**	**884**
Changes in items during the period:			
Net changes in items other than shareholders' equity	42	**30**	**368**
Total of changes in items during the period	42	**30**	**368**
Balance at the end of current period	72	**102**	**1,252**
Minority interests			
Balance at the end of previous period	33,885	**36,796**	**451,540**
Effect of changes in accounting policies applied to foreign subsidiaries	(57)	**—**	**—**
Changes in items during the period:			
Net changes in items other than shareholders' equity	2,969	**(342)**	**(4,197)**
Total of changes in items during the period	2,969	**(342)**	**(4,197)**
Balance at the end of current period	36,796	**36,454**	**447,343**
Total net assets			
Balance at the end of previous period	428,483	**249,266**	**3,058,854**
Effect of changes in accounting policies applied to foreign subsidiaries	(667)	**—**	**—**
Changes in items during the period:			
Issuance of new stocks	—	**74,647**	**916,027**
Reversal of revaluation reserve on land	7,045	**21**	**258**
Dividends from surplus	(1,432)	**—**	**—**
Net income (loss)	(216,148)	**18,300**	**224,567**
Increase in consolidated subsidiaries	—	**(12)**	**(147)**
Acquisition of treasury stock	(497)	**(3)**	**(37)**
Disposal of treasury stock	0	**0**	**0**
Net changes in items other than shareholders' equity	32,483	**(31,410)**	**(385,446)**
Total of changes in items during the period	(178,549)	**61,543**	**755,221**
Balance at the end of current period	¥ 249,266	**¥ 310,809**	**$ 3,814,075**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2009	2010	2010
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥(173,669)	**¥ 58,947**	**$ 723,365**
Depreciation expenses	53,701	**36,594**	**449,061**
Impairment loss on fixed assets	239	**6,628**	**81,335**
Business structure improvement expenses (Note 12 (2))	82,819	**—**	**—**
Gain on transfer of business	—	**(106)**	**(1,301)**
Increase in allowance for doubtful receivables	2,407	**263**	**3,227**
Increase in accrued employees' retirement benefits	2,799	**1,513**	**18,567**
Increase (decrease) in accrual for product liabilities	8,271	**(2,165)**	**(26,568)**
Interest and dividend income	(8,900)	**(9,410)**	**(115,474)**
Interest expense	9,984	**8,023**	**98,454**
Foreign exchange loss	153	**—**	**—**
Equity in earnings of affiliates	(1,911)	**(2,516)**	**(30,875)**
Loss (gain) on sale of fixed assets	163	**(369)**	**(4,528)**
Loss on disposal of fixed assets	1,186	**1,038**	**12,738**
Loss (gain) on sale of investment securities	10	**(30)**	**(368)**
Decrease (increase) in trade notes and accounts receivable	61,028	**(6,774)**	**(83,127)**
Decrease (increase) in inventories	116,810	**(8,394)**	**(103,007)**
(Decrease) increase in notes and accounts payable	(55,858)	**22,377**	**274,598**
Others	(18,617)	**6,160**	**75,592**
Subtotal	80,618	**111,779**	**1,371,690**
Interest and dividends received	9,955	**11,213**	**137,600**
Interest paid	(11,125)	**(8,613)**	**(105,694)**
Income taxes paid (Note 12 (3))	(5,351)	**(9,848)**	**(120,849)**
Net cash provided by operating activities	74,096	**104,531**	**1,282,746**
Cash flows from investing activities:			
Increase in time deposits	(1,042)	**(3,252)**	**(39,907)**
Decrease in time deposits	484	**1,959**	**24,040**
Payments for purchase of fixed assets	(47,786)	**(31,867)**	**(391,054)**
Proceeds from sales of fixed assets	7,187	**2,048**	**25,132**
Payments for purchase of investment securities	(0)	**(3)**	**(37)**
Proceeds from sales of investment securities	60	**51**	**626**
Payments for long-term loans receivable	(3,972)	**(4,437)**	**(54,448)**
Proceeds from collections of long-term loans receivable	204	**971**	**11,916**
Proceeds from transfer of business	—	**250**	**3,068**
Others	(421)	**(3,352)**	**(41,134)**
Net cash used in investing activities	(45,285)	**(37,632)**	**(461,799)**
Cash flows from financing activities:			
Decrease in short-term borrowing	(215,013)	**(45,711)**	**(560,940)**
Proceeds from long-term debt	209,343	**21,719**	**266,523**
Repayment of long-term debt	(21,807)	**(38,473)**	**(472,119)**
Proceeds from stock issuance to minority shareholders	16	**—**	**—**
Redemption of bonds	(3)	**—**	**—**
Proceeds from issuance of common stock	—	**74,647**	**916,027**
Cash dividends paid	(1,432)	**—**	**—**
Cash dividends paid to minority shareholders	(2,011)	**(6,355)**	**(77,985)**
Purchase of treasury stock	(496)	**(3)**	**(37)**
Others	(617)	**(526)**	**(6,455)**
Net cash (used in) provided by financing activities	(32,022)	**5,296**	**64,990**
Effect of exchange rate changes on cash and cash equivalents	6,066	**(5,605)**	**(68,781)**
Net increase in cash and cash equivalents	2,854	**66,590**	**817,155**
Cash and cash equivalents at beginning of the period	134,364	**137,219**	**1,683,875**
Increase in cash and cash equivalents from newly consolidated subsidiary	—	**68**	**834**
Cash and cash equivalents at end of the period (Note 12 (1))	¥ 137,219	**¥203,878**	**$2,501,878**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

1. Basis of Presentation

Yamaha Motor Co., Ltd. (The “Company”) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of the International Financial Reporting Standards.

The text in the sections which follow comprise the English version of the securities report.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily equal the sum of the individual amounts.

2. Scope of Consolidation

Number of consolidated subsidiaries: 104
Number of non-consolidated subsidiaries: 11
Names of principal consolidated subsidiaries:
Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Motor Powered Products Co., Ltd., Yamaha Motor Corporation, U.S.A., Yamaha Motor Manufacturing Corporation of America, Yamaha Motor Europe N.V., MBK Industrie, PT. Yamaha Indonesia Motor Manufacturing, Thai Yamaha Motor Co., Ltd., Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd., and Yamaha Motor do Brasil Ltda.

Domestic subsidiaries T.C. Co., Ltd., Yamaha Boating System Co., Ltd., and Yamaha Boating Create Co., Ltd., were liquidated and excluded from consolidation. Yamaha Motor Sanayi ve Ticaret Limited Sirketi, an overseas subsidiary, acquired greater significance and is now included in the scope of 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.

All shares, including those held by the Company, in overseas subsidiary TYM Marketing Co., Ltd., were sold and the company was removed from the scope of consolidation.

3. Scope of Application of Equity Method of Accounting

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

Four non-consolidated subsidiaries—including PT. Melco Indonesia, and two affiliates—including Y^2 Marine Manufacturing Co., Ltd.—were individually insignificant to the Company’s consolidated net income or loss, 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.

4. Closing Date for Consolidated Subsidiaries

The final date of the business year for all the Company’s consolidated subsidiaries is established in accordance with the Company’s annual closing date for its consolidated financial accounting.

5. Accounting Standards

(1) Asset Valuation
1) Securities
Other securities
Marketable securities classified as “other” securities are carried at fair value, based on market prices as of the balance sheet date. (Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)
Non-marketable securities classified as “other” securities are carried at cost, determined by the moving-average method.

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

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

(2) Depreciation and Amortization of Assets

1) Tangible fixed assets (except for leased assets)
Depreciation of tangible fixed assets is computed primarily by the declining-balance method.

2) Intangible fixed assets (except for leased assets)
Amortization of intangible fixed 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).

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, 2010, 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.
(Changes in accounting policies)
Effective from the fiscal year ended December 31, 2010, the Company has applied Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (ASBJ Statement No. 19, issued on July 31, 2008).
This change has no impact on the consolidated statements of income for the fiscal year ended December 31, 2010.

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.

(4) 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 a period of years estimated, based on substantive judgment as incurred.

(5) Range of Funds in the Consolidated Statements of Cash Flows

In the consolidated statements of cash flows, funds (cash and cash equivalents) include cash on hand, deposits that can be withdrawn when needed, and short-term investments with a maturity of less than three months from the date of acquisition that are marketable and subject to minimum fluctuation in value.

(6) Other Items of Significance in Drawing up Consolidated Financial Statements

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

2) Application of consolidated tax return system
The Company applies the Consolidated Tax Return System.

6. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥81.49 = U.S.$1.00, the approximate rate of exchange in effect at December 31, 2010.

The translation should not be construed as a representation that yen have been, could have been, or could be converted into U.S. dollars at this or any other rate.

7. Changes in Accounting Principles and Procedures

(Application of "Accounting Standards for Business Combinations and Related Matters," etc.)
The Company has applied the following accounting standards: Accounting Standard for Business Combinations (ASBJ Statement No. 21; December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23; December 26, 2008), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7; December 26, 2008), Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16; December 26, 2008), and Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Statement No. 10; December 26, 2008).

8. Changes in Presentation Methods

(1) Consolidated Balance Sheets

1) "Deferred tax assets" (¥3,669 million at the end of the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Current assets," have been included in "Others" under "Current assets" since the amount is not more than 1% of total assets.

2) "Deferred tax assets" (¥3,797 million at the end of the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Investments and other assets," have been included in "Others" under "Investments and other assets" since the amount is not more than 1% of total assets.

3) "Accrued expenses" (¥34,334 million at the end of the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Current liabilities," have been included in "Others" under "Current liabilities" since the amount is not more than 5% of total liabilities and net assets.

4) "Accrued retirement benefits for Directors and Corporate Auditors" (¥76 million at the end of the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Long-term liabilities," have been included in "Other provisions" under "Long-term liabilities" since the amount is not more than 1% of total liabilities and net assets.

5) "Accrual for motorcycle recycling costs" (¥1,228 million at the end of the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Long-term liabilities," have been included in "Other provisions" under "Long-term liabilities" since the amount is not more than 1% of total liabilities and net assets.

(2) Consolidated Statements of Income

1) "Early retirement benefit expenses" (¥11 million for the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item under "Non-operating expenses," have been included in "Others" under "Non-operating expenses" since the amount is not more than 10% of total non-operating expenses.

2) "Refund" of income taxes (¥(628) million for the fiscal year ended December 31, 2010), which until the previous fiscal year were recorded as a separate item, have been included in "Current" of income taxes since the amount has become insignificant.

9. Consolidated Balance Sheets

Information regarding consolidated balance sheets at December 31, 2009 and 2010 is as follows.

(1) Accumulated depreciation of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
	¥516,478	¥515,876	$6,330,544

(2) Pledged assets and secured liabilities

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Pledged assets:			
Trade notes and accounts receivable	¥ 66,815	¥ 61,144	$ 750,325
Merchandise and finished goods	2,152	648	7,952
Work-in-process	464	783	9,609
Raw materials and supplies	2,124	3,473	42,619
Other current assets	9,772	9,842	120,776
Buildings and structures (net)	182	166	2,037
Machinery and transportation equipment (net)	8,758	9,229	113,253
Land	1,528	44	540
Construction in progress	1,130	295	3,620
Tangible fixed assets—other (net)	327	309	3,792
Investment securities	27	38	466
Long-term loans receivable	23,994	21,276	261,087
Investments and other assets—other	1,050	2,486	30,507
Total	¥118,328	¥109,739	$1,346,656
Secured liabilities:			
Short-term borrowing	¥ 41,837	¥ 10,656	$ 130,765
Long-term debt	24,039	26,752	328,286
Long-term liabilities—other	1,476	1,233	15,131
Total	¥ 67,352	¥ 38,643	$ 474,205

(3) 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 sheets.

a) Date of revaluation March 31, 2000

b) 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.

c) 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 and 2010 was below its book value by ¥5,272 million and ¥6,287 million ($77,151 thousand), respectively.

(4) Guarantee obligations
Guarantees are given for the following companies' debt from financial institutions.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Subsidiaries or affiliates:			
Amagasaki Woodland of Health Co., Ltd.	¥316	¥293	$3,596
Other companies:			
Enrum Marina Muroran Inc.	65	57	699
Marina Kawage Co., Ltd.	25	15	184
Total	¥408	¥365	$4,479

Guarantee obligations described above include amounts arising from acts resembling guarantees: ¥342 million and ¥308 million ($3,780 thousand) at the end of fiscal 2009 and 2010, respectively.

(5) Discounts on trade notes receivable

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
	¥1,117	¥1,765	$21,659

(6) Investment securities and investment in partnerships with non-consolidated subsidiaries and affiliates are as follows.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Investment securities (stock)	¥18,644	¥17,825	$218,738
Investment in partnerships	426	756	9,277

(7) Notes maturing at the end of the consolidated fiscal year were settled on the date of clearing. As the end of the current consolidated fiscal year fell on a holiday for financial institutions, the following notes maturing on the fiscal year-end date are included in the balance as of the fiscal year-end.

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Notes receivable-trade	¥326	¥1,025	$12,578
Notes payable-trade	259	260	3,191

10. Consolidated Statements of Income

Information regarding consolidated statements of income for the years ended December 31, 2009 and 2010 is as follows.

(1) Loss on devaluation of inventories after reversal of refund by the lower of cost or market method following write-down of book value due to lower profitability included in cost of sales

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
	¥10,362	¥(4,281)	$(52,534)

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

(2) Breakdown of major selling, general and administrative expenses

	Millions of yen
	2009
Advertising expenses	¥21,910
Sales promotion expenses	18,871
Transportation expenses	29,887
Provision for accrued warranty costs	6,768
Provision for allowance for doubtful receivables	2,533
Provision for accrual for product liabilities	13,041
Provision for accrual for motorcycle recycling costs	62
Salaries	73,560
Provision for accrued bonuses	2,693
Provision for accrued employees' retirement benefits	3,251

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Transportation expenses	30,504	374,328
Provision for accrued warranty costs	15,476	189,913
Provision for allowance for doubtful receivables	1,376	16,886
Salaries	71,392	876,083
Provision for accrued bonuses	2,160	26,506
Provision for accrued employees' retirement benefits	4,446	54,559

(3) Research and development expenses included in selling, general and administrative expenses and manufacturing costs

Millions of yen		Thousands of U.S. dollars
2009	2010	2010
¥62,066	¥55,183	$677,175

(4) Breakdown of gain on sale of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Buildings and structures (net)	¥ 11	¥ 76	$ 933
Machinery and transportation equipment (net)	319	434	5,326
Others (net)	36	33	405
Total	¥367	¥544	$6,676

(5) Breakdown of loss on sale of fixed assets

	Millions of yen
	2009
Buildings and structures (net)	¥ 97
Machinery and transportation equipment (net)	302
Land	14
Others (net)	116
Total	¥531

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Machinery and transportation equipment (net)	156	1,914
Others (net)	18	221
Total	¥175	$2,148

(6) Breakdown of loss on disposal of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Buildings and structures (net)	¥ 283	¥ 300	$ 3,681
Machinery and transportation equipment (net)	665	328	4,025
Others (net)	238	408	5,007
Total	¥1,186	¥1,038	$12,738

(7) Details concerning impairment loss included in business structure improvement expenses

Fiscal year ended December 31, 2009

1) Summary of asset groups for which impairment loss has been identified

		Impairment loss	
			Millions of yen
Use	Location	Item	2009
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
		Others	5,586
		Intangible fixed assets	61
		Total	¥52,398
Marine products	Hamamatsu City (Shizuoka, Japan), U.S.A., France, other	Buildings and structures	¥ 1,004
		Machinery and transportation equipment	9,788
		Land	29
		Construction in progress	624
		Others	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
		Others	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
		Others	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
		Others	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 recognized in the motorcycle, marine, power product and other product business directly correlate to the significant deterioration of the market in these segments. Impairment losses were also identified among certain idle assets not serving business uses. Specifically, losses were recognized for those idle assets whose market prices have significantly declined from their book values.

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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.

Fiscal year ended December 31, 2010

1) Summary of asset groups for which impairment loss has been identified

			Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Use	Location	Item	2010	2010
Motorcycles	India, other	Buildings and structures	¥1,369	$16,800
		Machinery and transportation equipment	4,039	49,564
		Others	134	1,644
		Intangible fixed assets	413	5,068
		Total	¥5,957	$73,101
Idle assets	Kakegawa City (Shizuoka, Japan), other	Buildings and structures	¥ 309	$ 3,792
		Machinery and transportation equipment	6	74
		Land	298	3,657
		Others	56	687
		Total	¥ 670	$ 8,222

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
Since a delay in profitability recovery is forecasted as a result of a review of future business plans conducted in the fiscal year ended December 31, 2010, principally at the consolidated subsidiary in India, impairment loss was recognized in the motorcycle business. 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 was computed by the appraisal value or the net sale value reasonably calculated and obtained using the disposal price.

11. Consolidated Statements of Changes in Net Assets

Information regarding consolidated statements of changes in net assets for the years ended December 31, 2009 and 2010 is as follows.

Fiscal year ended December 31, 2009

(1) Type and number of outstanding shares

	Shares			
	Number of shares as of December 31, 2008	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2009
Common stock	286,507,784	0	0	286,507,784

(2) Type and number of treasury stocks

	Shares			
	Number of shares as of December 31, 2008	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2009
Common stock	134,458	524,176	485	658,149

Note The reasons for the increase or decrease in the number of shares are as follows:
- Increase due to the share purchase requested under the Article 797 (1) of the Company Law: 520,000 shares*
- Increase due to the purchase of less-than-one-unit shares from shareholders: 2,713 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 1,463 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 485 shares

* This increase resulted from a share purchase request from shareholders dissenting against the absorption-type merger of Yamaha Marine Co., Ltd. (YMEC) on January 1, 2009.

(3) Share warrants and own share warrants

Classification	Description of share warrants	Type of shares to be issued by the exercise of share warrants	Number of shares issued by the exercise of share warrants (shares) December 31, 2008	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2009	Balance as of December 31, 2009 Millions of yen
Yamaha Motor Co., Ltd.	Share warrants as stock options Note	—	—	—	—	—	¥72
	Total	—	—	—	—	—	¥72

Note The exercise periods of the fourth and fifth share warrants are June 13, 2010 through June 12, 2014 and June 16, 2011 through June 15, 2015, respectively. Thus, the first day of the exercise periods has not come as of the end of the fiscal year ended December 31, 2009.

(4) Dividends

• Amount of dividends paid

Resolution	Type of share	Total amount of dividends	Dividend per share	Record date	Effective date
		Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on March 25, 2009	Common stock	¥1,432	¥5.00	December 31, 2008	March 26, 2009

• Dividends whose record date falls in FY2009 and whose effective date falls in FY2010.
No related items.

Fiscal year ended December 31, 2010

(1) Type and number of outstanding shares

	Shares Number of shares as of December 31, 2009	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2010
Common stock	**286,507,784**	**63,250,000**	**0**	**349,757,784**

Note The reasons for the increase or decrease in the number of shares are as follows:
- Increase due to issuance of new shares through public offering: 55,000,000 shares
- Increase due to issuance of new shares through third-party allocation: 8,250,000 shares

(2) Type and number of treasury stocks

	Shares Number of shares as of December 31, 2009	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2010
Common stock	**658,149**	**2,776**	**176**	**660,749**

Note The reasons for the increase or decrease in the number of shares are as follows:
- Increase due to the purchase of less-than-one-unit shares from shareholders: 1,652 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 1,124 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 176 shares

(3) Share warrants and own share warrants

Classification	Description of share warrants	Type of shares to be issued by the exercise of share warrants	Number of shares issued by the exercise of share warrants (shares) December 31, 2009	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2010	Balance as of December 31, 2010 Millions of yen	Thousands of U.S. dollars
Yamaha Motor Co., Ltd.	Share warrants as stock options Note	—	—	—	—	—	**¥102**	**$1,252**
	Total	—	—	—	—	—	**¥102**	**$1,252**

Note The exercise periods of the fifth and sixth share warrants are June 16, 2011 through June 15, 2015 and June 15, 2012 through June 14, 2016, respectively. Thus, the first day of the exercise periods has not come as of the end of the fiscal year ended December 31, 2010.

(4) Dividends

• Amount of dividends paid
No related items.

• Dividends whose record date falls in FY2010 and whose effective date falls in FY2011.
No related items.

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Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
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12. Consolidated Statements of Cash Flows

Information regarding consolidated statements of cash flows for the years ended December 31, 2009 and 2010 is as follows.

(1) Reconciliation of “cash and cash equivalents” as of December 31, 2009 and 2010 to amounts in the various accounts appearing in the accompanying consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash and deposits in banks	¥137,328	**¥205,362**	**$2,520,088**
Time deposits with maturity in excess of three months	(721)	**(2,016)**	**(24,739)**
Other current assets	612	**532**	**6,528**
Cash and cash equivalents	¥137,219	**¥203,878**	**$2,501,878**

(2) Business structure improvement expenses posted in the consolidated statement of cash flows for the fiscal year ended December 31, 2009 were impairment losses, which were included in the business structure improvement expenses posted in the consolidated statement of income for fiscal 2009.

(3) Income tax payments and refunds include a ¥13,835 million ($169,775 thousand) refund on transactions in prior fiscal years at consolidated subsidiary Yamaha Motor Corporation, U.S.A.

13. Lease Information

Information regarding leases for the years ended December 31, 2009 and 2010 is as follows.

Fiscal year ended December 31, 2009

(1) Finance lease transactions (as a lessee)
Finance lease transactions which do not transfer ownership
1) Subject leased assets
Tangible fixed assets
Mainly vehicles

2) Depreciation method of leased assets
As described in sub-section (2), “Depreciation and Amortization of Assets,” of section (5) “Accounting Standards.”

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

a) Amounts equivalent to acquisition cost, accumulated depreciation and the net book value of leased property at December 31, 2009

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Other (tools, furniture and fixtures)	¥6,357	¥5,536	¥821

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 the end of the fiscal year.

b) Amounts equivalent to future minimum lease payments at December 31, 2009

	Millions of yen
Payable within one year	¥ 471
Payable after one year	349
Total	¥ 821

Future minimum lease payments 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 the end of the fiscal year.

c) Amounts equivalent to lease payments and depreciation

	Millions of yen
Lease payments	¥655
Depreciation	655

d) Computation of amounts equivalent to depreciation
The computation of amounts equivalent to depreciation is made by the straight-line method, assuming that useful life equals to the lease term and the residual value equals to zero.

(2) Operating lease transactions
Future minimum lease payments for noncancellable operating lease transactions

	Millions of yen
Payable within one year	¥1,412
Payable after one year	3,420
Total	¥4,832

Fiscal year ended December 31, 2010

(1) Finance lease transactions (as a lessee)
Finance lease transactions which do not transfer ownership

1) Subject leased assets
Tangible fixed assets
Mainly vehicles

2) Depreciation method of leased assets
As described in sub-section (2), "Depreciation and Amortization of Assets," of section (5) "Accounting Standards."

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

a) Amounts equivalent to acquisition cost, accumulated depreciation and the net book value of leased property at December 31, 2010

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Other (tools, furniture and fixtures)	**¥5,351**	**¥5,019**	**¥332**	**$65,664**	**$61,590**	**$4,074**

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 the end of the fiscal year.

b) Amounts equivalent to future minimum lease payments at December 31, 2010

	Millions of yen	Thousands of U.S. dollars
Payable within one year	**¥178**	**$2,184**
Payable after one year	**153**	**1,878**
Total	**¥332**	**$4,074**

Future minimum lease payments 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 the end of the fiscal year.

c) Amounts equivalent to lease payments and depreciation

	Millions of yen	Thousands of U.S. dollars
Lease payments	**¥427**	**$5,240**
Depreciation	**427**	**5,240**

d) Computation of amounts equivalent to depreciation
The computation of amounts equivalent to depreciation is made by the straight-line method, assuming that useful life equals to the lease term and the residual value equals to zero.

(2) Operating lease transactions
Future minimum lease payments for noncancellable operating lease transactions

	Millions of yen	Thousands of U.S. dollars
Payable within one year	¥1,019	$12,505
Payable after one year	2,779	34,102
Total	¥3,799	$46,619

14. Financial Instruments and Related Disclosure

Consolidated fiscal year ended December 31, 2010

1. Status of financial instruments held by the group

1) Policies on financial instruments

The group restricts its asset management to short-term deposits, etc. in principle and raises funds mainly through bank borrowings. Derivative transactions are used to mitigate the risks described below and the group has no intention to engage in speculative trading.

2) Details of financial instruments and related risks

Trade notes and accounts receivable, which are operating receivables, are exposed to credit risk of customers. Foreign currency-denominated operating receivables resulting from the group conducting business globally are exposed to risk of foreign currency exchange fluctuations, which is mitigated in principle by securing foreign exchange forward contracts on the net position of foreign currency-denominated operating receivables and payables.

Investment securities, mainly stocks of companies with which the group has business relationships, are exposed to risk of market price fluctuations.

Notes and accounts payable, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, they are continuously below the balance of accounts receivable denominated in the same foreign currency.

Short-term borrowing and long-term debt are intended for working capital, and some of them with variable interest rates are exposed to risk of interest rate fluctuations.

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

3) Risk management system for financial instruments

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

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

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

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

The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables, which are certain to be generated as a result of scheduled export transactions. Additionally, the Company and some of its consolidated subsidiaries use interest rate swap transactions to reduce risk of fluctuations in interest paid on their borrowings.

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

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

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

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

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

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

2. Fair value of financial instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2010 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
(1) Cash and deposits in banks	¥205,362	¥205,362	¥ —	$2,520,088	$2,520,088	$ —
(2) Trade notes and accounts receivable	183,711			2,254,399		
Allowance for doubtful receivables *1	(5,860)			(71,911)		
	177,850	177,816	(34)	2,182,476	2,182,059	(417)
(3) Investment securities	16,469	16,469	—	202,098	202,098	—
(4) Long-term loans receivable	37,034			454,461		
Allowance for doubtful receivables *1	(1,419)			(17,413)		
	35,615	40,233	4,618	437,047	493,717	56,670
Assets	435,297	439,881	4,583	5,341,723	5,397,975	56,240
(5) Notes and accounts payable	125,809	125,809	—	1,543,858	1,543,858	—
(6) Short-term borrowing	35,455	35,455	—	435,084	435,084	—
(7) Current portion of long-term debt	57,576	57,576	—	706,541	706,541	—
(8) Long-term debt	229,410	233,762	4,351	2,815,192	2,868,597	53,393
Liabilities	448,252	452,604	4,351	5,500,699	5,554,105	53,393
Derivative transactions *2	344	344	—	4,221	4,221	—

*1 Allowance for doubtful receivables are deducted from trade notes and accounts receivable and long-term loans receivable.
*2 Receivables and payables, which were derived from derivative transactions, are presented in net amount.

Notes 1 Calculation method of fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

(1) Cash and deposits in banks

These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(2) Trade notes and accounts receivable

The fair values of these assets are measured at the present values of their future cash flows from which an allowance for doubtful receivables equivalent to credit risk are deducted. In order to compute the present values of the future cash flows of these assets, the assets are categorized by specified time period, and future cash flows in each category are discounted at a rate in accordance with appropriate indices such as government bond yields.

(3) Investment securities

Investment securities are determined using the quoted price at the stock exchange. For information on securities classed by holding purpose, please refer to the note "Marketable Securities."

(4) Long-term loans receivable

For long-term loans receivable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.

For long-term loans receivable with fixed rates, the fair values are measured at their present values from which an allowance for doubtful receivables equivalent to credit risk are deducted. The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(5) Notes and accounts payable, (6) Short-term borrowing, (7) Current portion of long-term debt

These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(8) Long-term debt

For long-term debt with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.

For long-term debt with fixed rates, the fair values are determined by computing the present values, discounted for each collection period at a projected interest rate if a similar borrowing is taken out.

Derivative transactions

For details on derivative transactions, refer to the note "Derivative Transactions."

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2 Financial instruments for which determining a market price is deemed extremely difficult

	Millions of yen	Thousands of U.S. dollars
	Carrying value	Carrying value
Investment securities—Unlisted equity securities	¥18,847	$231,280

The item above has no market price and the effort to pinpoint fair value is deemed extremely difficult so the item is excluded from (3) Investment securities in the preceding table.

3 Redemption schedule for monetary claims and held-to-maturity securities with maturity dates subsequent to the consolidated fiscal year-end

	Millions of yen				Thousands of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	More than 10 years	1 year or less	1 to 5 years	5 to 10 years	More than 10 years
Cash and deposits in banks	¥205,362	¥ —	¥—	¥ —	$2,520,088	$ —	$ —	$ —
Trade notes and accounts receivable	183,157	554	—	—	2,247,601	6,798	—	—
Long-term loans receivable	—	36,844	70	119	—	452,129	859	1,460
Total	¥388,520	¥37,399	¥70	¥119	$4,767,702	$458,940	$859	$1,460

4 Redemption schedule for long-term debt subsequent to the consolidated fiscal year-end
See "Fund Procurement Conditions."

(Additional Information)
Effective from the fiscal year ended December 31, 2010, the Company has adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 Guidance, March 10, 2008).

15. Marketable Securities

Information regarding marketable securities for the years ended December 31, 2009 and 2010 is as follows.

Fiscal year ended December 31, 2009

(1) Other securities with fair value (as of December 31, 2009)

		Millions of yen		
	Type	Acquisition cost	Carrying value	Unrealized gain
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	¥10,084	¥15,330	¥5,245
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	10,084	15,330	5,245
Securities whose acquisition cost exceeds their carrying value	(1) Equity securities	¥ 3,624	¥ 3,078	¥ (545)
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	3,624	3,078	(545)
	Total	¥13,709	¥18,408	¥4,699

Note The Company generally posts the entire amount of impairment loss on all securities whose fair value at the end of the fiscal year is less than 50% of the acquisition cost. For securities whose fair value at the end of the fiscal year decreases by 30 to 50% from their acquisition cost, the Company posts an impairment loss when it is judged necessary, by examining the importance and recoverability of the amount in question.

(2) Other marketable securities sold during the fiscal year (January 1, 2009 through December 31, 2009)

	Millions of yen		
	Amount sold	Total gains	Total losses
	¥62	¥4	¥15

(3) Carrying value of securities whose fair value is not available (as of December 31, 2009)

	Millions of yen
	Carrying value
Other securities:	
Unlisted equity securities	¥1,084

Fiscal year ended December 31, 2010

(1) Other securities with fair value (as of December 31, 2010)

		Millions of yen			Thousands of U.S. dollars		
	Type	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	¥10,160	¥14,253	¥4,092	$124,678	$174,905	$ 50,215
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	10,160	14,253	4,092	124,678	174,905	50,215
Securities whose acquisition cost exceeds their carrying value	(1) Equity securities	¥ 3,081	¥ 2,215	¥ (865)	$ 37,808	$ 27,181	$(10,615)
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	3,081	2,215	(865)	37,808	27,181	(10,615)
	Total	¥13,241	¥16,469	¥3,227	$162,486	$202,098	$ 39,600

Note Unlisted stocks (¥1,022 million booked on the consolidated balance sheet) have no market price and the effort to pinpoint fair value is deemed extremely difficult so they are excluded from “Other marketable securities” in the preceding table.

(2) Other marketable securities sold during the fiscal year (January 1, 2010 through December 31, 2010)

	Millions of yen			Thousands of U.S. dollars		
	Amount sold	Total gains	Total losses	Amount sold	Total gains	Total losses
	¥51	¥34	¥3	$626	$417	$37

(3) Impaired marketable securities
For the fiscal year ended December 31, 2010, the Company recorded impairment losses of ¥511 million ($6,271 thousand) on investment securities (¥477 million ($5,853 thousand) on listed stock under other marketable securities and ¥31 million ($380 thousand) on unlisted stocks and ¥1 million ($12 thousand) on equity in affiliates).

The Company generally posts the entire amount of impairment loss on all securities whose fair value at the end of the fiscal year is less than 50% of the acquisition cost. For securities whose fair value at the end of the fiscal year decreases by 30 to 50% from their acquisition cost, the Company posts an impairment loss when it is judged necessary, by examining the importance and recoverability of the amount in question.

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16. Derivative Transactions

Matters concerning the market value of transactions

Fiscal year ended December 31, 2009

The Company changed the accounting method for derivative transactions from hedge accounting to the market value-based method since the fiscal year ended December 31, 2009. The change was made in conjunction with a groupwide review of hedging policy and other factors.

Derivative financial instruments that do not apply for hedge accounting

(1) Currency related

Classification	Transaction	Millions of yen			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	¥27,776	¥—	¥28,287	¥(511)
	EUR	22,734	—	22,503	231
	CAD	6,054	—	6,137	(83)
	GBP	4,948	—	4,936	11
	PLN	1,631	—	1,663	(31)
	AUD	1,612	—	1,635	(23)
	HUF	428	—	434	(6)
	CZK	199	—	197	2
	JPY	20	—	19	0
	Buy:				
	USD	14,553	—	14,592	39
	JPY	863	—	875	12
	Total	¥49,988	¥—	¥50,346	¥(358)

Note Market values are computed based on forward rates at the end of the fiscal year.

(2) Interest-rate related

Classification	Transaction	Millions of yen			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	¥ 29,531	¥ 29,531	¥(203)	¥(203)
	Receipts floating, payments fixed	86,238	81,557	(662)	(662)
	Total	¥115,770	¥111,089	¥(866)	¥(866)

Note Market values are computed based on quotes from financial institutions, among other sources.

(3) Other

Classification	Transaction	Millions of yen			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	¥183,020	¥41,572	¥89	¥89
	Total	¥183,020	¥41,572	¥89	¥89

Notes 1 Derivative transactions related to sales finance.
2 Market values are generally computed by estimating the future cash flow, and discounting it with an appropriate market interest rate.

Fiscal year ended December 31, 2010

1. Derivative financial instruments that do not apply for hedge accounting

(1) Currency related

Classification	Transaction	Millions of yen			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	¥51,201	¥—	¥ 942	¥ 942
	EUR	12,579	—	219	219
	CAD	2,531	—	4	4
	PLN	1,597	—	(6)	(6)
	JPY	1,257	—	(8)	(8)
	HUF	463	—	(2)	(2)
	SGD	374	—	(3)	(3)
	GBP	360	—	1	1
	Buy:				
	USD	10,870	—	100	100
	EUR	7,504	—	(119)	(119)
	JPY	1,111	—	36	36
	SEK	240	—	0	0
	Total	¥50,640	¥—	¥1,164	¥1,164

Classification	Transaction	Thousands of U.S. dollars			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	$628,310	$—	$11,560	$11,560
	EUR	154,362	—	2,687	2,687
	CAD	31,059	—	49	49
	PLN	19,597	—	(74)	(74)
	JPY	15,425	—	(98)	(98)
	HUF	5,682	—	(25)	(25)
	SGD	4,590	—	(37)	(37)
	GBP	4,418	—	12	12
	Buy:				
	USD	133,391	—	1,227	1,227
	EUR	92,085	—	(1,460)	(1,460)
	JPY	13,634	—	442	442
	SEK	2,945	—	0	0
	Total	$621,426	$—	$14,284	$14,284

Note Market values are computed based on forward rates at the end of the fiscal year.

(2) Interest-rate related

Classification	Transaction	Millions of yen			
		Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	¥ 35,738	¥32,876	¥ (109)	¥ (109)
	Receipts floating, payments fixed	92,881	31,186	(1,101)	(1,101)
	Total	¥128,620	¥64,042	¥(1,211)	¥(1,211)

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	$ 438,557	$403,436	$ (1,338)	$ (1,338)
	Receipts floating, payments fixed	1,139,784	382,697	(13,511)	(13,511)
	Total	$1,578,353	$785,888	$(14,861)	$(14,861)

Note Market values are computed based on quotes from financial institutions, among other sources.

(3) Other

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	¥134,760	¥41,411	¥391	¥391
	Total	¥134,760	¥41,411	¥391	¥391

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	$1,653,700	$508,173	$4,798	$4,798
	Total	$1,653,700	$508,173	$4,798	$4,798

Notes 1 Derivative transactions related to sales finance.
2 Market values are generally computed by estimating the future cash flow, and discounting it with an appropriate market interest rate.

2. Derivative financial instruments that apply for hedge accounting
No related items.

17. Retirement Benefit Plans

Information regarding retirement benefit plans for the years ended December 31, 2009 and 2010 is as follows.

(1) Outline of retirement benefit plans
The Company and certain of its domestic consolidated subsidiaries have cash balance pension plans and lump-sum payment plans. Certain of its other domestic consolidated subsidiaries have defined-benefit plans, i.e., welfare pension funds, tax-qualified pension plans and lump-sum payment plans.

Certain overseas consolidated subsidiaries have definedcontribution pension plans, in addition to defined-benefit plans.

(2) Retirement benefit obligation and related items

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Retirement benefit obligation	¥(149,076)	¥(150,126)	$(1,842,263)
Plan assets at fair value	97,423	97,130	1,191,925
Unfunded retirement benefit obligation	(51,653)	(52,996)	(650,337)
Unrecognized actuarial gain or loss	18,644	18,301	224,580
Unrecognized prior service cost	(1,512)	(510)	(6,258)
Net retirement benefit obligation	(34,521)	(35,204)	(432,004)
Prepaid pension cost	226	218	2,675
Accrued retirement benefits	¥ (34,748)	¥ (35,423)	$ (434,691)

Note Certain of the Company's subsidiaries adopt the simplified method to compute their retirement benefit obligation.

(3) Retirement benefit expenses and related items

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost	¥ 7,014	**¥ 6,552**	**$ 80,403**
Interest cost	3,630	**3,558**	**43,662**
Expected return on plan assets	(2,671)	**(2,964)**	**(36,373)**
Amortization of actuarial gain or loss	3,423	**4,084**	**50,117**
Amortization of prior service cost	(209)	**278**	**3,411**
Total	¥ 11,188	**¥11,508**	**$141,220**

Notes 1 In addition to the retirement benefit expenses above, employees' early retirement expenses amounting to ¥20,160 million as business structure improvement expenses of extraordinary losses in fiscal 2009, as well as incentives amounting to ¥35 million as early retirement benefit expenses of non-operating expenses were registered separately in fiscal 2009. In addition to the aforementioned retirement benefit expenses, in fiscal 2010 the Company recorded ¥11 million ($135 thousand) for special incentives and other payments related to the voluntary early retirement program offer presented to employees in 2010 and ¥551 million ($6,762 thousand) in contributions to defined contribution pension plans.

2 In addition to the retirement benefit expenses above, contributions into defined-contribution plans amounting to ¥689 million were registered separately in fiscal 2009.

3 Retirement benefit expenses of the Company's consolidated subsidiaries, which were accounted for by the simplified method, were registered under the classification "service cost" in the above table.

(4) Assumptions and policies adopted in the calculation of retirement benefit obligation

	2009	2010
Attribution method for retirement benefits in the period	Straight-line method	Straight-line method
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 3.0%
Amortization years of actuarial gain or loss	Mainly 10 years Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.	Mainly 10 years Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.
Amortization years of prior service cost	Mainly 10 years Amortized as incurred, by the straight-line method over a period which is shorter than the average remaining years of service of the employees.	Mainly 10 years Amortized as incurred, by the straight-line method over a period which is shorter than the average remaining years of service of the employees.

18. Stock Options

Information regarding stock options for the years ended December 31, 2009 and 2010 is as follows.

Fiscal year ended December 31, 2009

1. Expenses associated with stock options during fiscal 2009 and the category in which they were classified:
   Selling, general and administrative expenses: ¥42 million.

2. Outline of stock options and changes

(1) Outline of stock options

		2008 Stock options		2009 Stock options	
Title and number of grantees	(Persons)	Directors of Yamaha Motor Co., Ltd.:	9	Directors of Yamaha Motor Co., Ltd.:	7
		Executive Officers of Yamaha Motor Co., Ltd.:	15	Executive Officers of Yamaha Motor Co., Ltd.:	18
Number of stock options Note 1	(Shares)	Common shares 75,500		Common shares 112,000	
Grant date		June 13, 2008		June 16, 2009	
Condition for vesting Note 2		Persons who have received allocations of common stock must serve a full term that includes the grant date (June 13, 2008).		Persons who have received allocations of common stock must serve a full term that includes the grant date (June 16, 2009).	
Requisite service period		Same period as listed under condition for vesting		Same period as listed under condition for vesting	
Exercise period		June 13, 2010 to June 12, 2014		June 16, 2011 to June 15, 2015	

Notes 1 Stock options are converted into a number of shares.
2 Conditions for the exercise of stock options
(1) Persons who have received allocations of share warrants may not exercise the rights when they lose their status as Director or Executive Officer of Yamaha Motor Co., Ltd., for any reason stipulated in the "Agreement on Allocation of Share Warrants" concluded between the Company and the grantee.
(2) Share warrants may not be inherited.
(3) Other conditions governing the exercise of stock option rights are based on the provisions of the "Agreement on Allocation of Share Warrants" concluded between the Company and the grantee.

(2) Stock options granted and changes
Stock options outstanding in fiscal 2009 are counted and converted into a number of shares.

a) Number of stock options

	Shares	
	2008 Stock options	2009 Stock options
Before vesting:		
Previous fiscal year-end	75,500	—
Granted	—	112,000
Forfeited	—	—
Vested	75,500	—
Outstanding	—	112,000
After vesting:		
Previous fiscal year-end	—	—
Vested	75,500	—
Exercised	—	—
Forfeited	—	—
Exercisable	75,500	—

b) Price information

	Yen	
	2008 Stock option	2009 Stock option
Exercise price	¥2,205	¥1,207
Average exercise price	—	—
Fair value at the grant date	535	380

3. Technique used for valuating the fair value of stock options
   Stock options granted in the fiscal year were valuated using the following technique.
   a) Valuation technique: Black-Scholes option-pricing model
   b) Principal parameters used in the option-pricing model

	2009 Stock options
Expected volatility Note 1	46.82%
Average expected life Note 2	4 years
Expected dividends Note 3	¥25.50 per share
Risk-free interest rate Note 4	0.71%

Notes 1 Calculated based on the actual stock prices during the four years ending on the stock option grant date (June 16, 2009).
2 The average expected life could not be reasonably estimated due to insufficient data. Therefore, it was estimated assuming that the options were exercised at the mid-point of the exercise period.
3 The actual dividends on common stock for the fiscal year ended December 31, 2008.
4 Japanese government bond yield corresponding to the average expected life.

4. Method of estimating number of stock options vested
   Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

Fiscal year ended December 31, 2010

1. Expenses associated with stock options during fiscal 2010 and the category in which they were classified:
   Selling, general and administrative expenses: ¥30 million ($368 thousand).

2. Outline of stock options and changes

(1) Outline of stock options

		2008 Stock options		2009 Stock options		2010 Stock options	
Title and number of grantees	(Persons)	Directors of Yamaha Motor Co., Ltd.:	9	Directors of Yamaha Motor Co., Ltd.:	7	Directors of Yamaha Motor Co., Ltd.:	7
		Executive Officers of Yamaha Motor Co., Ltd.:	15	Executive Officers of Yamaha Motor Co., Ltd.:	18	Executive Officers of Yamaha Motor Co., Ltd.:	17
Number of stock options Note 1	(Shares)	Common shares 75,500		Common shares 112,000		Common shares 56,500	
Grant date		June 13, 2008		June 16, 2009		June 15, 2010	
Condition for vesting Note 2		Persons who have received allocations of common stock must serve a full term that includes the grant date (June 13, 2008).		Persons who have received allocations of common stock must serve a full term that includes the grant date (June 16, 2009).		Persons who have received allocations of common stock must serve a full term that includes the grant date (June 15, 2010).	
Requisite service period		Same period as listed under condition for vesting		Same period as listed under condition for vesting		Same period as listed under condition for vesting	
Exercise period		June 13, 2010 to June 12, 2014		June 16, 2011 to June 15, 2015		June 15, 2012 to June 14, 2016	

Notes 1 Stock options are converted into a number of shares.
2 Conditions for the exercise of stock options
(1) Persons who have received allocations of share warrants may not exercise the rights when they lose their status as Director or Executive Officer of Yamaha Motor Co., Ltd., for any reason stipulated in the "Agreement on Allocation of Share Warrants" concluded between the Company and the grantee.
(2) Share warrants may not be inherited.
(3) Other conditions governing the exercise of stock option rights are based on the provisions of the "Agreement on Allocation of Share Warrants" concluded between the Company and the grantee.

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

(2) Stock options granted and changes
Stock options outstanding in fiscal 2010 are counted and converted into a number of shares.

a) Number of stock options

	Shares		
	2008 Stock options	2009 Stock options	2010 Stock options
Before vesting:			
Previous fiscal year-end	—	112,000	—
Granted	—	—	56,500
Forfeited	—	—	—
Vested	—	112,000	—
Outstanding	—	—	56,500
After vesting:			
Previous fiscal year-end	75,500	—	—
Vested	—	112,000	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	75,500	112,000	—

b) Price information

	Yen			U.S. dollars		
	2008 Stock options	2009 Stock options	2010 Stock options	2008 Stock options	2009 Stock options	2010 Stock options
Exercise price	¥2,205	¥1,207	¥1,396	$27.06	$14.81	$17.13
Average exercise price	—	—	—	—	—	—
Fair value at the grant date	535	380	465	6.57	4.66	5.71

3. Technique used for valuating the fair value of stock options
Stock options granted in the fiscal year were valuated using the following technique.
a) Valuation technique: Black-Scholes option-pricing model
b) Principal parameters used in the option-pricing model

	2010 Stock options
Expected volatility Note 1	48.41%
Average expected life Note 2	4 years
Expected dividends Note 3	¥0 per share
Risk-free interest rate Note 4	0.31%

Notes 1 Calculated based on the actual stock prices during the four years ending on the stock option grant date (June 15, 2010).
2 The average expected life could not be reasonably estimated due to insufficient data. Therefore, it was estimated assuming that the options were exercised at the mid-point of the exercise period.
3 The actual dividends on common stock for the fiscal year ended December 31, 2009.
4 Japanese government bond yield corresponding to the average expected life.

4. Method of estimating number of stock options vested
Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

19. Deferred Tax Accounting

Information regarding deferred tax accounting at December 31, 2009 and 2010 is as follows.

(1) Principal deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Losses carried forward for tax purposes	¥ 56,905	¥ 63,275	$ 776,476
Excess depreciation	30,542	23,247	285,274
Accrued retirement benefits	11,468	12,030	147,625
Accrual for product liabilities	9,849	8,842	108,504
Accounts payable	9,382	9,838	120,726
Inventory write-downs	6,758	3,441	42,226
Accrued warranty cost	6,315	10,280	126,150
Accrued bonuses	2,144	2,236	27,439
Securities write-downs	1,572	1,410	17,303
Allowance for doubtful receivables	971	1,711	20,996
Other	5,995	5,285	64,855
Gross deferred tax assets	141,906	141,598	1,737,612
Valuation allowance	(131,828)	(131,463)	(1,613,241)
Total deferred tax assets	10,077	10,134	124,359
Deferred tax liabilities:			
Unrealized gain on other securities	(578)	(436)	(5,350)
Reserve for advanced depreciation	(436)	(422)	(5,179)
Other	(4,821)	(6,383)	(78,329)
Total deferred tax liabilities	(5,836)	(7,242)	(88,870)
Net deferred tax assets	8,983	7,467	91,631
Net deferred tax liabilities	¥ (4,742)	¥ (4,575)	$ (56,142)

(2) Principal reasons for the difference between the statutory tax rate and the rate of income taxes after application of deferred tax accounting

Fiscal year ended December 31, 2009

This note is omitted because the Company recorded loss before income taxes and minority interests in fiscal 2009.

Fiscal year ended December 31, 2010

	2010
Statutory tax rate	39.7%
Effect of:	
Net losses at consolidated subsidiaries	15.4
Foreign taxes and other taxes	11.2
Tax rate difference of overseas consolidated subsidiaries, etc.	(13.5)
Valuation allowance, revaluation loss on securities and impairment loss on fixed assets	(0.6)
Other, net	1.8
Effective tax rates	53.9%

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

20. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas. The operations of the Company and its consolidated subsidiaries have been classified into four business segments: Motorcycles, Marine Products, Power Products, and Other Products. Major products in the Motorcycles segment include motorcycles and knockdown parts for overseas production; in the Marine Products segment: outboard motors, personal watercraft, pleasure-use boats, fiberglass-reinforced plastic pools, fishing boats, utility boats and diesel engines; in the Power Products segment: all-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multipurpose engines; and in the Other Products segment: surface mounters, industrial robots, automobile engines, automobile components, electrically power assisted bicycles, unmanned industrial helicopters, electrically powered wheelchairs and the intermediate parts for products in all business segments.

(1) Business segment information

Business segment information for the Company and its subsidiaries for the years ended December 31, 2009 and 2010 is summarized as follows.

Fiscal year ended December 31, 2009

	Millions of yen						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	¥817,058	¥150,113	¥100,577	¥ 85,893	¥1,153,642	¥ —	¥1,153,642
Intersegment	—	—	—	77,770	77,770	(77,770)	—
Total	817,058	150,113	100,577	163,664	1,231,413	(77,770)	1,153,642
Operating expenses	821,209	174,387	134,345	164,050	1,293,993	(77,770)	1,216,222
Operating loss	¥ (4,151)	¥ (24,274)	¥ (33,768)	¥ (386)	¥ (62,580)	¥ 0	¥ (62,580)
Assets	¥607,311	¥169,122	¥115,082	¥ 95,561	¥ 987,077	¥ —	¥ 987,077
Depreciation	32,521	10,052	3,993	7,134	53,701	—	53,701
Impairment loss	52,633	12,077	14,183	4,164	83,058	—	83,058
Capital expenditures	29,932	6,660	3,660	5,780	46,035	—	46,035

Notes **1** Business segments correspond to categories classified primarily by similarity of products and markets.
2 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
3 Impairment losses on idle assets are included in the business to which the respective idle assets belong.
4 Depreciation and amortization of assets
As described in "Depreciation and Amortization of Assets," of "Accounting Standards," 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 expenses in fiscal 2009 increased ¥353 million in the motorcycle business, ¥560 million in the marine product business, ¥64 million in the power product business, and ¥221 million in the other products business, while operating loss in each business segment increased the same amount, compared with the figures derived using the previous method.

Fiscal year ended December 31, 2010

	Millions of yen						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	**¥905,977**	**¥167,141**	**¥102,968**	**¥118,043**	**¥1,294,131**	**¥ —**	**¥1,294,131**
Intersegment	**—**	**—**	**—**	**81,795**	**81,795**	**(81,795)**	**—**
Total	**905,977**	**167,141**	**102,968**	**199,838**	**1,375,926**	**(81,795)**	**1,294,131**
Operating expenses	**863,237**	**166,393**	**114,221**	**180,765**	**1,324,617**	**(81,795)**	**1,242,822**
Operating income (loss)	**¥ 42,740**	**¥ 748**	**¥ (11,252)**	**¥ 19,073**	**¥ 51,308**	**¥ 0**	**¥ 51,308**
Assets	**¥609,948**	**¥162,026**	**¥103,934**	**¥102,433**	**¥ 978,343**	**¥ —**	**¥ 978,343**
Depreciation	**24,158**	**5,917**	**1,789**	**4,728**	**36,594**	**—**	**36,594**
Impairment loss	**6,063**	**196**	**146**	**220**	**6,628**	**—**	**6,628**
Capital expenditures	**23,784**	**3,635**	**2,460**	**4,058**	**33,939**	**—**	**33,939**

	Thousands of U.S. dollars						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	**$11,117,646**	**$2,051,061**	**$1,263,566**	**$1,448,558**	**$15,880,857**	**$ —**	**$15,880,857**
Intersegment	**—**	**—**	**—**	**1,003,743**	**1,003,743**	**(1,003,743)**	**—**
Total	**11,117,646**	**2,051,061**	**1,263,566**	**2,452,301**	**16,884,599**	**(1,003,743)**	**15,880,857**
Operating expenses	**10,593,165**	**2,041,882**	**1,401,657**	**2,218,248**	**16,254,964**	**(1,003,743)**	**15,251,221**
Operating income (loss)	**$ 524,482**	**$ 9,179**	**$ (138,078)**	**$ 234,053**	**$ 629,623**	**$ 0**	**$ 629,623**
Assets	**$ 7,484,943**	**$1,988,293**	**$1,275,420**	**$1,257,001**	**$12,005,682**	**$ —**	**$12,005,682**
Depreciation	**296,454**	**72,610**	**21,954**	**58,019**	**449,061**	**—**	**449,061**
Impairment loss	**74,402**	**2,405**	**1,792**	**2,700**	**81,335**	**—**	**81,335**
Capital expenditures	**291,864**	**44,607**	**30,188**	**49,798**	**416,481**	**—**	**416,481**

Notes 1 Business segments: Classified in the same way as for the fiscal year ended December 31, 2009.
2 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
3 Impairment losses on idle assets are included in the business to which the respective idle assets belong.

(2) Geographical segment information

The geographical segments of the Company and its subsidiaries for the years ended December 31, 2009 and 2010 are summarized as follows.

Fiscal year ended December 31, 2009

	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Eliminations	Consolidated
Net sales:								
Outside customers	¥188,276	¥165,528	¥197,641	¥482,370	¥119,825	¥1,153,642	¥ —	¥1,153,642
Intersegment	261,973	17,654	3,503	37,098	937	321,167	(321,167)	—
Total	450,250	183,183	201,144	519,469	120,762	1,474,810	(321,167)	1,153,642
Operating expenses	505,833	225,451	210,293	485,912	122,802	1,550,292	(334,069)	1,216,222
Operating income (loss)	¥ (55,582)	¥ (42,268)	¥ (9,148)	¥ 33,556	¥ (2,039)	¥ (75,481)	¥ 12,901	¥ (62,580)
Assets	¥455,349	¥192,638	¥119,148	¥273,632	¥133,301	¥1,174,069	¥(186,991)	¥ 987,077

Notes 1 Geographic segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2 Nations and regions included in segments outside Japan:
(1) North America: U.S.A. and Canada
(2) Europe: The Netherlands, France, Italy, Spain and Russia
(3) Asia: Indonesia, Taiwan, Thailand, Singapore, Vietnam, China and India
(4) Other areas: Brazil, Australia, Colombia and Mexico
3 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
4 Depreciation and amortization of assets
As described in "Depreciation and Amortization of Assets," of "Accounting Standards," 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 expenses in Japan in fiscal 2009 increased ¥1,199 million, while operating loss increased the same amount, compared with the figures derived using the previous method.

Fiscal year ended December 31, 2010

	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Eliminations	Consolidated
Net sales:								
Outside customers	**¥216,353**	**¥155,336**	**¥165,602**	**¥613,350**	**¥143,488**	**¥1,294,131**	**¥ —**	**¥1,294,131**
Intersegment	**310,881**	**16,043**	**3,088**	**44,843**	**1,108**	**375,966**	**(375,966)**	**—**
Total	**527,235**	**171,379**	**168,691**	**658,194**	**144,597**	**1,670,098**	**(375,966)**	**1,294,131**
Operating expenses	**529,754**	**186,102**	**166,722**	**602,945**	**134,337**	**1,619,862**	**(377,039)**	**1,242,822**
Operating income (loss)	**¥ (2,519)**	**¥ (14,722)**	**¥ 1,968**	**¥ 55,248**	**¥ 10,259**	**¥ 50,235**	**¥ 1,073**	**¥ 51,308**
Assets	**¥560,568**	**¥136,031**	**¥105,725**	**¥277,110**	**¥131,918**	**¥1,211,353**	**¥(233,010)**	**¥ 978,343**

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2009 and 2010

	Thousands of U.S. dollars							
	Japan	North America	Europe	Asia	Other areas	Total	Eliminations	Consolidated
Net sales:								
Outside customers	$2,654,964	$1,906,197	$2,032,176	$7,526,690	$1,760,805	$15,880,857	$ —	$15,880,857
Intersegment	3,814,959	196,871	37,894	550,288	13,597	4,613,646	(4,613,646)	—
Total	6,469,935	2,103,068	2,070,082	8,076,991	1,774,414	20,494,515	(4,613,646)	15,880,857
Operating expenses	6,500,847	2,283,740	2,045,920	7,399,006	1,648,509	19,878,046	(4,626,813)	15,251,221
Operating income (loss)	$ (30,912)	$ (180,660)	$ 24,150	$ 677,973	$ 125,893	$ 616,456	$ 13,167	$ 629,623
Assets	$6,878,979	$1,669,297	$1,297,398	$3,400,540	$1,618,824	$14,865,051	$(2,859,369)	$12,005,682

Notes 1 Geographic segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2 Nations and regions included in segments outside Japan:
(1) North America: U.S.A. and Canada
(2) Europe: The Netherlands, France, Italy, Spain and Russia
(3) Asia: Indonesia, Vietnam, Thailand, Taiwan, China, Singapore and India
(4) Other areas: Brazil, Australia, Colombia and Mexico
3 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.

(3) Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of foreign consolidated subsidiaries, for the years ended December 31, 2009 and 2010 are summarized as follows.

Fiscal year ended December 31, 2009

	Millions of yen				
	North America	Europe	Asia	Other areas	Total
Overseas sales	¥166,330	¥201,950	¥500,442	¥154,481	¥1,023,205
Consolidated sales					1,153,642
Overseas sales to net sales	14.4%	17.5%	43.4%	13.4%	88.7%

Notes 1 Overseas segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2 Nations and regions included in segments outside Japan:
(1) North America: U.S.A. and Canada
(2) Europe: Italy, France, Spain, Russia and Germany
(3) Asia: Indonesia, Vietnam, Thailand, China, Taiwan and India
(4) Other areas: Brazil, Australia and South Africa
3 Overseas sales consist of export sales of Yamaha Motor and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

Fiscal year ended December 31, 2010

	Millions of yen				
	North America	Europe	Asia	Other areas	Total
Overseas sales	¥156,676	¥170,371	¥644,881	¥179,824	¥1,151,752
Consolidated sales					1,294,131
Overseas sales to net sales	12.1%	13.2%	49.8%	13.9%	89.0%

	Thousands of U.S. dollars				
	North America	Europe	Asia	Other areas	Total
Overseas sales	$1,922,641	$2,090,698	$7,913,621	$2,206,700	$14,133,661
Consolidated sales					15,880,857
Overseas sales to net sales	12.1%	13.2%	49.8%	13.9%	89.0%

Notes 1 Overseas segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2 Nations and regions included in segments outside Japan:
(1) North America: U.S.A. and Canada
(2) Europe: France, Italy, Germany, England and Russia
(3) Asia: Indonesia, Vietnam, Thailand, China, Taiwan and India
(4) Other areas: Brazil, Australia and South Africa
3 Overseas sales consist of export sales of Yamaha Motor and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

(4) Related party transactions

No related items.

21. Per Share Information

Information regarding per share for the years ended December 31, 2009 and 2010 is as follows.

	Yen		U.S. dollars
	2009	2010	2010
Net assets per share Note 2	¥ 743.04	¥785.61	$9.64
Net income (loss) per share—basic Note 3	(755.92)	55.50	0.68
Net income per share—diluted Note 3	— Note 1	55.50	0.68

Note 1 The Company registered a basic net loss per share in the fiscal year ended December 31, 2009 (fiscal 2009). Therefore, diluted net income per share in fiscal 2009 is not described herein, although there were dilutive securities during the period.

Note 2 Net assets per share are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Total net assets	¥249,266	¥310,809	$3,814,075
Amount excluded from total net assets	36,869	36,557	448,607
Share warrants	72	102	1,252
Minority interests	36,796	36,454	447,343
Net assets attributable to common stock at the end of the period	212,397	274,252	3,365,468

	Thousand shares	
Number of common stocks outstanding at the end of the period, calculated under "Net assets per share"	285,849	349,097

Note 3 Basic net income (loss) per share and diluted net income per share are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Net income (loss) per share—basic:			
Net income (loss)	¥(216,148)	¥18,300	$224,567
Amount not attributable to common stockholders	—	—	—
Net income (loss) attributable to common stock	(216,148)	18,300	224,567

	Thousand shares	
Average number of shares outstanding during the period	285,942	329,735

		Millions of yen
Net income per share—diluted:		
Adjustment for net income		—
		Shares
Increase in the number of common stocks		3,766
Share warrants		3,766
Dilutive securities not calculated under "Diluted net income per share" because they do not have dilutive effect:	Diluted net income per share in fiscal 2009 is not described herein, since the Company registered a net loss per share in fiscal 2009.	Resolution of Board of Directors' Meeting held on May 29, 2008: Stock options (Total number of shares: 75,500) Resolution of Board of Directors' Meeting held on May 28, 2010: Stock options (Total number of shares: 56,500)

22. Significant Subsequent Events

Information regarding significant subsequent events for the years ended December 31, 2009 and 2010 is as follows.

Fiscal year ended December 31, 2009
No related items.

Fiscal year ended December 31, 2010

Reduction of the Amounts of Capital Reserve and Legal Reserve and Appropriation of Surplus
A proposal to reduce the Company's capital and legal reserves and appropriate surplus, as described below, was approved by shareholders at the 76th Ordinary General Meeting of Shareholders on March 24, 2011, and put into effect the same day.

1. Purpose
   Management's goal was to promote flexible implementation of capital policies and facilitate payment of future dividends to shareholders by reducing capital and legal reserves and appropriating the surplus to cover the deficit in retained earnings brought forward.

2. Method
   (1) The Company has reduced capital reserves and transferred these funds to other capital surplus, and decreased the total amount of legal reserves and transferred these funds to retained earnings brought forward, in accordance with Paragraph 1 of Article 448 of the Corporation Law.

   i) Items regarding decreasing reserves and their amounts

Capital reserve	¥23,814,148,434
Legal reserve	¥ 3,775,736,564

   ii) Items regarding increasing surplus and their amounts

Other capital reserve	¥23,814,148,434
Retained earnings brought forward	¥ 3,775,736,564

   iii) Items regarding decreased reserves and their amounts

Capital reserve	¥73,941,967,288
Legal reserve	¥ 0

   (2) Following the transfers of capital reserves outlined above, the Company appropriated other capital surplus to retained earnings brought forward to cover the deficit, in accordance with the provisions of Article 452 of the Corporation Law.

   i) Items regarding decreasing surplus and its amounts

Other capital reserve	¥23,565,474,829

   ii) Items regarding increasing surplus and its amounts

Retained earnings brought forward	¥23,565,474,829

3. Effective date
   March 24, 2011

Investor Information

As of December 31, 2010

Yamaha Motor Co., Ltd.

Headquarters
2500 Shingai, Iwata, Shizuoka 438-8501, Japan
Telephone: +81-538-32-1103
Facsimile: +81-538-37-4252

Date of Establishment
July 1, 1955

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

Common Stock

Authorized:	900,000,000 shares
Issued:	349,757,784 shares
Number of Shareholders:	30,017

Principal Shareholders

Yamaha Corporation	12.09%
State Street Bank and Trust Company	8.56
Toyota Motor Corporation	3.57
Mizuho Bank, Ltd.	3.13
Japan Trustee Services Bank, Ltd. (trust account)	2.97
The Master Trust Bank of Japan, Ltd. (trust account)	2.60
Mitsui & Co., Ltd.	2.45
The Bank of New York, JASDEC Treaty account	2.41
The Shizuoka Bank, Ltd.	1.95
The Chase Manhattan Bank, N.A. London S.L. Omnibus account	1.60

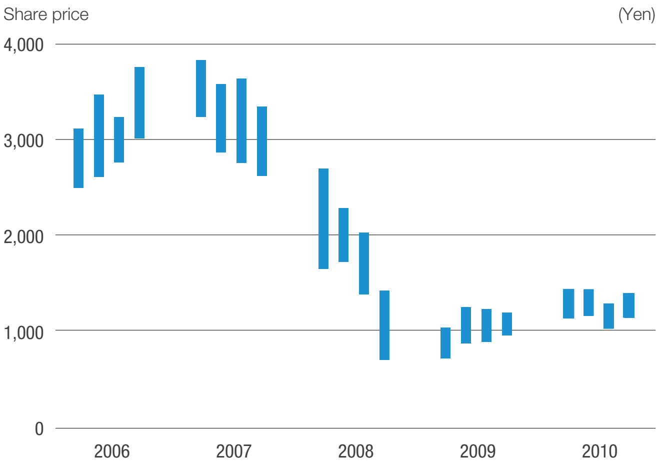
Annual Meeting of Shareholders
The Ordinary General Meeting of Shareholders is held in March each year in Iwata, Shizuoka, Japan.

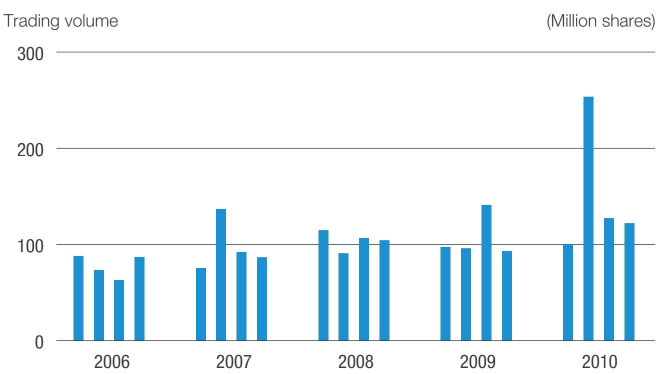
Securities Traded
Tokyo Stock Exchange, Inc.

Transfer Agent for Common Stock
The Chuo Mitsui Trust and Banking Company, Limited
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

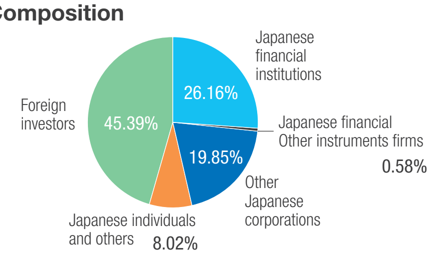
Auditor
Ernst & Young ShinNihon LLC

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





Shareholder Composition



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http://www.yamaha-motor.co.jp/global/ir/index.html

You are also invited to review the Fact Book, Financial Data, and CSR Report on Yamaha Motor's website at
http://www.yamaha-motor.co.jp/global/index.html

YAMAHA
In harmony with nature

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