YAMAHA

Annual Report 2009

Year ended December 31, 2009

Engineering Excellence and Prominence

Yamaha Motor Co., Ltd. is a multinational corporation creating high quality products at 60 factories in 35 countries. About 90% of our consolidated net sales are derived from overseas markets.

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 and manufacturing enterprise, with a prominent presence in the global market.

Corporate Philosophy

Corporate Mission

***Kando** Creating Company**

Yamaha, a company offering new excitement and a more fulfilling life for people all over the world

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

Management Principles

1. Creating value that surpasses customers' expectations
2. Establishing a corporate environment that fosters self-esteem
3. Fulfilling social responsibilities globally

Action Guidelines

Our *Yamaha Value 21* policy provides clear guidelines and a direction for our daily business activities in 21 specific action plans and four chapters: "Awareness of the Issues," "Judgment, Challenge, Accomplishment," "Thorough Evaluation" and "Focused on the Way We Should Be"

On the cover:
1,000cc supersport, the new YZF-R1

Photographs on page 8, 13, 14, 17, 18 and 21 by Rowland Kirishima

Annual Report 2009

CONTENTS

Financial Highlights

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

	Millions of yen		Thousands of U.S. dollars	% change
	2008	**2009**	**2009**	2009/2008
For the year:				
Net sales	¥1,603,881	**¥1,153,642**	**$12,525,972**	(28.1)%
Gross profit	377,105	**202,292**	**2,196,439**	(46.4)
Operating income (loss)	48,382	**(62,580)**	**(679,479)**	—
Ordinary income (loss)	58,872	**(68,340)**	**(742,020)**	—
Net income (loss)	1,851	**(216,148)**	**(2,346,884)**	—
Net cash (used in) provided by operating activities	(6,446)	**74,096**	**804,517**	—
Net cash used in investing activities	(99,543)	**(45,285)**	**(491,694)**	(54.5)
Free cash flows	(105,989)	**28,810**	**312,812**	—
Net cash provided by (used in) financing activities	163,179	**(32,022)**	**(347,687)**	—
Capital expenditures	94,391	**46,035**	**499,837**	(51.2)
Depreciation expenses	59,606	**53,701**	**583,073**	(9.9)
At the year end:				
Total assets	¥1,163,173	**¥ 987,077**	**$10,717,448**	(15.1)%
Net assets	428,483	**249,266**	**2,706,471**	(41.8)
Interest-bearing debt	349,203	**399,942**	**4,342,476**	14.5
Ratios:				
Operating income margin (%)	3.0	**(5.4)**		
Return on equity (%)	0.4	**(71.2)**		
Equity ratio (%)	33.9	**21.5**		
Price/earnings ratio (times)	144.0	**—**		
Debt/equity ratio (%)	88.5	**188.3**		

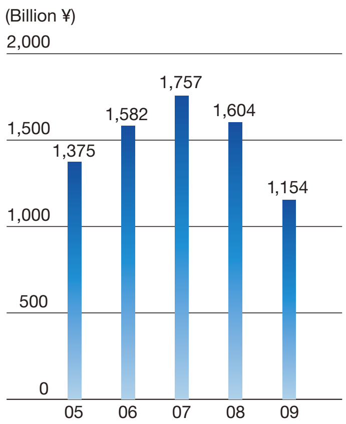
	Yen		U.S. dollars	% change
Per share amounts:				
Net income — basic	¥ 6.47	**¥ (755.92)**	**$ (8.21)**	—%
Net income — diluted	6.47	**—**	**—**	—
Net assets	1,377.81	**743.04**	**8.07**	(46.1)
Cash dividends	25.50	**0.00**	**0.00**	(100.0)

	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)	¥ 932	**¥ 1,166**	**$ 12.66**	25.1%
Market capitalization	266,899	**333,300**	**3,618,893**	24.9

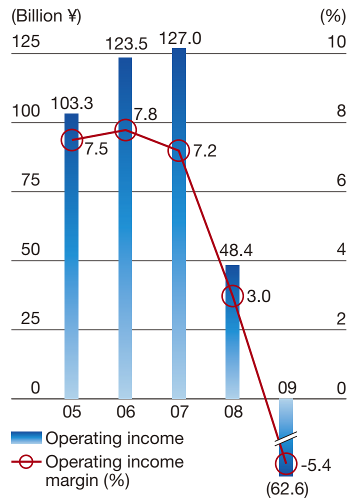
	Persons		% change
Other data (at the year end):			
Number of shareholders	35,156	**30,013**	(14.6)%
Number of employees	49,761	**49,994**	0.5

Notes
- U.S. dollar amounts are translated solely for convenience at ¥92.10 = U.S.$1.00, the rate of exchange prevailing at December 31, 2009 (See Note 9 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, 2008 and 2009.
- 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.

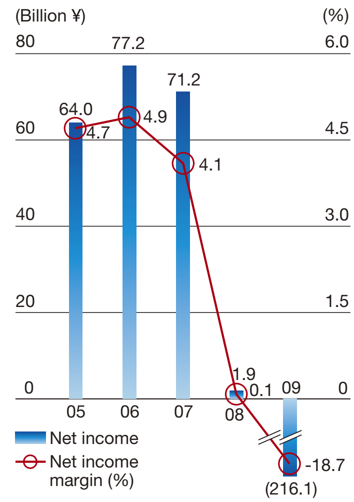
Net sales



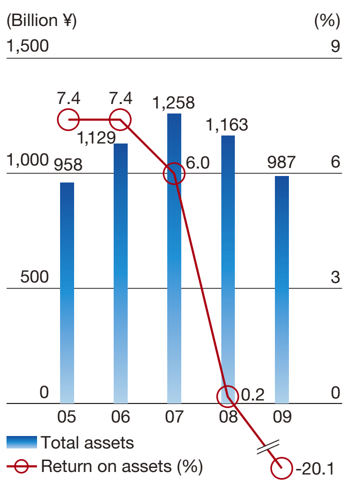
Operating income and operating income margin



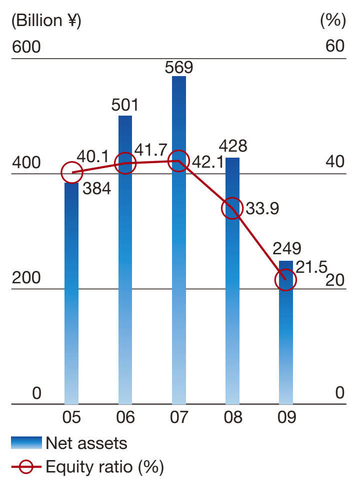
Net income and net income margin



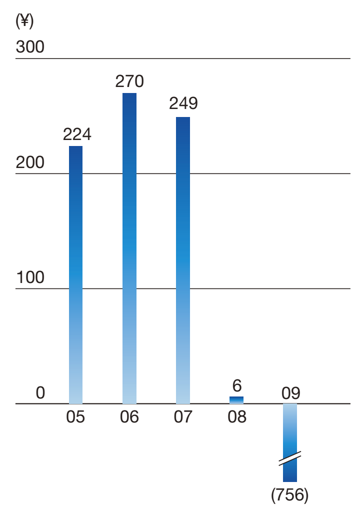
Total assets and return on assets



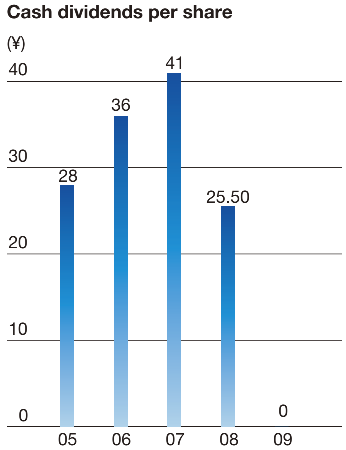
Net assets and equity ratio



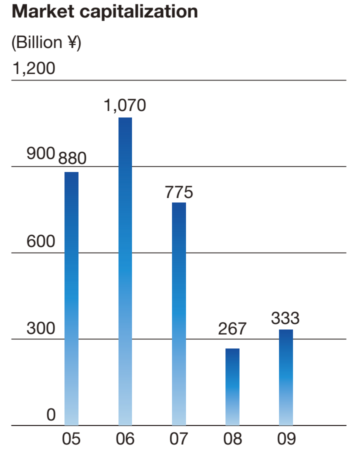
Net income per share



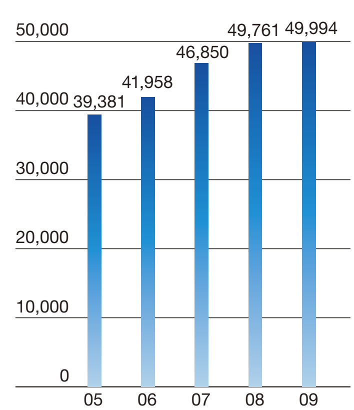
Cash dividends per share



Market capitalization



Number of employees



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.

Financial Highlights

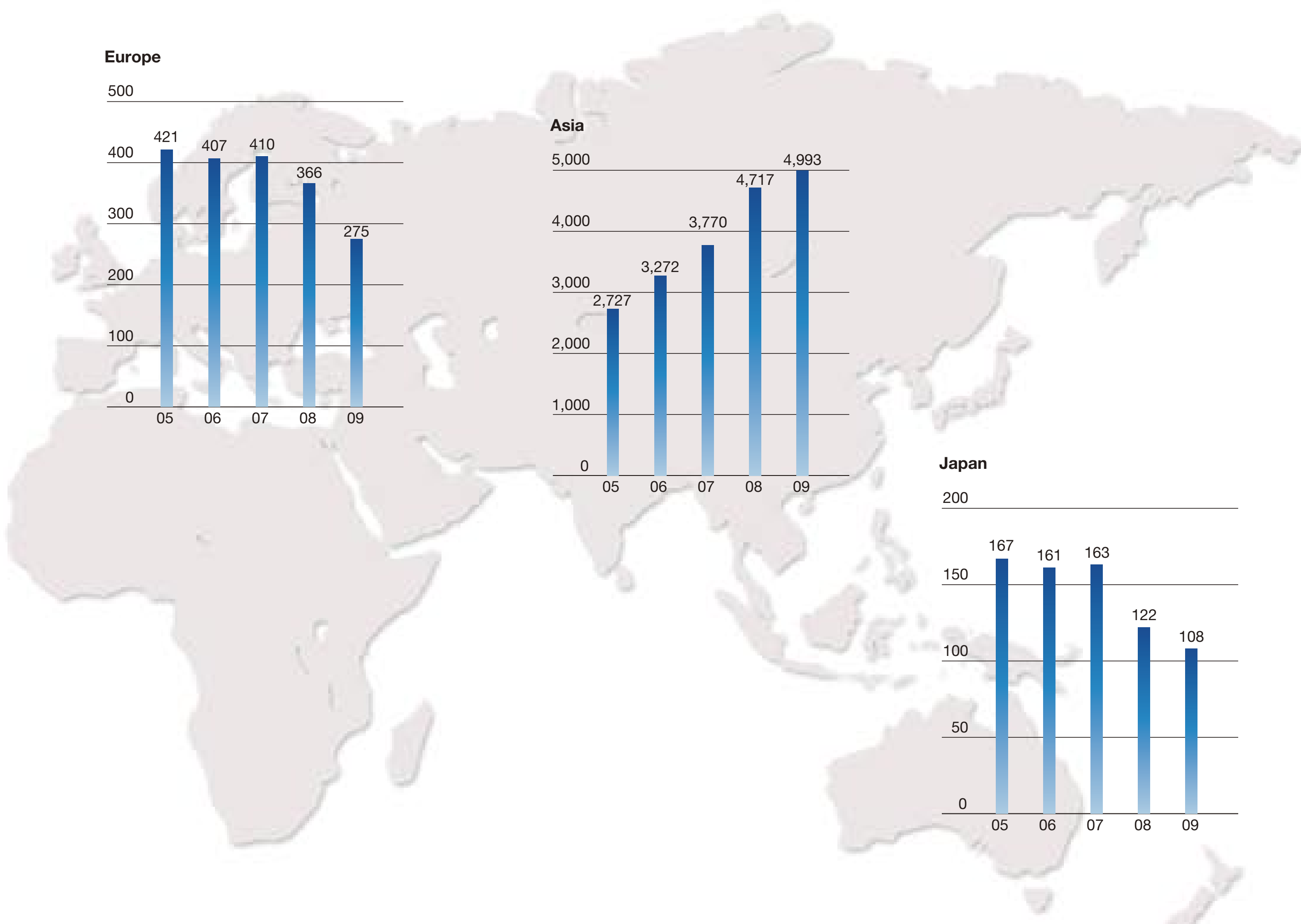
Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2008 and 2009

Motorcycle unit sales by market

	Thousand units	Thousand units	% change
	2008	**2009**	2009/2008
Japan	122	**108**	(11.5)%
North America	167	**92**	(44.9)
Europe	366	**275**	(24.9)
Asia	4,717	**4,993**	5.9
Other areas	493	**372**	(24.5)
Total	5,865	**5,841**	(0.4)%

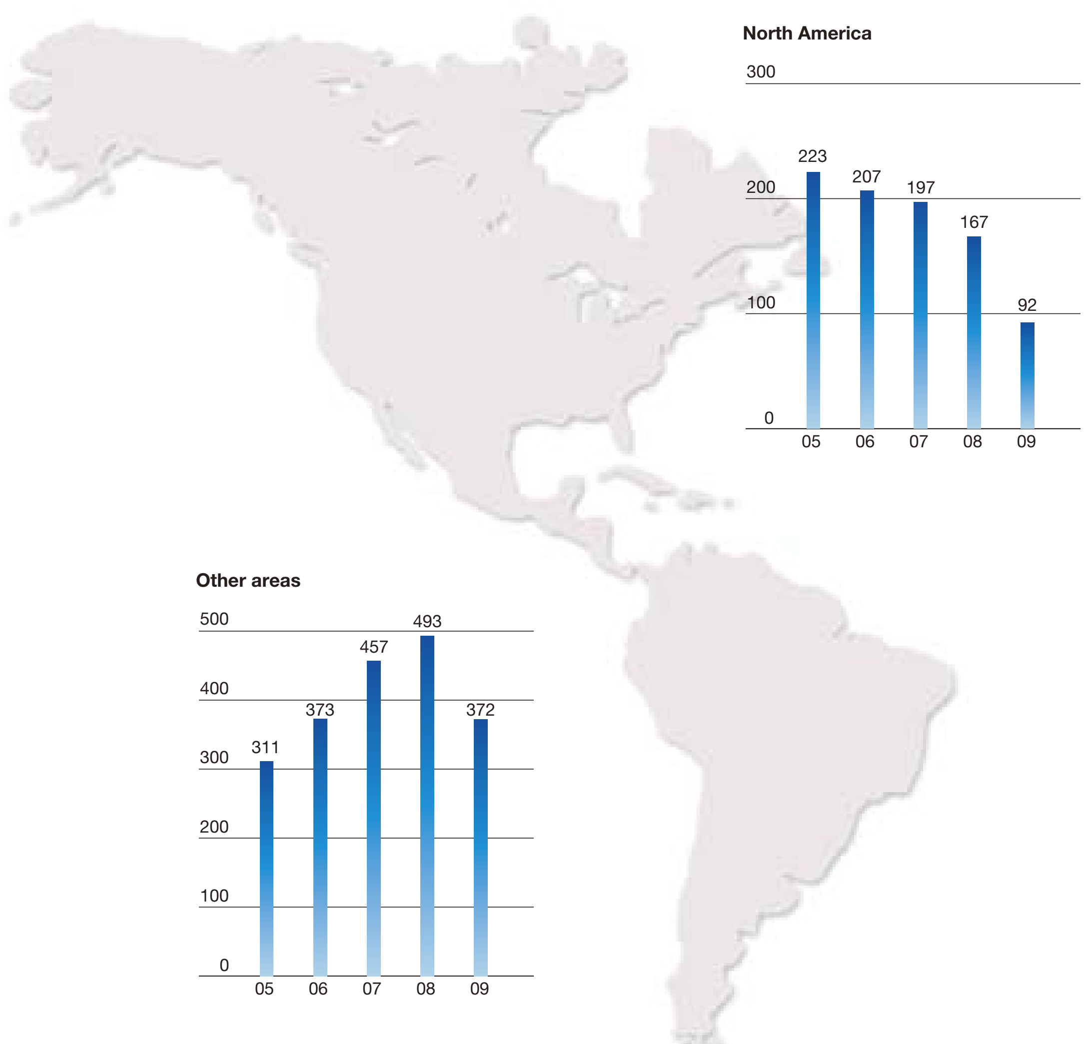
Motorcycle unit sales (Thousand units)

Years ended December 31



Sales by market

	Motorcycle business			Marine product business			Power product business			Other products business		
	Millions of yen		% change	Millions of yen		% change	Millions of yen		% change	Millions of yen		% change
	2008	**2009**	2009/2008	2008	**2009**	2009/2008	2008	**2009**	2009/2008	2008	**2009**	2009/2008
Japan	¥ 43,423	**¥ 38,015**	(12.5)%	¥ 30,971	**¥ 23,701**	(23.5)%	¥ 10,011	**¥ 8,880**	(11.3)%	¥ 85,802	**¥59,839**	(30.3)%
North America	107,123	**57,979**	(45.9)	98,706	**55,279**	(44.0)	141,027	**52,389**	(62.9)	1,120	**680**	(39.3)
Europe	215,012	**143,723**	(33.2)	54,100	**33,776**	(37.6)	32,039	**20,553**	(35.9)	11,724	**3,895**	(66.8)
Asia	520,143	**478,966**	(7.9)	9,262	**6,637**	(28.3)	6,120	**4,321**	(29.4)	13,695	**10,517**	(23.2)
Other areas	143,105	**98,371**	(31.3)	45,773	**30,716**	(32.9)	24,060	**14,432**	(40.0)	10,654	**10,960**	2.9
Total	¥1,028,809	**¥817,058**	(20.6)%	¥238,814	**¥150,113**	(37.1)%	¥213,259	**¥100,577**	(52.8)%	¥122,997	**¥85,893**	(30.2)%



Fiscal Year in Review

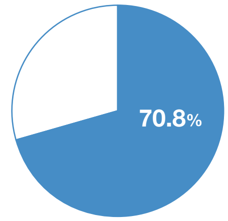
Year ended December 31, 2009

Motorcycles

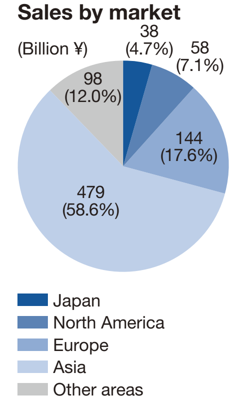
Major products:

Motorcycles and knockdown parts for overseas production

% of net sales



Sales by market

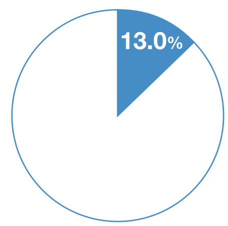


Marine Products

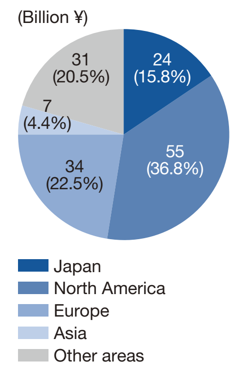
Major products:

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

% of net sales



Sales by market

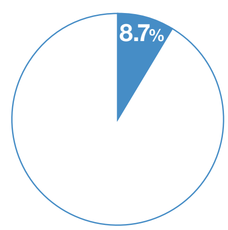


Power Products

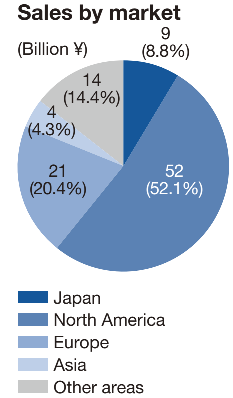
Major products:

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

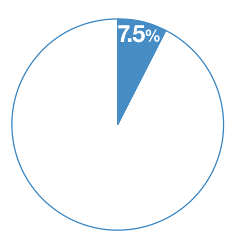


Other Products

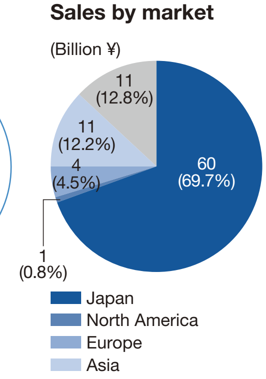
Major products:

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

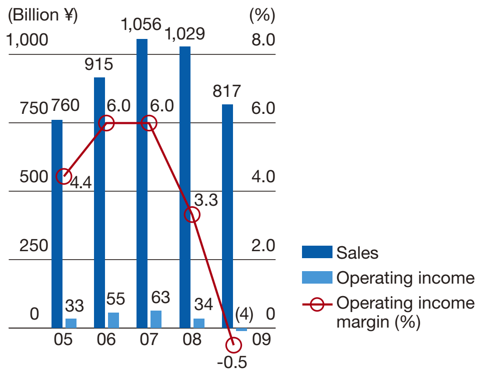
% of net sales



Sales by market



Operating results



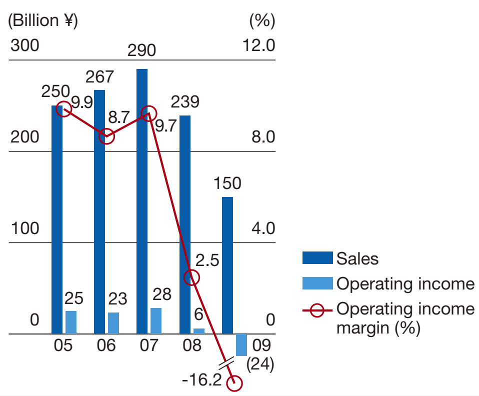
Business review:

In developed nations such as Japan, the United States and Europe, motorcycle sales for fiscal 2009 decreased from fiscal 2008, due to reduced demand amid the recession. In the ASEAN region, unit sales of the Vega-ZR, Mio and other Yamaha models increased in Indonesia, thanks to customer-oriented marketing, although total motorcycle demand declined in the region. In Vietnam, India and other nations in Asia (excluding Japan) where demand recovered early, aggressive new product releases spurred steady sales. However, the negative impact of the stronger yen caused a drop in motorcycle sales in Asia from fiscal 2008. Sales also declined in Latin America, particularly in Brazil, reflecting sluggish demand.

Consequently, total motorcycle sales for fiscal 2009 decreased by ¥211.8 billion ($2,299.1 million), or 20.6%, from fiscal 2008, to ¥817.1 billion ($8,871.4 million), and operating income declined by ¥37.8 billion ($409.9 million), resulting in an operating loss of ¥4.2 billion ($45.1 million).

▶**Reference Information** Pages 34 to 39

Operating results



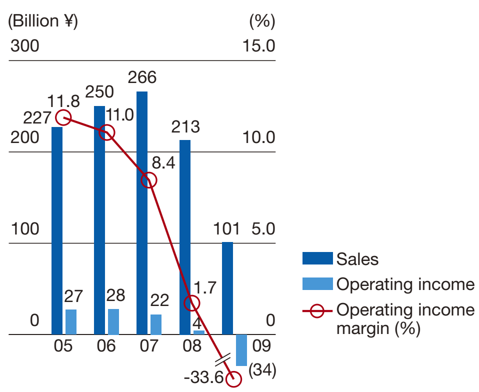
Business review:

In the United States, sales of large outboard motors and personal watercraft fell from fiscal 2008. This was attributable to slow demand as consumption for recreational and leisure activities contracted amid the recession. Outboard motor sales also dropped in Europe and Russia.

These declines, coupled with the negative impact of the stronger yen and production cutbacks — designed to curtail market stocks — sent marine product sales for fiscal 2009 down ¥88.7 billion ($963.1 million), or 37.1%, from fiscal 2008, to ¥150.1 billion ($1,629.9 million), and operating income declined by ¥30.4 billion ($329.5 million), resulting in an operating loss of ¥24.3 billion ($263.6 million).

▶**Reference Information** Pages 40 to 41

Operating results



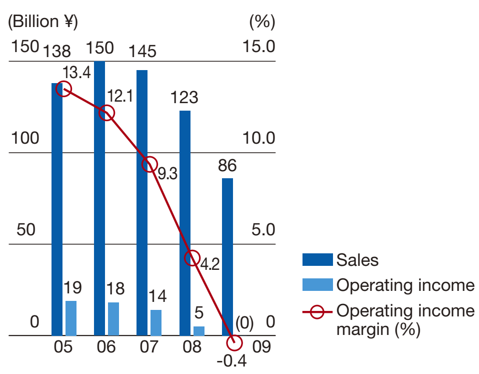
Business review:

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

Decreased sales in the United States, the stronger yen, and production cutbacks designed to curtail market stocks, coupled with a provision for product liabilities, among other negative factors, reduced power product sales for fiscal 2009 by ¥112.7 billion ($1,223.5 million), or 52.8%, from fiscal 2008, to ¥100.6 billion ($1,092.0 million), and operating income fell by ¥37.3 billion ($405.4 million), resulting in an operating loss of ¥33.8 billion ($366.6 million).

▶**Reference Information** Pages 42 to 43

Operating results



Business review:

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

In total, sales of other products for fiscal 2009 dropped by ¥37.1 billion ($402.9 million), or 30.2%, from fiscal 2008, to ¥85.9 billion ($932.6 million), and operating income declined by ¥5.5 billion ($59.9 million), resulting in an operating loss of ¥0.4 billion ($4.2 million).

▶**Reference Information** Pages 44 to 46

Message from the Management

To Our Stakeholders

We are determined to rapidly return to profitability, paving the way for sustainable growth into the future. Ultimately, we envision ourselves evolving into an excellent engineering and manufacturing enterprise with a prominent presence in the global market.

Hiroyuki Yanagi (left)
President, Chief Executive Officer and Representative Director

Takaaki Kimura
Senior Managing Executive Officer and Representative Director

The EC-f electric commuter vehicle displayed as a reference vehicle at the 41st Tokyo Motor Show 2009

New Management, New Initiatives

As of March 25, 2010, our new team of Representative Directors has taken charge. Under the leadership of newly-appointed President and Chief Executive Officer Hiroyuki Yanagi and Senior Managing Executive Officer Takaaki Kimura, the Yamaha Motor Group is embarking on a far-reaching revitalization plan.

We registered very disappointing business results in the fiscal year ended December 31, 2009. As the global financial crisis took its toll on the economy, our businesses were also seriously impacted — by sharply shrinking demand for leisure products in Europe and the United States, coupled with the stronger yen against major currencies.

However, in the face of this challenging environment, we are determined to take initiatives to better implement Group management strategy and meet our stakeholders' expectations.

Engineering Excellence and Prominence

In pursuit of our corporate mission — becoming a *Kando*[Note] Creating Company — we are committed to surprising, exciting and satisfying, delivering enjoyment and a more fulfilling life to people all over the world through our products and services. At the same time, we seek harmony with the communities we serve and the natural environment. In line with these guiding principles, we are dedicated to becoming an excellent engineering and manufacturing enterprise with a prominent presence in the global market.

Creating customer-oriented products is at the root of successful manufacturing. With this in mind, we must get back to basics and focus on maximizing value for our customers, optimizing our product appeal, reliability and pricing. In addition, we will redouble our efforts to hone our competitive edge by creating value that surpasses customers' expectations. We are certain our drive for excellence can also raise our corporate value. One key to achieving this is our commitment to focus on *real* needs — both in the workplace and the market — characterized by a bottom-up approach to management. This involves stepping back from the limited perspective of our own theories, offices or policies and looking at the big picture: what is actually going on. The philosophy encourages us to see things from the customer viewpoint, and to deliver what customers *really* want, where they will *really* enjoy them.

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

To Our Stakeholders

New Medium-term Management Plan

We expect business conditions to remain harsh for quite some time. However, we are taking an aggressive approach to overcoming these circumstances, by accelerating the structural reforms we initiated last year and striving to regain profitability. Furthermore, we intend to lay the groundwork for future growth. To achieve these objectives, we formulated a new three-year medium-term management plan for the period starting in 2010. Specifically, the plan calls for a return to profitability on a consolidated operating income basis in fiscal 2010 and a consolidated operating income margin of 5% in fiscal 2012. Success will see us become an excellent engineering and manufacturing enterprise with a prominent presence in the global market.

Meeting Challenges, Growing Stronger

All of us across the Group — executives and employees alike — are resolved to combine efforts to achieve the new plan's targets. At the same time, we are committed to fulfilling our social responsibilities by strictly observing laws, regulations, and corporate ethics. We are also vigorously pursuing an array of environmental preservation and social action programs. Steady implementation of all these policies and initiatives will no doubt quickly restore our business performance, returning us to a sustainable growth track, and earning greater trust from our stakeholders.

We will grow stronger as we meet and overcome the challenges ahead. As we embark on the journey to a brighter, more powerful future, we thank you for the ongoing understanding and support that make it possible.

April 2010

Hiroyuki Yanagi
President, Chief Executive Officer
and Representative Director

Takaaki Kimura
Senior Managing Executive Officer
and Representative Director

Interview with the President

We are implementing thorough structural reforms, working to build a profitable structure, and laying the groundwork for future growth.

Business Results for Fiscal 2009

Q1 Yamaha Motor's performance in fiscal 2009 fell sharply. How do you assess these results?

Our fiscal 2009 business results were disappointing, reflecting a far more rapid decline in demand than was forecast, and the persistent strength of the yen against other major currencies.

In fiscal 2009, sales of our mainstay products including motorcycles, outboard motors and all-terrain vehicles (ATVs), decreased significantly. This was mainly attributable to a sharp decline in demand in the leisure markets of Europe and the United States amid the global recession, as well as the yen's continuing strength against other major currencies.

Demand fell at a rate beyond our projections. In response, we adjusted product shipments and substantially reduced production at Japanese factories for export to developed nations. This, in turn, curtailed market stocks (distributors' stocks and Group inventories) in Europe and the United States.

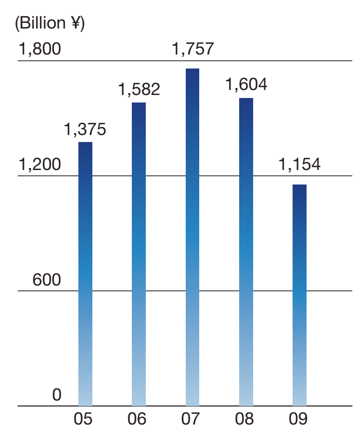
We also took urgent countermeasures to maintain sustainable growth under these challenging conditions. We implemented extensive cost reduction, rolled back remuneration for Directors, Executive Officers, Corporate Auditors, and managers, cut capital expenditures and reduced surplus workforce. Together, these measures reduced total consolidated expenses by 10% from the previous year. Also, in the motorcycle, outboard motor and ATV businesses, we initiated an Urgent Cost Reduction Project in the second half of fiscal 2009, and then worked to build on the program's savings.

Along these lines, we have implemented aggressive cost reforms to cope with rapidly shrinking business volume. Nevertheless, in fiscal 2009, sales decreased 28.1% from the previous year, to ¥1,153.6 billion, while operating loss and ordinary loss amounted to ¥62.6 billion and ¥68.3 billion, respectively.

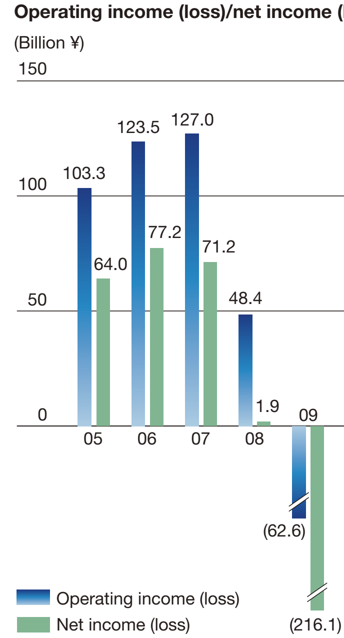
During the fiscal year under review, we took measures to accelerate structural reform at businesses in developed nations. Specifically, we registered business structure improvement expenses as extraordinary losses, including impairment losses on fixed assets in Japan, Europe and the United States, and expenses incurred for early retirement of employees in Japan. However, these extraordinary losses, coupled with negative factors including the reversal of deferred tax assets, led to net loss totaling ¥216.1 billion.

Overall, the fiscal 2009 results were disappointing. As the President of the Company, I deeply regret that we were unable to meet our stakeholders'

Net sales



Operating income (loss)/net income (loss)



Interview with the President

expectations. However, along with the rest of the management team, I am resolved to embark on group-wide reforms to rapidly regain profitability.

I believe that our discouraging performance was primarily attributable to management practices premised on continuing growth, which left us unable to respond flexibly to rapidly falling demand. We had to reduce our market stocks significantly and operate on fixed costs that had been established to accommodate peak demand. All of this, coupled with our susceptibility to exchange rate fluctuations, severely impacted our performance.

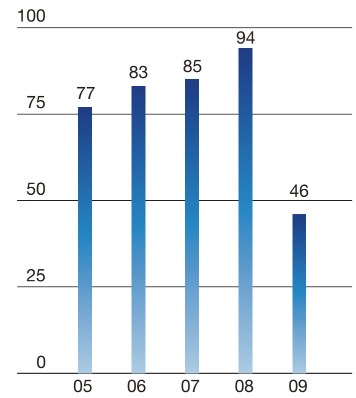
Despite the harsh climate, there were some positive signs during fiscal 2009. The market in Asia (excluding Japan) was a relative bright spot, as demand for motorcycles fell only slightly there. Against this backdrop, we moved to expand sales in Asia by introducing new products and implementing aggressive promotions. This marketing approach enabled steady sales in Indonesia, Vietnam and other nations in the region.

We also focused on environmental technologies with future growth potential. In fiscal 2009, we launched PAS electrically power assisted bicycles that comply with recently introduced standards in Japan — enabling steady PAS sales in the Japanese market — and enhanced the research and development system for next-generation mobility technologies, including electric motorcycles. These environmental technology initiatives paved the way for future business development.

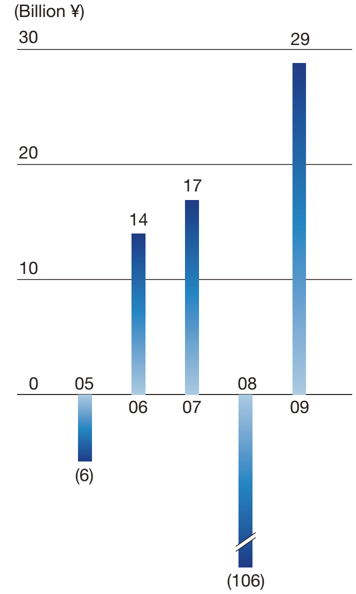
On the financial front, we reduced capital expenditures by nearly half from the previous year. Combined with a considerable decrease in working capital through the curtailment of market stocks, this produced positive free cash flows in the second half of fiscal 2009.

Although we anticipate that current harsh business conditions will remain for some time, my highest-priority duties as the President of the Company are to further accelerate the structural reforms initiated last year and return to profitability, while laying the groundwork for future growth.

Capital expenditures



Free cash flows



Q2 Please summarize the results you achieved with the urgent measures and structural reforms you implemented in fiscal 2009.

I believe that these programs helped us exceed the targets specified in the plan and prevent any further deterioration in profitability.

Urgent expense reduction measures improved operating income by ¥14 billion more than the targeted improvement.[Note] Another ¥1.8 billion operating income improvement beyond the target[Note] was generated by the Urgent

Cost Reduction Project. Meanwhile, the positive effect on operating income from structural reforms — including rollbacks in remuneration and other personnel expenses, and a decrease in depreciation expenses due to impairment losses on production facilities and equipment — amounted to ¥10.2 billion over the target.[Note] In total, these measures improved operating income by ¥26 billion beyond the target.[Note] Consequently, the figure for overall operating income was ¥24.4 billion more than the target.[Note]

While these urgent measures and structural reforms produced results exceeding the targets on the operating income front, net income for fiscal 2009 was ¥34.1 billon less than the target.[Note] This reflects additional impairment losses on production facilities and equipment, and expenses for additional workforce downsizing, all designed to generate profits even at a lower break-even point, based on forecasts for seriously decreasing demand in developed nations.

Note
Target figures were announced in August 2009 when the Company disclosed its consolidated financial results for the first six months ended June 30, 2009.

Q3 Demand for motorcycles, outboard motors and ATVs in the United States and Europe has been shrinking sharply. How are you doing on your response, reducing market stocks of these products?

We adjusted market stocks to appropriate levels in fiscal 2009, except for motorcycles in the United States.

In fiscal 2009, we reduced production volume and wholesale shipments below retail unit sales, bringing outboard motor and ATV[Note] market stocks in the United States to appropriate levels. We also adjusted motorcycle market stocks in Europe to an appropriate level in fiscal 2009.

We anticipate demand for outboard motors and ATVs in the United States and demand for motorcycles in Europe will continue to decline in fiscal 2010. However, we plan to increase the production volume for these products from fiscal 2009, in order to return wholesale shipments to levels commensurate with retail unit sales.

Nevertheless, we believe that motorcycle market stocks in the United States are still excessive; thus, we will continue to adjust production to normalize them in 2010.

Note
ATV is the abbreviation for **A**ll-**T**errain **V**ehicle

Interview with the President

Q4 Please describe your shareholder return policy.

We will determine dividends from a long-term perspective in light of consolidated business results and other factors. This is a comprehensive approach designed to fulfill the expectations of our shareholders.

Recognizing that shareholders' interests represent one of Yamaha Motor's highest management priorities, we have been working to maximize our corporate value through a diversity of business operations worldwide. Our policy centers on paying cash dividends based on a long-term perspective, reflecting our 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, we must unfortunately suspend the dividend payout for fiscal 2009 and fiscal 2010. We ask for the understanding of shareholders in this regard.

We are resolved to fulfill our shareholders' expectations by swiftly overcoming the present challenges, returning to profitability, and getting on a growth track for steady expansion into the future.

Goals of the New Medium-term Management Plan

Q5 What are the key targets in the three-year medium-term management plan that starts in 2010?

We are focusing on returning to profitability on a consolidated operating income basis in fiscal 2010 and achieving a consolidated operating income margin of 5% in fiscal 2012. Ultimately, we aim to become an excellent engineering and manufacturing enterprise with a prominent presence in the global market.

We reviewed the three-year medium-term management plan initiated in fiscal 2008, seeking to more accurately reflect current business conditions and future forecasts. Based on the review, we formulated a new medium-term management plan that enables an effective response to the harsh environment.

With the new plan, we get back to basics with customer-focused manufacturing, thorough product development and a bottom-up approach. It is a roadmap to excellence as an engineering and manufacturing enterprise, and a prominent presence in the global market.

The new plan is designed to attain these objectives in two phases. The first phase calls for completing structural reforms and building a profitable structure, enabling a return to profitability on a consolidated operating income basis in fiscal 2010. In the second phase, from fiscal 2011 through 2012, we will embark on laying the groundwork for future growth. In the effort, we plan to achieve a consolidated operating income margin of 5% in fiscal 2012.

By swiftly and surely achieving the plan's objectives, we are committed to restoring profitability and getting back on a growth track into the future.

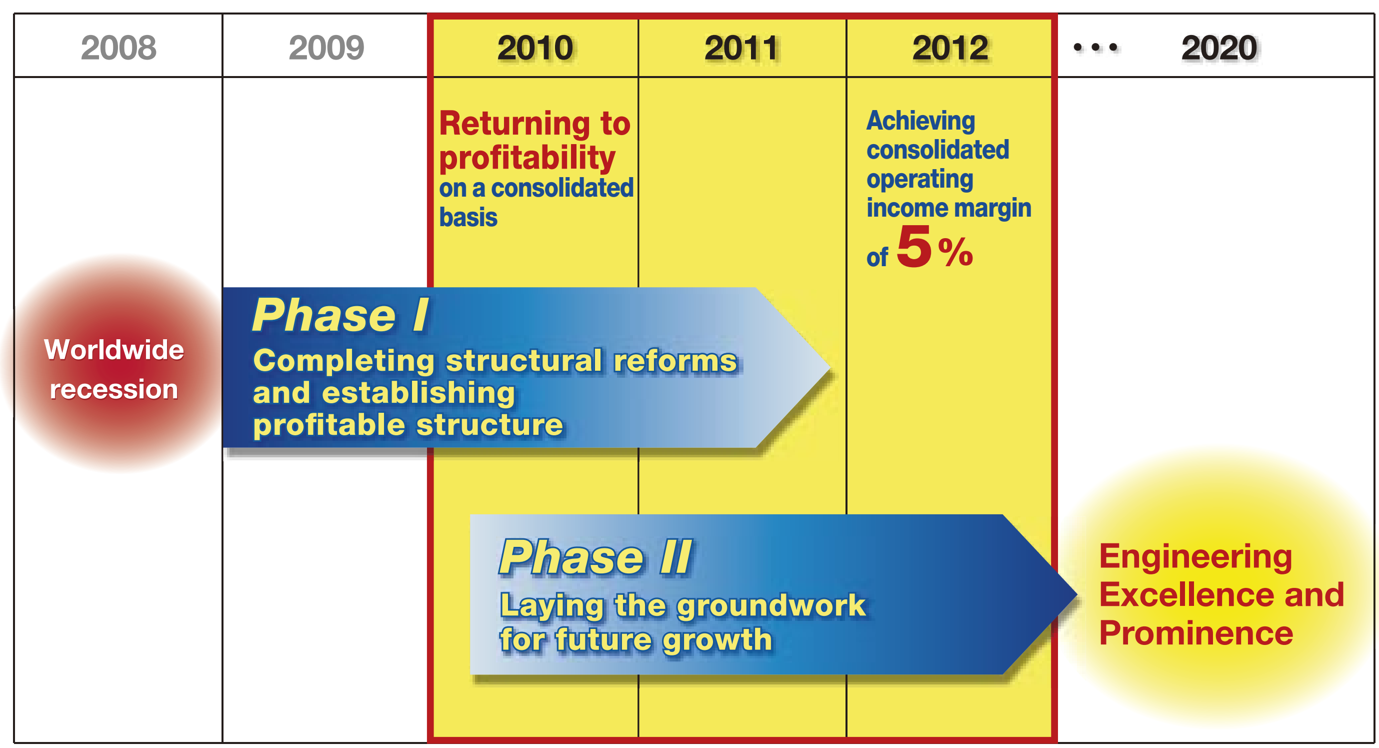
To this end, we have set numerical targets for consolidated business performance, summarized in the table on the right-hand side of this page. The figures are premised on exchange rates of ¥88 against the U.S. dollar and ¥128 against the euro.

Investing in our future growth, we plan to use a total of ¥120 billion in capital expenditures over the plan's three-year period. We will also strive to generate free cash flows of ¥150 billion, while reducing interest-bearing debt by the same ¥150 billion over the period.

For details on the forecast, please refer to "Forecast for fiscal 2010" in the "Management Discussion and Analysis of Operations" section on page 80.

2009 Results vs. New Targets

	2009 results	2010 forecasts	2012 targets
Net sales (Billion ¥)	1,153.6	1,250	1,400
Operating income (loss) (Billion ¥)	(62.6)	10	70
Operating income margin (%)	-5.4	0.8	5.0



Q6 What initiatives are you pursuing to achieve the goals?

We have implemented three key strategies: reforming the profitability structure of businesses in developed nations; quantitative and qualitative expansion of businesses in emerging nations; and laying the groundwork for future growth.

In developed nations,[Note] we aim to reform the profitability structure by reorganizing our worldwide manufacturing layout, downsizing the workforce, and taking other measures to reduce fixed costs. Meanwhile, in emerging nations, we are looking for quantitative and qualitative expansion by enhancing product competitiveness, reducing costs, and expanding sales networks. Finally, in laying the groundwork for future growth, we will launch strategic affordably-priced motorcycles in the global markets; simultaneously increase the appeal and profitability of commuter vehicles in the ASEAN market; and accelerate the development of super-fuel-efficient engines and Smart Power[Note] technologies.

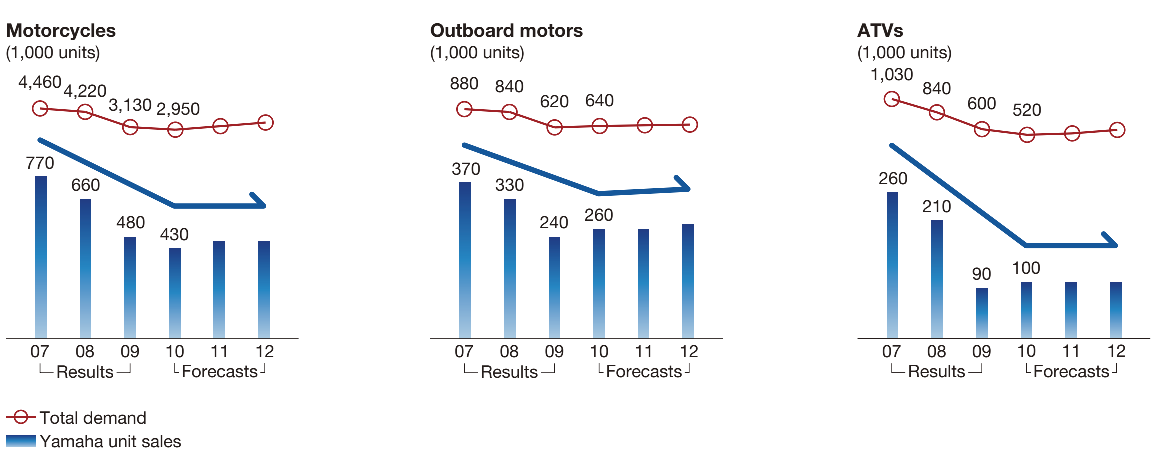
For details, please refer to the “New Medium-term Structural Reforms” and “New Medium-term Growth Strategy” sections on the following pages.

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

Q7 Please explain your plan for mainstay businesses.

For businesses in developed nations, we are shifting our management focus from “market size-dependent” to “break-even-point” operations. For the motorcycle business in emerging nations, we aim to achieve aggressive quantitative and qualitative expansion.

Total demand and Yamaha unit sales in developed nations[Note]



Notes
•**Developed nations:** Japan and the nations of North America and Europe
•Demand figures stated herein are based on Yamaha Motor’s surveys.

We anticipate that it will take some time for total demand to recover in the motorcycle, outboard motor and ATV/SSV[Note] markets in developed nations. Therefore, we must transform our management system by shifting the focus from conventional "market size-dependent" to "break-even-point" operations. The shift enables us to achieve profitability premised on zero market growth.

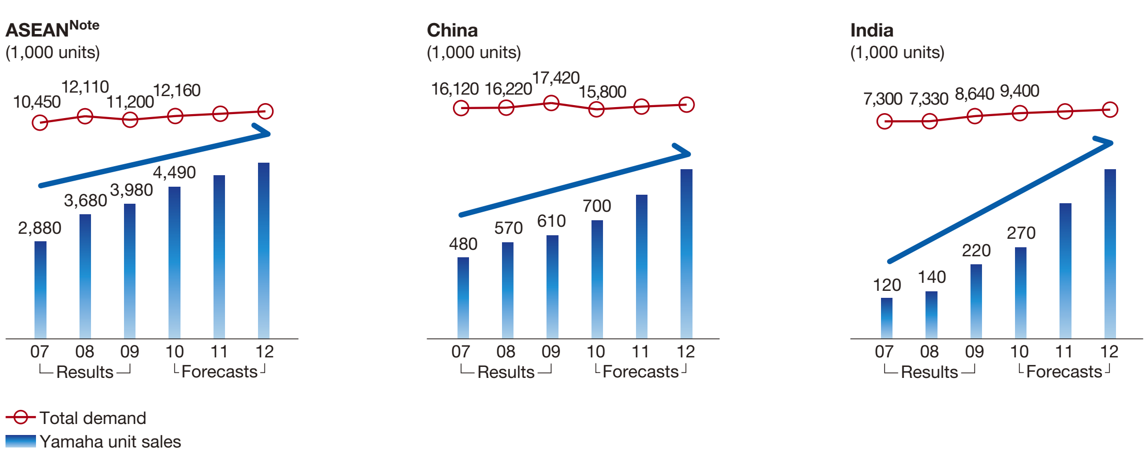
We are reforming the structure of our motorcycle business to enable profitability and accommodate a market recovery, even at exchange rates of ¥85 against the U.S. dollar and ¥120 against the euro. In the outboard motor business, we aim to attain far and away the top share in the global market, by enhancing profitability and speeding development of leading-edge environmental technologies. We are restructuring the foundation of our ATV/SSV business to enable profitability even at an exchange rate of ¥85 against the U.S. dollar, with unit sales at the 100 thousand level.

Meanwhile, for the motorcycle business in emerging nations — where demand is expected to grow in the future — we are aggressively pursuing quantitative and qualitative expansion toward business volume of 8 million units with a 10% operating income margin.

Especially in the thriving ASEAN market, we will aggressively release fuel-efficient motorcycles and bolster manufacturing cost-cutting, in order to simultaneously increase the appeal and profitability of our products. In China and India, the largest and second-largest motorcycle markets in the world, respectively, we will launch a series of affordably-priced models, and expand our sales networks, in order to enhance the Yamaha presence. At the same time, we will increase exports from China and India.

Note
ATV and **SSV** are the abbreviations for **A**ll-**T**errain **V**ehicle and **S**ide-by-**S**ide **V**ehicle, respectively.

Total motorcycle demand and Yamaha unit sales in emerging nations



Notes
•**ASEAN:** Indonesia, Thailand, Vietnam, the Philippines, and Malaysia
•Demand figures stated herein are based on Yamaha Motor's surveys.

Interview with the President

New Medium-term Structural Reforms

Q8 Which specific programs do you have in place to reform the profitability structure of businesses in developed nations[Note]?

We have plans to expand the scale of structural reforms such as reorganizing the manufacturing layout, downsizing the workforce and cutting costs. By significantly rolling back fixed costs, we intend to improve profitability.

With a management plan premised on further declines in demand, we have lowered the target break-even point for annual motorcycle production from 250 thousand units to 200 thousand and for annual ATV/SSV[Note] production from 140 thousand units to 100 thousand. The target break-even point for outboard motor production remains the same as before, at 230 thousand units.

At the same time, we will expand our structural reform initiatives: reorganizing the manufacturing layout, downsizing the workforce and cutting costs. By significantly reducing fixed costs in this way, we will improve profitability.

Q9 How do you plan to reorganize the manufacturing layout?

We intend to consolidate our factories worldwide.

To reorganize the manufacturing layout in Japan, we are consolidating facilities based on their product segment and function. Concentrating these formerly dispersed manufacturing facilities in this way will help overall productivity, while strengthening our production technologies. Specifically, we plan to reduce the current 12 factories in Japan, including those of group companies, to seven.

Overseas, the reorganization program will reduce the number of factories from nine (four in Europe and five in the United States) in 2009 to seven (three in Europe and four in the United States). We will terminate the motorcycle factory in Italy and one of four boat-related factories in the United States. We also plan to consolidate the production of ATVs — currently manufactured in both Japan (Kakegawa) and the United States (Atlanta) — into the U.S. factory sometime in 2013. This will help offer protection from the yen strengthening against the U.S. dollar and improve production efficiency.

Notes

- **Developed nations:** Japan and the nations of North America and Europe
- **ATV** and **SSV** are the abbreviations for **A**ll-**T**errain **V**ehicle and **S**ide-by-**S**ide **V**ehicle, respectively.

Q10 Do you intend to take further measures to downsize the workforce?

We plan to initiate additional workforce downsizing programs worldwide.

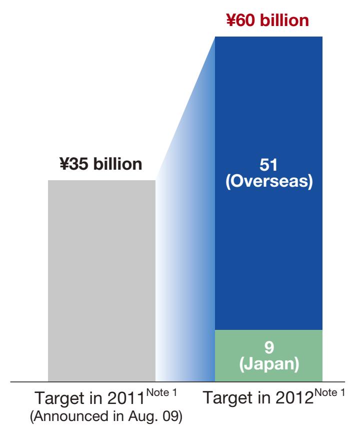
We will also initiate additional workforce downsizing programs beyond the 1,620 surplus positions we reduced in fiscal 2009. Specifically, we plan to streamline a total of 1,000 positions in fiscal 2010 — 200 in Europe and the United States, and 800 in Japan — through voluntary retirement.

Q11 Specifically, what cost-cutting measures are you planning to take?

We will aggressively promote cost reduction programs for parts procurement — mainly in Asia — aiming to save ¥60 billion over the three-year period.

On the cost reduction front, we have a ¥60 billion savings target from parts procurement costs over the three-year medium term. To this end, we are focusing on procurement in Asia (excluding Japan), which accounts for about 60% of the Yamaha Motor Group's total procurement costs. Specifically, we seek to develop local manufacturers in China and India, promote concurrent global operations in the ASEAN region, and operate a supplementary parts supply system worldwide. In January 2009, we took an important step toward cost reduction by integrating design, manufacturing technology and procurement functions into a new Cost Innovation Section. This will help make global operations more effective. Along these lines, we are also aggressively pursuing concurrent development, value analysis, theoretical-value-based production,[Note 2] and other advanced engineering methods in conjunction with core suppliers, thus strengthening these key collaborations.

Saving targets from parts procurement costs



Note 1
Target in 2011; Forecast savings from '09 through '11 activities (compared with '08)
Target in 2012; Forecast savings from '10 through '12 activities (compared with '09)

Note 2
Theoretical-value-based production is a technique for minimizing unnecessary processes in a production line. It aims to achieve highly efficient production by classifying manufacturing and assembly processes into "value-adding work," "quasi-value-adding work" and "non-value-adding work" and then focusing on eliminating from the production line any work or process that does not add value.

New Medium-term Growth Strategy

Q12 Please describe the new plan's growth strategy.

The plan calls for us to move faster in four high-priority domains.

In the new medium term, we will concentrate our management resources in two domains — personal mobility and engines — of the four specified in the *Frontier 2020* long-term vision we announced in February 2008. (The other domains are the Yamaha brand and new technologies.) We will pursue programs in support of the new plan's four-part growth strategy: introducing affordably-priced motorcycles in emerging nations; simultaneously increasing the appeal and profitability of motorcycles in the ASEAN region; developing next-generation, environmentally friendly engines; and developing and marketing Smart Power[Note] technology and products.

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

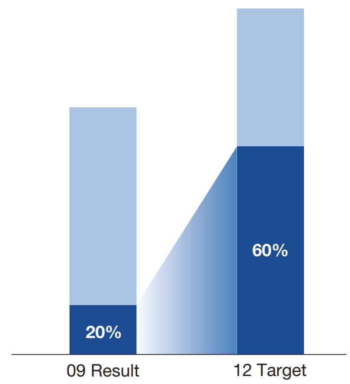
Interview with the President

Q13 Can you discuss your strategy for introducing affordably-priced motorcycles in emerging nations?

We plan to increase the ratio of unit sales of affordably-priced models to total annual motorcycle sales in these nations from 20% in fiscal 2009 to 60% in fiscal 2012.

In introducing affordably-priced motorcycles in emerging nations[Note], we will draw on Yamaha's solid brand image in these markets for quality, high-value-added models. We will leverage this brand image to aggressively advance into the volume consumer segments of India and China with a series of affordably-priced models. The goal is to increase the ratio of unit sales of affordably-priced models to total annual motorcycle sales in these nations, from 20% in fiscal 2009 to 60% in fiscal 2012. In addition, we will enhance the profitability of the motorcycle business in emerging nations by sharing model platforms and promoting the complementary parts supply system. Our future plans call for global expansion of these models, by, for example, exporting them from China and India to Turkey and Africa. At the same time, we will introduce products with the same specifications to the ASEAN and Latin American markets.

Ratio of affordably-priced motorcycles to total unit sales in emerging nations[Note]



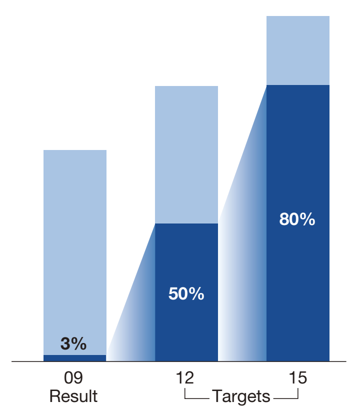
Note
Emerging nations: All nations outside Japan, North America, and Europe

Q14 How can you simultaneously increase the appeal and profitability of motorcycles in the ASEAN region?

We can significantly raise the ratio of FI model unit sales to total annual motorcycle sales.

Simultaneously increasing our motorcycle product appeal and profitability in the ASEAN market means further honing our competitive edge. Since fuel efficiency is increasingly crucial to product success in the region, we are switching from conventional carburetors to a fuel-injection (FI) system incorporating our proprietary technology. We plan to increase the ratio of FI model unit sales to total annual sales in the ASEAN region, from 3% in 2009 to 50% in 2012, and then to 80% in 2015. At the same time, we will work to produce FI models at the same cost as carburetor-equipped products, taking advantage of scale economy to maximize profitability.

Ratio of FI-equipped motorcycles to total unit sales in the ASEAN[Note] region



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

Q15 Which issue do you consider crucial in developing next-generation, environmentally friendly engines?

Dramatically improving fuel efficiency in two areas: commuter vehicles marketed in the ASEAN region, and outboard motors.

In the area of next-generation environmentally friendly engines, we are rapidly developing technologies that enable dramatic improvement of fuel efficiency. We will continue developing our proprietary FI system, targeting a 30% improvement in the fuel efficiency of 2012 motorcycle models, compared with conventional 2008 Yamaha models, jumping to a 50% improvement in 2015. This is part of the drive to hone the competitive edge of our commuter vehicles in the ASEAN region. In terms of developing fuel efficiency for outboard motors, our target calls for complying with the U.S. emissions regulations in advance of their implementation, and achieving a 30% improvement in the fuel efficiency of 2015 models, compared with 2007 Yamaha models. By creating lightweight, compact, highly fuel-efficient products, we will further solidify the superiority of our outboard motors in the global market.

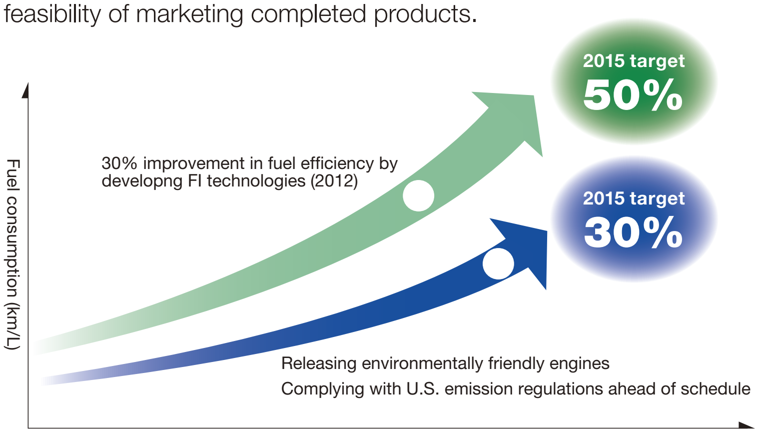
Q16 How extensive is your plan for developing and marketing Smart Power technology and products?

We are working to popularize Smart Power products and expand the business worldwide.

Our strategy for developing and marketing Smart Power[Note] technology and products starts with re-introducing electric motorcycles in Japan in 2010. In the medium term, we will increase model variety and develop demand, while promoting these products in Taiwan, Europe and other overseas markets. Over the longer term, we will work to popularize Smart Power products and expand the business by advancing the technology to enable greater cruising distance and speed at lower product cost. We have begun the drive to bolster Smart Power operations by establishing the Smart Power Business Development Managing Unit. The Unit is dedicated to accelerating development of battery, motor, electronic control and other core technologies.

With its strong growth potential, the PAS electrically power assisted bicycle sector is a key part of our Smart Power business. Demand for these products has been growing at a steady annual rate of 10% in Japan, raising total demand in the nation to 370 thousand units in 2009. We plan to expand the sales network and strengthen product features with an eye toward increasing our share in the Japanese market from 22% in fiscal 2009 to 30%. Meanwhile, in the European market — where demand is growing at an explosive 50% annual rate — we will supply more power assist units and study the future feasibility of marketing completed products.

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



New Medium-term Management Plan: Key Business Strategies

Motorcycle Business in Developed Nations (Japan, North America and Europe)

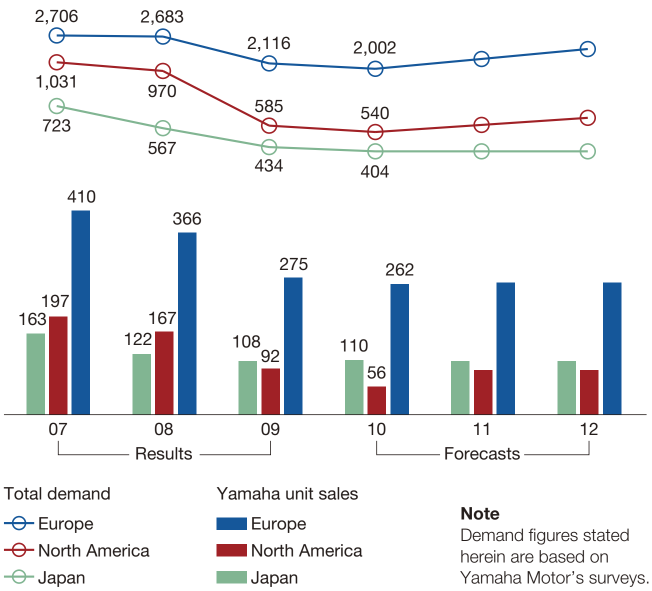
Reforming the Structure to Enable Profitability and Accommodate the Market Recovery

In view of the forecast that motorcycle demand in developed nations is unlikely to recover in the short term, we are promoting further structural reforms to enable profitability premised on zero market expansion. To this end, we have lowered the break-even-point for annual production volume in Japan to 200 thousand units, while striving to reduce fixed costs. Specifically, we are working to reorganize the manufacturing layout at factories worldwide, downsize the workforce, and cut costs on a global scale. We aim to reduce consolidated procurement costs by 10% by procuring overseas parts.

On the sales front, we are strengthening our marketing networks and aggressively implementing retail promotions, among other measures, to accommodate demand.

We will continue reforming our business structure in this way in anticipation of a market recovery. At the same time, these measures will enable profitability even at exchange rates of ¥85 against the U.S. dollar and ¥120 against the euro.

Total demand and Yamaha unit sales
(1,000 units)



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

1,000cc YZF-R1 supersport

Motorcycle Business in Emerging Nations

Aggressive Quantitative and Qualitative Expansion

In the ASEAN region,[Note 1] we plan to increase motorcycle unit sales from about four million in fiscal 2009 to about 5.2 million in fiscal 2012 by introducing competitive products with proprietary technologies onboard. These include the YM-JET-FI fuel injection (FI) system, designed to enable higher fuel efficiency for small-displacement scooters and commuter vehicles; and the compact, continuously variable transmission for mopeds,[Note 2] known as Y.C.A.T. For details on the Y.C.A.T. system, please refer to " Special Report 2: The LEXAM Development Story" on pages 28 to 31.

In China and India, we will aggressively release affordably-priced models in the volume consumer segment, leveraging our already solid brand reputation in the high-value-added segment. Thus, we aim to expand our unit sales by approximately 80% (a roughly 60% increase in China and about a 130% increase in India) in fiscal 2012, from approximately 830 thousand units in fiscal 2009.

We will strive to increase total unit sales in all emerging nations, from about 5.3 million units in fiscal 2009 to about 8.0 million units in the future.

In terms of profitability in emerging nations, we intend to increase the operating income margin to 10% in fiscal 2012 with more aggressive cost-cutting measures. These include developing local parts manufacturers in China and India, implementing concurrent engineering[Note 3] activities in the ASEAN region, and promoting the supplementary parts supply system.

For details on FI-incorporated models in the ASEAN region, cost-cutting and growth strategies in emerging nations' motorcycle markets, please refer to the "Interview with the President" section (Q14 on page 20, Q11 on page 19, and Q13 on page 20, respectively).

Yamaha Bike Day 2009 — an event for Yamaha motorcycle users — in Bali, Indonesia

Notes

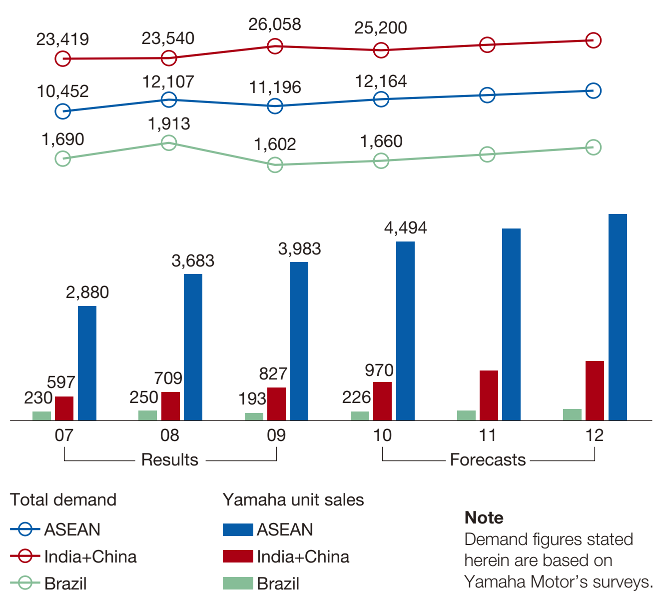
1 **ASEAN:** Indonesia, Thailand, Vietnam, the Philippines, and Malaysia

2 A **moped** is a small motorcycle characterized by an easy-to-mount downward curving mainframe and large-diameter (often 17 inch) tires on the front and rear. It is also called an underbone-type motorcycle.

3 **Concurrent engineering** is a work methodology based on the parallelization of tasks. It refers to an approach used in product development in which design engineering, manufacturing engineering and other functions are integrated to reduce the elapsed time required to bring a new product to the market.

Total demand and Yamaha unit sales

(1,000 units)



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

New Medium-term Management Plan: Key Business Strategies

Outboard Motor Business

Attaining Far and Away the Top Share in the Global Market

To maintain profitability in the face of falling demand, we are building a business foundation that enables profit at a break-even-point for annual production of 230 thousand units in Japan.

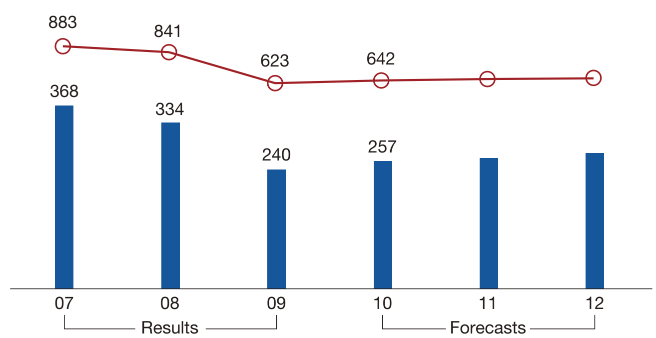
On the product front, we have introduced environmentally friendly four-stoke outboard motors in some markets, ahead of the competition. To further solidify this advantage, we plan to launch a series of four-stroke medium and large outboard motors in the rest of the world's markets. We are also targeting a 30% improvement in fuel efficiency in 2015 compared with 2007 Yamaha outboard motor models. Meanwhile, we are promoting shared engine platforms to improve profitability for our next-generation line of four-stroke outboard motors. All the new products are compact, lightweight, and highly fuel-efficient.

In a bid to boost sales by expanding boat-and-outboard-motor package deals, we will strengthen our collaboration with boat builders in the United States as well as our partners in Europe.

These activities will enhance profitability and accelerate development of leading-edge environmental technologies, enabling us to attain far and away the top share in the global market.

Total demand and Yamaha unit sales

(1,000 units)



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

Working to expand boat-and-outboard-motor package deals

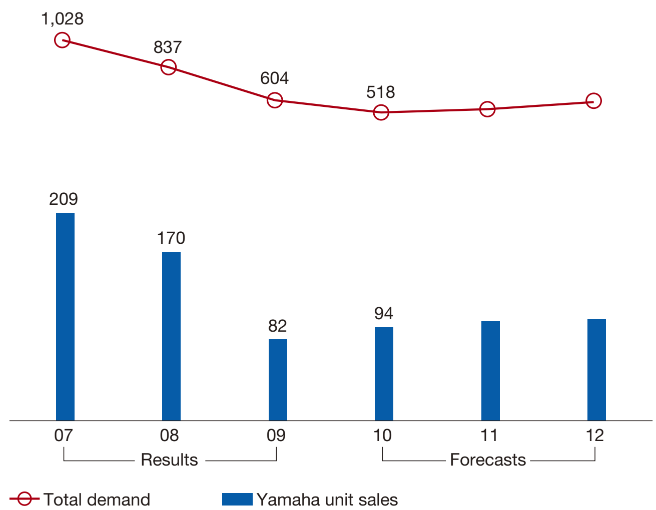
ATV Business

Restructuring the Business Foundation

As with motorcycles in developed nations and outboard motors, we are focused on reducing the break-even-point in annual ATV[Note] production volume — from 140 thousand units to 100 thousand — to maintain profitability amid decreased demand. In the effort, we are consolidating ATV production, formerly split between Japan (Kakegawa) and the United States (Atlanta), to the factory in the United States. The move brings production to the site of consumption, the largest market in the world, which accounts for about 50% of total ATV demand. Together, these restructuring measures seek to improve productivity and profitability. By building a foundation capable of withstanding the appreciation of the yen, and sales of just 100 thousand units, we aim to remain profitable even at an exchange rate of ¥85 against the U.S. dollar.

Total demand and Yamaha unit sales

(1,000 units)



Notes

- Demand figures stated herein are based on Yamaha Motor's surveys.
- **ATV** is the abbreviation for **A**ll-**T**errain **V**ehicle

700cc Grizzly 700 utility ATV

New Medium-term Management Plan: Key Business Strategies

IM Business

Recovering Profitability by Strengthening Product Competitiveness

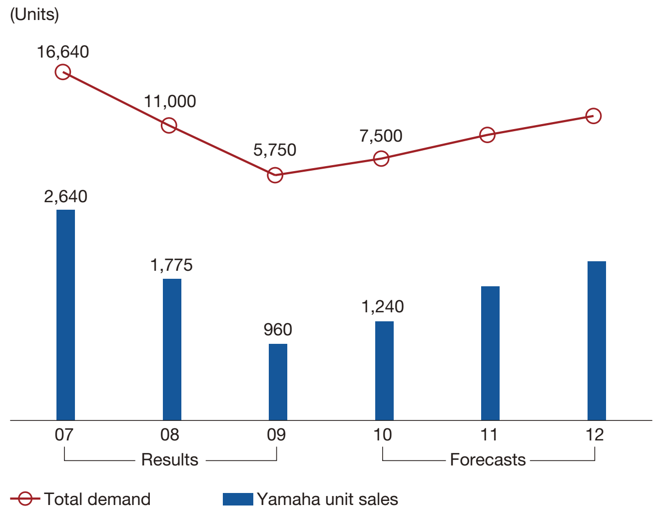
Surface mounters account for the majority of sales in the Intelligent Machinery (IM) business. With demand for IM products quickly recovering in China and other Asian nations (excluding Japan), we are taking measures to accommodate this growth.

First, we are expanding the product lineup. To win greater satisfaction from existing customers and develop new market demand, we are adding models to our compact, high-speed modular surface mounter series, and introducing new products to the electric parts feeder series.

In addition, we will reduce business costs significantly, in a bid to improve profitability. Meanwhile, we will strengthen the marketing system in support of our sales and service activities worldwide, differentiating the Yamaha brand in global markets.

All of these measures aim to return the IM business to profitability by strengthening product competitiveness.

Total demand and Yamaha unit sales (Surface mounters only)



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

Total mounter solutions combine high performance machines and superior peripheral equipment

PAS Business

Building on Yamaha's Pioneer Image in Growing Markets

In the electrically power assisted bicycle business, demand is increasing at a 10% annual rate in Japan. We have responded with enhanced product development focused on customer-oriented features, such as longer battery life. We also intend to create new demand by expanding the product lineup. On the marketing front, we will work to strengthen our sales network and service capabilities, toward making the Yamaha brand a prominent presence in the market.

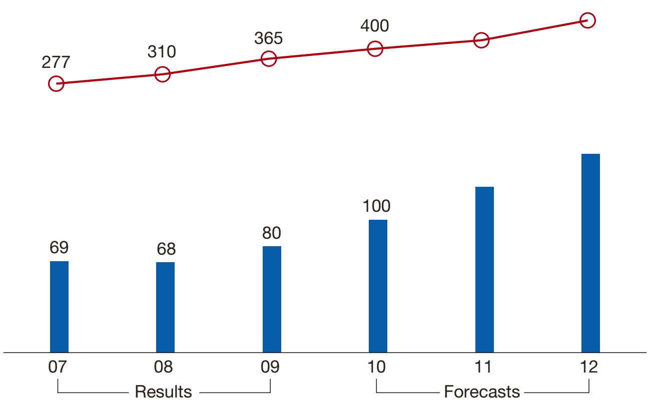
In the rapidly growing market in Europe, we will expand the supply of power assist units and study the future feasibility of marketing completed products.

These measures are designed to build on the Yamaha image as the pioneer in growing markets.

For details on the growth strategy, please refer to "Q6" of the "Interview with the President" section on page 16.

Total demand in Japan and Yamaha unit sales

(1,000 units)



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

Enhanced product development with the focus on the customer

Innovative Technology Drives Demand for Automatic Mopeds

We have introduced the LEXAM next-generation automatic moped in Vietnam. Equipped with our exclusive, cutting-edge technologies, the LEXAM is poised to tap the strong growth potential in the ASEAN region, delivering a new chapter in ASEAN motorcycle history.

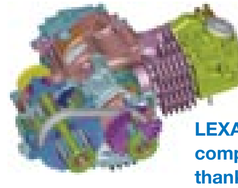
Behind the LEXAM Launch

As with other products and markets, the global economic slowdown also had a negative impact on the motorcycle business in emerging nations. However, demand has been steadily rebounding. In the ASEAN region, Yamaha launched a series of automatic commuter vehicles ahead of its competitors, in 2002. These have been particularly popular in the five ASEAN nations[Note] where Yamaha Motor operates, spearheading the steady profitability of our motorcycle business — which accounts for about 70% of consolidated net sales.

Mopeds, in turn, comprise about 60% of motorcycle demand in the five ASEAN nations, a hot market segment for Yamaha Motor to launch the LEXAM. This automatic model, featuring an air-cooled four-stroke 115cc engine, first went on sale in Vietnam. Strategically, the LEXAM is designed to solidify the superior position of the Yamaha brand in ASEAN markets and improve profitability.

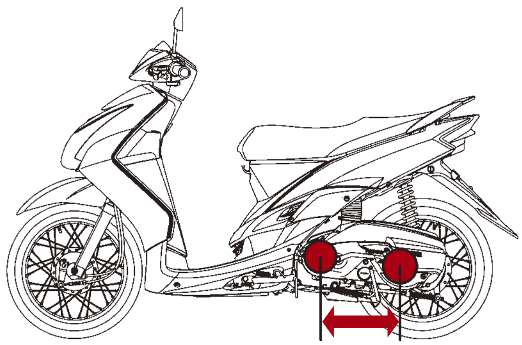
The LEXAM next-generation automatic moped

Note
Five ASEAN nations:
Indonesia, Thailand, Vietnam, the Philippines, and Malaysia

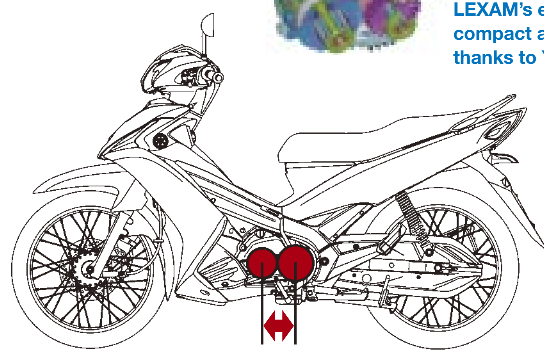


LEXAM's engine is as compact as a moped's, thanks to Y.C.A.T.

Comparison of distance between sheaves
Mio vs. LEXAM



Mio commuter vehicle: 283.15mm



LEXAM moped: 119mm

Overcoming Development Obstacles

Underbone-type motorcycles with 17 inch front and rear tires, called mopeds, are an everyday transportation mainstay for people in the ASEAN region. Their large-diameter tires offer stable performance. Coupled with high mobility, versatility, straightforward design, and affordable price, this makes the moped a popular choice across all age groups.

We were looking to develop a next-generation moped with a user-friendly automatic transmission, capable of delivering premium riding performance, while remaining true to the classic moped mission of dependable basic transportation. The LEXAM development project was born from the belief that we could produce a high-quality fit for the market, based on our superb technology. Although the core concept is relatively simple — shrinking an automatic transmission mechanism to the size of a conventional moped manual transmission — in practice it was a major hurdle for the development team to overcome in bringing the LEXAM to market.

Revolutionary Y.C.A.T.

The Continuously Variable Transmission (CVT) — an automatic transmission system — connects the engine-side and rear wheel-side sheaves with a V-belt. Because it provides a stepless transmission ratio variation, the CVT represents an ideal, smooth-running drive system for a commuter vehicle. However, a CVT is structurally difficult to mount on moped-type motorcycles. Therefore, manufacturers had considered it impossible to equip an automatic transmission unit to a moped without making major external changes.

To meet this challenge, the project team envisioned a completely new and innovative belt construction, with special sheaves suitable for the belt, and a highly efficient cooling system. From the inception of the LEXAM project, the team focused on developing a breakthrough CVT system. It finally succeeded in 2009 — seven years after the development project was initiated — with a compact CVT suitable for mopeds, known as Y.C.A.T. (Yamaha Compact Automatic Transmission). Without this compact automatic transmission, the project team could never have developed the next-generation LEXAM premium moped while still retaining the basic performance of standard mopeds.

The LEXAM cruising Vietnamese streets

Innovative Technology Drives Demand for Automatic Mopeds

Four Key Factors

There are four key factors behind the successful development of the exclusive Y.C.A.T.

First, the Y.C.A.T. uses a newly developed “highly elastic heat-resistant plastic resin drive belt” which provides excellent heat resistance and durability. This plastic resin belt is about twice as durable as the belts in our previous commuter vehicles. It was reduced to about 60% the length of conventional belts, allowing the Y.C.A.T. to fit into a crankcase roughly the size of those on traditional moped crankcase. Furthermore, the proprietary construction has improved drive force transmission efficiency, enabling lower fuel consumption.

The second factor is the special design of the Y.C.A.T.’s sheaves. Factoring in the dissipation of friction heat accumulated in the belt, among other considerations, the sheaves are designed for optimal efficiency in transmitting driving force and minimizing resin belt wear. All this is made possible by using different materials for the engine-side and rear wheel-side sheaves.

The third factor is the all-new cooling system, developed to resolve the issue of heat created by friction between the belt and sheaves and improve durability. This cooling system offers excellent water resistance and dust removal capability to cope with the frequent flood conditions motorcycles encounter in the ASEAN region. In addition, soundproofing material is used throughout the cooling system and elsewhere to reduce noise in air intake and outflow.

The last factor is a weight roller for more responsive gear shifting, with a direct, linear feel in power transmission. The development team fully exploited the unique high elasticity of the plastic resin belt, re-examined the weight roller for its effects on shifting characteristics, then worked to optimize these characteristics in each stage of the development process.

Project Team Members Talk about the LEXAM

LEXAM has a true moped silhouette, but we strove to incorporate novelty into its design. We envisioned a futuristic, uncluttered look that creates a clean feel for the viewer.

Mr. Jun Tamura
Chief Designer, Dynamic Design Dept.
GK Dynamics Inc.

A lot of work went into developing the Y.C.A.T. for commercial production. Developing completely unique technology is a time-consuming process, but we finally got it done. We managed to combine all the benefits of conventional mopeds with the unprecedented smooth operation of automatic transmission. On top of that, we met the demand for agile performance.

Mr. Tetsuro Ohnishi
LEXAM project leader
Yamaha Motor Co., Ltd.

Comments about the LEXAM

The LEXAM accelerates smoothly and is easy to ride, thanks to the Y.C.A.T. I brag about its world-leading technology, but I also like the sophisticated design and attention to detail that Yamaha builds into every bike.

Mr. Nguyen Anh Quan
LEXAM owner
Bank employee (Hanoi, Vietnam)

Customers seem overwhelmingly positive about the LEXAM. Many of them tell us they want to experience the feel of the world's first advanced Y.C.A.T.-equipped automatic moped. In addition to new technology, the LEXAM offers customers a sporty, stylish, innovative, high-quality — yet affordable — product.

Mr. Tran Van Nghia (right)
Dealership sales manager
Yamaha Town Hanoi (Hanoi, Vietnam)

Power to Change Moped History

In addition to the convenience of automatic transmission, the Y.C.A.T.-equipped LEXAM offers many other benefits unique to the moped among commuter vehicles.

With the center of gravity in the middle of the vehicle, the LEXAM handles better than its conventional automatic counterparts, for providing more stability. Its compact construction has reduced the unsprung weight around the engine. This allows the suspension to function more effectively, offering both rider and passenger a more comfortable ride. Meanwhile, large-diameter tires common to mopeds improve performance on rough road surfaces.

Another key to developing the LEXAM was the bold and forward-looking design, complementing the machine's Y.C.A.T. cutting-edge technology. The LEXAM design concept marries emotion and technology in a "sprinter moped." With its sporty DNA and striking personality, the LEXAM look is clean and classy.

In support of the LEXAM release, we are taking the initiative in providing customers test-riding opportunities, allowing them to experience the superiority of this new moped for themselves. Customers who look for Yamaha to continuously offer something new will be pleased with the added dimension of riding pleasure the LEXAM provides — all in a sporty, fashion-forward package.

The next-generation LEXAM moped is about to write a new chapter in the history of the ASEAN motorcycle market, the culmination of user-friendly operation, superior driving performance and riding comfort, unparalleled convenience and captivating design.

Yamaha Next-generation Vehicles Shape Future Dreams

At Yamaha Motor Company, we believe that creating motorcycles is as much an art as a science. And as artwork, we want our creations to generate *Kando*.[Note] Who can explain exactly why leaning a motorcycle into a curve makes you feel so good? What is it about the pulse of a motorcycle's engine that stirs *Kando*? Why does opening up the throttle and feeling the rear tire bite into the road put a smile on your face? Whether born of surprise, excitement or discovery, those moments of *Kando* are what we strive to create. We pursue *Kando* in every area to motorcycle technology and design.

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

EC-03*1

The EC-03 is a 100% electric commuter vehicle mounting a slim electric power unit and lithium-ion battery on a lightweight aluminum frame, embodying the "Light, Smart, Clean and Silent" ideal. The charger is built into the vehicle for easy recharging from a home electric outlet.

EC-f*1

EC-fs*1

The EC-f and EC-fs are electric commuter vehicles designed to make motorcycle riding comfortable for people of all ages, regardless of how much or how little riding experience they may have. They feature simplicity of operation that only an electric vehicle can provide, plus futuristic styling. Ease of use and a smooth, quiet ride make these vehicles a joy.

PAS er[*2]

The PAS er is a prototype concept model pioneering a more advanced hybrid relationship between the rider and the motor. It adopts a two-wheel-drive mechanism that applies the electric motor “assist” to both the front and rear wheels, and an automatic electronic transmission. Together they make for a smooth, enjoyable ride — no matter how road surface conditions change.

HV-X[*3]

HV-X is a compact hybrid system sized to fit a motorcycle. Like other hybrids, it is eco-conscious, with low emissions and improved fuel efficiency, but it provides quality acceleration that riders can feel and cruising performance that they can enjoy.

Super Ténéré[*4]

Its development team calls the new Super Ténéré the “Ultimate Machine for Intercontinental Adventure.” It inherits the design and development spirit of the original Ténéré — the model that ran up a string of victories in the Dakar Rally, one of the world’s toughest endurance races, to win a strong following in Europe in the ’80s and ’90s. The Super Ténéré achieves a fine balance of the qualities riders look for in an intercontinental long-distance touring machine, including superior performance on unpaved roads and light, agile cornering.

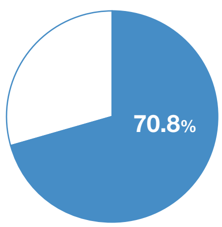
Note
Models denoted by *1, *2, and *3 are a reference vehicle, special exhibition vehicle, and special display, respectively, presented at the 41st Tokyo Motor Show 2009. The model denoted by *4 is a production vehicle scheduled for 2010 release in Europe.

Motorcycles

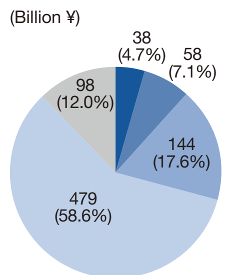
Notes
•Demand stated herein includes motorcycles made in China, India and Taiwan.
•Demand figures stated herein are based on Yamaha Motor's surveys.

Motorcycle sales for fiscal 2009 decreased by ¥211.8 billion ($2,299.1 million), or 20.6%, from fiscal 2008, to ¥817.1 billion ($8,871.4 million), and accounted for 70.8% of net sales. Operating income declined by ¥37.8 billion ($409.9 million), generating an operating loss of ¥4.2 billion ($45.1 million).

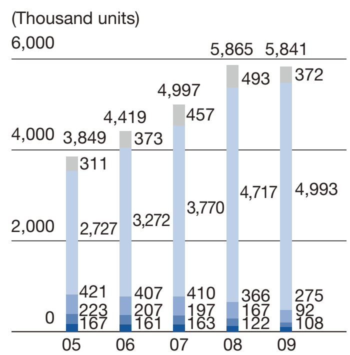
% of net sales in 2009



Sales by market in 2009

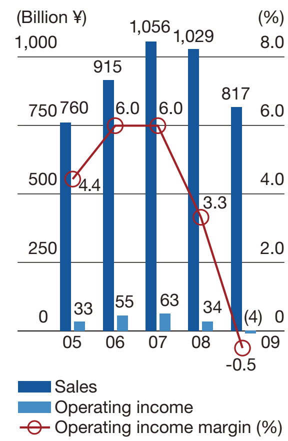


Unit sales



Japan North America Europe Asia Other areas

Operating results



Japan — Increased Market Share Despite Sluggish Demand

In Japan, motorcycle demand in fiscal 2009 decreased 23.5% from fiscal 2008, to 434 thousand units, reflecting the severe economic downturn. Demand fell significantly in all motorcycle categories, with especially sharp declines in the mini-sized category (engine displacement of 126cc to 250cc) and the Class-2 category (51cc to 125cc).

Despite these harsh market conditions, the 50cc Jog and new Jog ZR scooters sold well, which kept unit sales virtually unchanged from fiscal 2008 in the Class-1 category (50cc and under). In the Class-2 category, the new 125cc Axis Treet scooter enjoyed robust sales; however, overall unit sales in this category fell from fiscal 2008. In the mini-sized category, unit sales decreased, due mainly to a sharp decline for scooters. Sales were also down in the small-sized category (251cc and over). Amid these challenging business conditions, fiscal 2009 unit sales in Japan fell 11.5%, to 108 thousand. However, this decline was less severe than the rate at which overall market demand fell. Meanwhile, the motorcycle sales amount also dropped, by 12.5%, to ¥38.0 billion ($412.8 million).

In fiscal 2010, motorcycle demand in Japan is forecast to decrease 6.9% from fiscal 2009, to 404 thousand units. In view of this downward trend, we are putting marketing emphasis on models such as the 1,680cc sport bike VMAX, 1,000cc supersport YZF-R1, and 125cc Axis Treet scooter, hoping to expand their already robust sales. Meanwhile, we are strengthening the quality of the Yamaha exclusive dealer network, promoting sales of large scooters, and expanding the lineup of 50cc standard scooter models. We also remain active in industry-wide efforts to resolve motorcycle parking problems and reduce high expressway tolls for motorcycles. All of these actions aim to maintain our unit sales for fiscal 2010 near the fiscal 2009 level, at 110 thousand units.

125cc Axis Treet scooter

Europe — Reducing Market Stocks in a Challenging Business Climate

Motorcycle demand in Europe[Note 1] for fiscal 2009 decreased 21.1% from fiscal 2008, to 2,116 thousand units. Although the "scrap incentive"[Note 2] initiated in Italy mitigated the fall in demand, buyer motivation remained low, reflecting uncertainty about future economic conditions, and stricter screening of loan applications in France and Spain, where loan purchases make up a high percentage of total transactions.


800cc FZ8 sport bike

In fiscal 2009, Yamaha motorcycle unit shipments in Europe decreased 24.9%, to 275 thousand. This was attributable to demand plunging far beyond the predicted decline, coupled with expanded sales of Chinese and Taiwanese models in a segment which has been enjoying growth: low-priced scooters. Overall, the sales amount fell 33.2%, to ¥143.7 billion ($1,560.5 million). Production cutbacks and selling out previous models successfully reduced market stocks from 122 thousand units at the end of 2008 to 44 thousand at the end of 2009, a level we believe is appropriate.

Europe's economy is expected to recover gradually in the second half of 2010. However, motorcycle demand for fiscal 2010 will decrease 5.4% from fiscal 2009, to 2,002 thousand units. Major reasons for this negative forecast include continuing high unemployment rates, uncertainty about relaxing loan application screening, and termination of Italy's "scrap incentive" at the end of 2009.

Against this backdrop, we will strive to expand sales by launching new models such as the 125/250cc XMAX scooter, 800cc FZ8 sport bike and 1,200cc XT1200Z (Ténéré) sport bike. We will also strengthen the dealerships that offer advantages in marketing commuter vehicles, and those that carry a full Yamaha model lineup, backed by high quality services. These will be the core dealerships for each territory. Furthermore, we will aggressively promote a retail sales stimulus package, designed to drive customer traffic to Yamaha dealerships and provide more opportunities to test-ride Yamaha motorcycles. However, these efforts notwithstanding, we expect our shipping units to decrease by 4.7% in fiscal 2010, to 262 thousand.

Note 1
Demand in Europe includes both Western and Eastern Europe, as well as Turkey and Russia.

Note 2
Scrap incentive: A government program offering consumers incentives to scrap their old vehicles for new purchases, in order to stimulate sales and improve the economy.


250cc XMAX scooter

Motorcycles

North America — Stimulating Retail Sales and Further Reducing Market Stocks

In fiscal 2009, motorcycle demand in North America decreased 39.7% from fiscal 2008, to 585 thousand units. This reflects several factors: declining buying power as unemployment worsened amid the continuing recession; and a drop in loan purchases due to stricter screening of loan applications.

1,680cc VMAX sport bike

In response to plunging demand, we focused on marketing new models such as the 1,680cc VMAX sport bike, 950cc XVS950 cruiser, and 1,000cc YZF-R1 supersport, while reducing market stocks by significantly rolling back production. Despite these efforts, our unit sales in fiscal 2009 plummeted 44.9%, to 92 thousand, affected mainly by the slumping demand, coupled with the negative impact of the stronger yen. Thus, the sales amount also declined, by 45.9%, to ¥58.0 billion ($629.5 million).

In fiscal 2010, motorcycle demand in North America is forecast to decrease 7.7% from fiscal 2009, to 540 thousand units, as unemployment rates remain stubbornly high, and there is no sign of recovery in loan purchasing.

We reduced our market stock in the United States — the mainstay market in this segment — from 124 thousand units at the end of fiscal 2008 to 90 thousand at the end of fiscal 2009. Despite this improvement, market stocks remain high in the United States. Therefore, we will continue reducing production volume and shipments, while working to stimulate retail sales, in order to roll back market stocks to 40 thousand units at the end of fiscal 2010. At the same time, we will work hard to enhance customer satisfaction through initiatives such as the Pro-YAMAHA program, designed to develop excellent dealerships. However, we anticipate unit sales for fiscal 2010 will nevertheless decrease 39.1% from fiscal 2009, to 56 thousand.

ASIA (excluding Japan) — Spearheading Sales and Profits in Our Motorcycle Business

In fiscal 2009, motorcycle demand in Asia (excluding Japan) increased 4.6% from fiscal 2008, to 39,440 thousand units. Demand decreases in Indonesia and Thailand were more than offset by steady gains in China and India, resulting in an overall increase in the region.

Against this backdrop, fiscal 2009 unit sales of Yamaha motorcycles in Asia (excluding Japan) increased 5.9%, to 4,993 thousand units, led by favorable sales in Indonesia, Vietnam and India. However, the sales amount fell 7.9%, to ¥479.0 billion ($5,200.5 million), reflecting the negative impact of the stronger yen.

In fiscal 2010, motorcycle demand in Asia (excluding Japan) is forecast to increase 0.5%, to 39,644 thousand units, almost on a par with fiscal 2009. The increase is attributable to demand recovery in Indonesia and Thailand combined with strong demand growth in India, although environmental regulations are likely to drive demand down in China temporarily.

We project that our fiscal 2010 unit sales will grow in all markets in Asia (excluding Japan), increasing 13.9% from fiscal 2009, to 5,689 thousand units.

ASEAN

In Indonesia, the largest motorcycle market in the ASEAN region, fiscal 2009 motorcycle demand decreased 11.7% from fiscal 2008, to 5,692 thousand units, amid the economic slowdown. However, our unit sales expanded steadily — by 7.5% — to 2,651 thousand. This favorable performance was attributable to two main factors. Sales were robust for the new 115cc Vega-ZR, introduced in the low-priced moped[Note] segment, which makes up about half of the motorcycle demand in the market. We also enjoyed a significant increase in unit sales of our automatic commuter vehicles, a segment Yamaha pioneered, and one in which we maintain a prominent presence. We are convinced that the solid customer trust in the Yamaha brand we have built was also a major contributor to these excellent results. Indonesian customers have trust in our products, pricing and dealerships.

Motorcycle demand in Indonesia in fiscal 2010 is forecast to increase 12.4% from fiscal 2009, to 6,400 thousand units. Demand will recover due to a combination of factors — the nation's demographic composition, its underdeveloped transportation infrastructure, and relaxation of loan application screening — all against a backdrop of a general economic recovery. We aim to take advantage of these market conditions to increase unit sales by 13.2%, to 3.0 million in fiscal 2010. Specifically, we intend to enhance the product lineup, run far-reaching promotions, improve the sales network, ensure price control, and build a stronger foundation for loan sales.

115cc Mio Soul automatic commuter vehicle selling well in Indonesia

In Thailand, motorcycle demand for fiscal 2009 decreased 9.8%, to 1,536 thousand units, due to the economic slowdown. Despite the unfavorable market conditions, our unit sales declined only slightly — by 4.8% — to 432 thousand. This was mainly attributable to the popularity of our mainstay 115cc Fino automatic transmission commuter vehicle and the introduction of the new 110cc Spark Nano manual transmission model.

In fiscal 2010, motorcycle demand in Thailand is projected to increase 6.1% from fiscal 2009, to 1,630 thousand units, thanks to the nation's stable economic growth. We anticipate an increase of 4.2% in our unit sales, to 450 thousand, driven by aggressive new model releases, along with measures to enhance the sales network and the Yamaha brand image.

In Vietnam, motorcycle demand plummeted during the second half of fiscal 2008, but recovered as signs of an overall economic recovery began to appear in 2009. Overall, fiscal 2009 motorcycle demand in Vietnam increased 1.3%, to 2,745 thousand units, remaining nearly unchanged from fiscal 2008. Unit sales of Yamaha motorcycles in fiscal 2009 climbed steadily — at a significantly higher rate than overall market growth — rising 34.2%, to 643 thousand.

In fiscal 2010, motorcycle demand in Vietnam is projected to increase 2.4% from fiscal 2009, to 2,810 thousand units, due to factors including the nation's underdeveloped transportation infrastructure and a growing youth population, the strongest motorcycle purchasing demographic. Meanwhile, Vietnamese consumers show a strong desire for brand products that will translate to demand for Japanese motorcycles. Against this backdrop, we plan to increase our unit sales by 12.8%, to 725 thousand, by pursuing an intensive area marketing strategy, strengthening sales capabilities, and enhancing the Yamaha brand image among Vietnamese youth.

Note
A **moped** is a small motorcycle characterized by an easy-to-mount downward curving mainframe and large-diameter (often 17 inch) tires on the front and rear. It is also called an underbone-type motorcycle.

Motorcycles

Promoting Safe and Proper Motorcycle Riding

Yamaha Riding Academy held by TYM

Thai Yamaha Motor Co., Ltd. (TYM), our motorcycle manufacturing and marketing subsidiary in Thailand, started the Yamaha Riding Academy (YRA) in 2008, to increase awareness of safe and proper motorcycle riding skills.

YRA offers riding safety lectures and practical training to people with motorcycle licenses, and runs programs to train safe-riding instructors. In addition, YRA also operates a motorcycle licensing program and gives the government-administered test to issue motorcycle operating licenses.

With motorcycle penetration increasing in ASEAN markets, YRA is now training instructors for Yamaha dealerships beyond Thailand, promoting safe riding and safety awareness throughout the region.

We have long delivered high-quality motorcycles. With our programs to promote safe and proper riding, we are also striving to show people how fun and convenient motorcycles can be.

Comment of YRA participant

I love riding my big bike out of Bangkok. The YRA program not only increased my safety, but my bike-riding enjoyment. It was a perfect fit for my lifestyle.

Mr. Nimibutra Sakuludomtham
Business Owner *(Bangkok, Thailand)*
Program: Large motorcycle riding safety

Comment of YRA staff member

Being a YRA instructor and a TYM representative is an honor. I have a key role to play in promoting safe riding and safety consciousness for all riders. In this way, I can make a great social contribution — better traffic safety and the creation of a zero-accident environment.

Mr. Chainarong Prasertsud
Head of Riding Activity Division *(Bangkok, Thailand)*

China — Rapid Response to Emission Regulations

In fiscal 2009, motorcycle demand in China rose 7.4% from fiscal 2008, to 17.4 million units, reflecting the economic recovery that began during the second half of the year. Against the backdrop of a recovering market, we expanded our sales networks nationwide and implemented aggressive promotions. These efforts paid off with significantly increased sales in both the scooter and underbone product segments. Consequently, our overall fiscal 2009 unit sales in China increased 6.3%, to 608 thousand.

Chongqing Jianshe·Yamaha Motor Co., Ltd. — the Company's motorcycle manufacturing affiliate in China

In fiscal 2010, we anticipate a temporary dip in sales, primarily due to two negative factors. Market stocks have increased in the wake of surging product shipments in the domestic market in fiscal 2009. Meanwhile, emission regulations scheduled to take effect in July will increase retail prices. Fiscal 2010 motorcycle demand in China is therefore forecast to decrease 9.3% from fiscal 2009, to 15.8 million units. However, we plan to increase our unit sales by 15.1%, to 700 thousand, in fiscal 2010, by expanding the lineup of products that comply with the new emission regulations.

India — Aggressive Expansion Strategy

In fiscal 2009, motorcycle demand in India increased significantly — by 17.9% — from fiscal 2008, to 8.6 million units, as loan application screening was relaxed, the industry worked to stimulate demand, and the economy recovered. Spurred by the strong demand growth, Yamaha motorcycle sales climbed substantially, particularly for 150cc sport bikes such as the FZ16 and the new Fazer. Overall, unit sales of Yamaha motorcycles in fiscal 2009 rose 61.0%, to 219 thousand.

A Yamaha dealership in India

In fiscal 2010, motorcycle demand in India is expected to increase 8.8%, to 9.4 million units, owing to solid demand growth supported by the economic recovery. We have been marketing high-value-added models focused on younger consumers. We also plan to initiate a strategy to expand the product lineup with a focus on versatility. With the new strategy, combined with a drive to enhance the sales network, we expect to achieve a 23.3% increase in unit sales, amounting to 270 thousand, in fiscal 2010.

Latin America — Meeting Regional Requirements

In Latin America, total motorcycle demand in fiscal 2009 decreased 22.6% from fiscal 2008, to 3.4 million units. In Brazil, our mainstay market in the region, demand decreased 16.3%, to 1.6 million units, due primarily to the economic slowdown and stricter screening of loan applications. Demand in Argentina, Colombia and Mexico also declined substantially.

Amid these harsh market conditions, our fiscal 2009 unit sales in Latin America decreased 24.2%, to 322 thousand. The regional decrease was attributable to a 22.8% drop in unit sales in our mainstay market in Brazil, to 193 thousand, as well as significant declines in Argentina and Mexico. However, our unit sales in Colombia were only slightly lower than fiscal 2008.

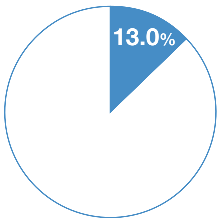
Motorcycle demand in Latin America for fiscal 2010 is forecast to remain almost on a par with fiscal 2009, standing at 3.4 million units. In Brazil, motorcycle demand is expected to increase 3.6%, to 1.7 million units, reflecting steady economic growth, while other nations in the region are also likely to achieve gradual economic recovery. Anticipating a recovery in demand, we will implement sales strategies designed to meet regional requirements with pinpoint precision. At the same time, we will aggressively launch new products, aiming to increase our unit sales by 18.9% from fiscal 2009, to 383 thousand in fiscal 2010.

Marine Products

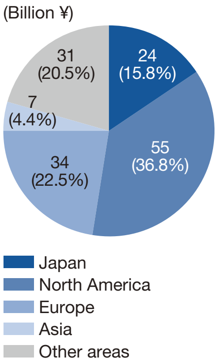
Note
Demand figures stated herein are based on Yamaha Motor's surveys.

Marine product sales for fiscal 2009 fell by ¥88.7 billion ($963.1 million), or 37.1%, from fiscal 2008, to ¥150.1 billion ($1,629.9 million), and represented 13.0% of net sales. Operating income decreased by ¥30.4 billion ($329.5 million), resulting in an operating loss of ¥24.3 billion ($263.6 million).

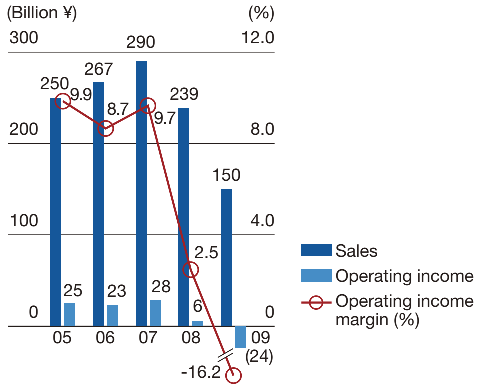
% of net sales in 2009



Sales by market in 2009



Operating results



Outboard Motor Business — Demand Headed Toward Recovery

In fiscal 2009, outboard motor demand decreased in emerging and developed nations alike amid the global recession. Total worldwide demand fell 25.9% from fiscal 2008, to 623 thousand units. In these harsh business conditions, we quickly reduced production volume and adjusted shipments in order to optimize the market stock level. We successfully completed the optimization in the United States and Europe — mainstay markets for our outboard motors — in fiscal 2009. However, these re-adjustments, coupled with the negative impact of the stronger yen, decreased our unit sales in fiscal 2009 by 28.1% from fiscal 2008, to 240 thousand, and the sales amount by 36.5%, to ¥82.2 billion ($892.5 million).

In fiscal 2010, total demand is forecast to increase slightly from fiscal 2009, reflecting industry-wide market stock optimization in the United States and Europe, as well as the bottoming out of demand in Asia (excluding Japan) and other nations. Nevertheless, a full-scale, worldwide recovery of demand is not yet on the horizon. In this environment, we will work to expand sales in global markets by aggressively introducing lightweight four-stroke, medium- and large-displacement models offering superior performance. We will also initiate area-specific marketing designed to maintain and enhance our market position. Through these efforts, we plan to increase our unit sales for fiscal 2010 by 7.1%, to 257 thousand.

World's most powerful 350-horsepower outboard motor, the F350A

1,050cc VX cruiser

Personal Watercraft Business — Harsh Market Conditions to Continue

In fiscal 2009, total demand for personal watercraft fell 32.4% from fiscal 2008, to 73 thousand units, amid the recession. Unit sales of our personal watercraft in fiscal 2009 dropped 39.5%, to 26 thousand, while the sales amount plummeted 47.4%, to ¥25.5 billion ($276.9 million), reflecting a substantial decrease in sales in the United States — our mainstay market.

In fiscal 2010, we project worldwide demand for personal watercraft will decrease 4.1% from fiscal 2009, to 70 thousand units, as the harsh business conditions are expected to continue. Against this backdrop, we intend to increase unit sales for fiscal 2010 by 3.8%, to 27 thousand, by strengthening our marketing approach with a focus on models such as the small, affordable VX Series cruisers.

Boat Business in Japan — Expanding Small Pleasure-use Boat Sales

In fiscal 2009, demand for pleasure-use boats, utility boats and commercial fishing boats in Japan decreased, resulting in a 22.3% decline from fiscal 2008, to 2,513 units, amid the recession. Under these harsh business conditions, unit sales of our boats in fiscal 2009 fell 20.0%, to 690 units, and the sales amount decreased 33.9%, to ¥7.8 billion ($84.7 million). The declines reflect the serious fall in demand, although sales of our small, low-priced pleasure-use boats grew steadily.

For fiscal 2010, demand for pleasure-use boats in Japan is expected to recover. However, demand for utility boats and commercial fishing boats is projected to continue declining. Consequently, total boat demand in Japan is forecast to decrease 1.6% from fiscal 2009, to 2,473 units. We plan to increase our unit sales for fiscal 2010 by 3.9%, to 717 units, by introducing new, low-priced, small- and medium-sized models into the pleasure-use boat market, where demand is expected to increase despite the generally harsh market conditions.

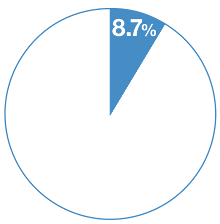
EXULT 36 Sport Saloon cruiser

Power Products

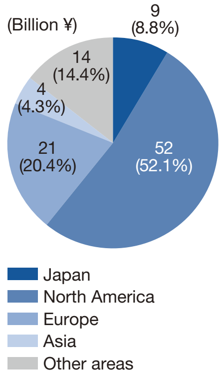
Note
Demand figures stated herein are based on Yamaha Motor's surveys.

Power product sales for fiscal 2009 dropped by ¥112.7 billion ($1,223.5 million), or 52.8%, from fiscal 2008, to ¥100.6 billion ($1,092.0 million), and comprised 8.7% of net sales. Operating income plunged by ¥37.3 billion ($405.4 million), resulting in an operating loss of ¥33.8 billion ($366.6 million).

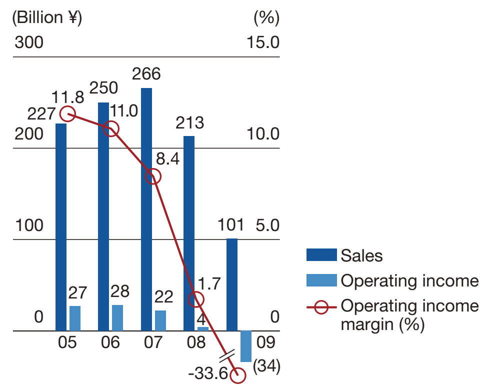
% of net sales in 2009



Sales by market in 2009



Operating results



ATV/SSV Business — Fall in Demand Moderating

In fiscal 2009, total demand for all terrain vehicles (ATVs) decreased 27.8% from fiscal 2008, to 604 thousand units, amid the recession.

Unit sales of our ATVs in fiscal 2009 plunged 51.8%, to 82 thousand. This decrease was mainly attributable to continued sales declines in the United States — our mainstay market — as well as Europe, combined with the reduction of production volume and the adjustment of shipments, designed to optimize our market stocks. Unit sales of our side-by-side vehicles (SSVs) in fiscal 2009 plummeted 89.5%, to four thousand units, due to the sluggish retail market. The declines in demand, coupled with the negative impact of the stronger yen, decreased sales of ATVs and SSVs in fiscal 2009 by 66.4%, to ¥45.8 billion ($497.3 million).

Although worldwide demand for ATVs is likely to continue declining, it is expected to bottom out in 2010 and then begin recovering. Before the turnaround begins, however, demand in fiscal 2010 is forecast to decrease

700cc Rapter 700 sport ATV

14.2%, to 518 thousand units. We will strive to increase unit sales of ATVs for fiscal 2010 by 14.6% from fiscal 2009, to 94 thousand, by strengthening our sales networks to improve customer service, and implementing far-reaching localized promotions in each region. We anticipate SSV unit sales will decrease 25.0% in fiscal 2010, to three thousand. This reflects the ongoing retail sales slump.

Snowmobile Business — Business Environment Remains Challenging

1,050cc Phazer M-TX snowmobile

Worldwide snowmobile demand in fiscal 2009 decreased 14.0% from fiscal 2008, to 117 thousand units, due to the recession and reduced snowfall. We countered this adversity by developing and promoting products with superb environmental performance. Nevertheless, snowmobile sales in fiscal 2009 fell 37.9%, to 18 thousand units, and the sales amount plunged 36.2%, to ¥13.9 billion ($150.9 million). The decreases reflect stagnant sales in the United States, our mainstay market, coupled with the negative impact of the stronger yen.

Golf Car Business — Worsening Business Environment

The Drive electric golf cars

Worldwide golf car demand in fiscal 2009 decreased 22.8% from fiscal 2008, to 230 thousand units, amid the recession. In this harsh business climate, we strove to increase sales of electric golf cars that offer superb environmental performance and high cost-performance. Nevertheless, the unfavorable environment, coupled with the negative impact of the stronger yen, sent unit sales of our golf cars down 24.6% in fiscal 2009, to 43 thousand. The sales amount also fell — by 28.3% — to ¥19.5 billion ($211.7 million).

Generators and Other Power Products — Sluggish Demand and Difficult Climate

In fiscal 2009, sales of generators — our mainstay products in this segment — fell 15% from fiscal 2008, reflecting sluggish sales in North America and Japan, although sales in China and Latin America steadily increased. Sales of other products in this segment dropped 23% from fiscal 2008, due to sluggish sales of multi-purpose engines in North America and slow sales of small-sized snow throwers arising from a late onset of the snow season.

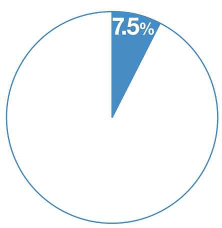
EF1600iS inverter-type generator

Other Products

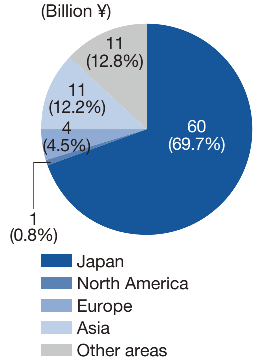
Note
Demand figures stated herein are based on Yamaha Motor's surveys.

Sales of other products for fiscal 2009 plunged by ¥37.1 billion ($402.9 million), or 30.2% from fiscal 2008, to ¥85.9 billion ($932.6 million), and made up 7.5% of net sales. Operating income fell by ¥5.5 billion ($59.9 million), resulting in an operating loss of ¥0.4 billion ($4.2 million).

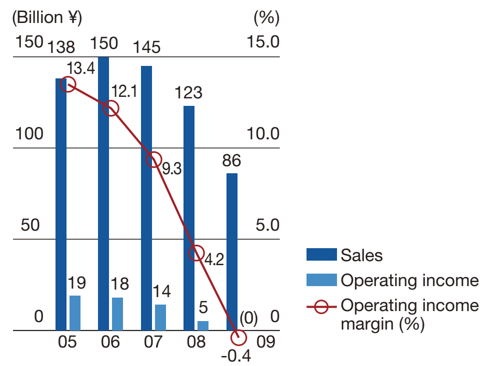
% of net sales in 2009



Sales by market in 2009



Operating results




High-performance, ultra-high-speed compact YS24 modular surface mounter

IM Business — Sales Shift from Recovery to Expansion

Sales of surface mounters account for about 80% of the total sales in our Intelligent Machinery (IM) business. In fiscal 2009, total demand for surface mounters fell by half from fiscal 2008. However, there were some signs of demand recovery in the second half of the year, mainly in Asia (excluding Japan), due to positive factors such as increased investment in mobile phone and LCD TV production equipment and facilities. Against this backdrop, unit sales of our surface mounters in fiscal 2009 fell 45.9%, to 960 units, negatively impacted by corporate capital expenditure rollbacks amid the recession. However, signs of sales recovery emerged in the latter half of fiscal 2009 with the release of the YS series product lineup — next-generation, modular surface mounters. Overall, sales in the IM business in fiscal 2009 declined 51.5%, to ¥15.1 billion ($164.0 million).

The decline in demand bottomed out in 2009, and surface mounter demand is expected to increase steadily as corporate capital expenditures recover moving forward. Accordingly, total demand in fiscal 2010 is forecast to climb some 30% from fiscal 2009. In response to space- and cost-saving trends in the market, we plan to introduce high-performance mounting solutions featuring more productive, ultra-high-speed and compact YS24 and versatile, high-speed and compact YS24X modular surface mounters, together with a wide range of testers and other peripheral equipment, all while strengthening our overseas sales network. Through these efforts, we intend to increase unit sales of our surface mounters for fiscal 2010 by 29.2%, to 1,240 units.

Automotive Engine Business — Significant Decline in Demand

We supply high-performance automobile engines — developed from technologies gained in our motorcycle business — to automakers worldwide. We also sell the Relative Absorber System (REAS), an automobile suspension that delivers higher-quality driving comfort and stability in passenger vehicles, and the Performance Damper, an anti-vibration damper for automobiles, mainly to automakers in Japan.

In fiscal 2009, automobile engine sales plunged 38.4% from fiscal 2008, to ¥24.1 billion ($261.7 million), as engine orders from automakers decreased dramatically amid the recession.

4,800cc V10 automobile engine

PAS Business — Maintaining Steady Sales

In fiscal 2009, total demand for electrically power assisted bicycles in Japan increased 17.7% from fiscal 2008, to 365 thousand units, favorably impacted when local governments lifted their ban on the release of models designed to accommodate two infants. We expanded the lineup of models that comply with the revised law, and strengthened promotions, for example offering more frequent events with test-riding opportunities. As a result, our unit sales in fiscal 2009 increased 18.2%, to 162 thousand, while the sales amount rose 21.2%, to ¥12 billion ($130.3 million). Both figures include OEM-supply units.

Total demand in fiscal 2010 is forecast to increase 9.6% from fiscal 2009, to 400 thousand units, as the number of customers purchasing their first electrically power assisted bicycles grows rapidly, in tandem with rising environmental

PAS Raffini electrically power assisted bicycle

awareness and health concerns. In addition, use of these bicycles as commuter vehicles is also growing. We will continue proactively improving the products to meet emerging user needs, and promoting these vehicles aggressively, aiming to increase sales units in fiscal 2010 by 20.4%, to 195 thousand units.

Other Products — Business Conditions Remain Harsh

Other products in this business segment include unmanned industrial helicopters, the intermediate parts that are supplied to each business segment within Yamaha Motor, and astaxanthin — manufactured and sold as an ingredient in health supplements in the Life Science business. Sales from these products in fiscal 2009 decreased 19.1% from fiscal 2008, to ¥34.7 billion ($376.8 million), due to a continuing fall in demand.

Other Products

Backdrop of the Robust PAS Business

Offering Optimal Products and Services to Meet Diverse Needs

In Japan, the law regulating the assist rate of electrically power assisted bicycles was revised[Note 1] in December 2008. In response, we developed the new S.P.E.C.[Note 2] mechanism, designed to supply the optimum power assist over a wider speed range for gear setting. The system provides a stronger, smoother, more effective power assist across the entire operating range, from starting through acceleration and cruising. We are now expanding the lineup of S.P.E.C.-equipped models.

We have introduced new models that comply with Japan's recently adopted safety standard for bicycles with two infant seats, which took effect in July 2009. Our design complies with the revision and enforcement of the rule in each prefecture, as implemented under the auspices of the prefecture's public safety commissioner.

All of these moves aim to develop optimal products for diverse customer needs and applications. At the same time, we are focused on enhancing customer service, by, for example, integrating product maintenance, inspection and other services, and improving our corporate lease and rental capabilities.

Note 1
The maximum ratio of pedaling force to assist power at speeds lower than 15 km/hour was 1 to 1 in the previous version of the law. The recent revision changed this maximum assist ratio to 1 to 2 or less at speeds under 10 km/hour.

Note 2
S.P.E.C. is the abbreviation for **S**hift **P**osition **E**lectric **C**ontrol.

Comments about the PAS

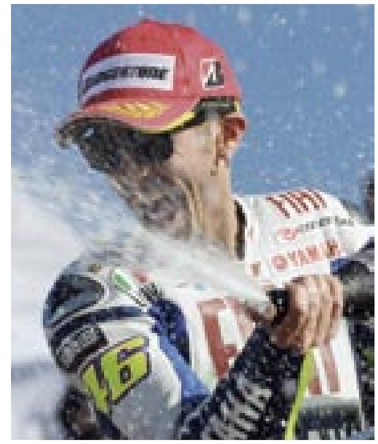
More and more of today's customers emphasize design features such as color and style in their purchasing decisions. Against this backdrop, I believe Yamaha brand products rate highly among customers seeking more stylish, sporty models.

Mr. Masayori Iizumi (right)
Owner of ASSIST — electrically power assisted bicycle specialty shop *(Tokyo, Japan)*

I chose the PAS Brace because I liked its stylish design. When I learned Yamaha Motor built the world's first electrically power assisted bicycles, I grew still more confident in Yamaha Motor's engineering superiority and track record. It was a major factor in selecting the PAS Brace.

Mr. Yuta Seto
Company employee *(Tokyo, Japan)*

Racing Activities



Fiat Yamaha Team rider Valentino Rossi won the championship at the 17th Valencia round of the 2009 MotoGP.

The 17th Valencia round of the 2009 MotoGP

Yamaha — a Big Winner in 2009 World Motor Races

Racing is a venue where Yamaha sets itself apart and makes its presence known around the world. We have long taken advantage of the opportunity by entering various competitions worldwide, but 2009 was a particularly memorable year, crowned with victory in motorcycle races around the globe.

In the world's premier motorcycle road race, the MotoGP, we won the triple crown — Rider, Manufacturer and Team titles — for the second consecutive year. Also, in the greatest of all motocross competitions — the Motocross World Championship MX1 — we took home the Rider and Manufacturer titles. Meanwhile in the World Superbike, World Supersports, AMA Supercross and World Endurance Championships, we won the rider championships.

Back home, we captured triple victories in the road race, motocross and trial categories of the All Japan Championship for the second straight year — the first time this has been accomplished in Japan.

The second Bulgaria round of the 2009 World Motocross Championship MX1

The seventh Yamaha AEAN Cup Race in Indonesia

In the ASEAN region, we have been promoting motorsports with our sponsorship of the annual Yamaha ASEAN Cup Race since 2003.

Our "spirit of challenge" has been fostered by racing, but it has also been at the core of our technological development and manufacturing activities since our founding. We consider racing a key to advancing technology. Experience and expertise gained through racing activities are fed back into all Company processes to upgrade quality. Thus, achieving growth through racing is an integral part of our corporate culture.

Environmental Preservation

Participants in the fifth Yamaha Forest tree-planting project, 2009

Five-year Yamaha Forest Tree-planting Project Completed

The Yamaha Forest Tree-planting Project, a joint effort by Yamaha Motor Co., Ltd. and Yamaha Corporation in Indonesia, began in 2005. It reached completion in March 2010.

The project sought to contribute to the local community, support education, and preserve the regional environment through tree-planting events. It was organized with support from OISCA international, a Japanese NGO with an extensive record of achievement in environmental preservation, agricultural assistance and other development in the Asia-Pacific region.

During the five-year period, we planted approximately 112,000 seedlings on about 120 hectares in total.

Beyond tree-planting, participants held special classes at local elementary, middle and high schools, designed to raise the awareness of the natural environment. The project also donated school supplies such as writing materials, desks and sports equipment; and helped build water-supply facilities.

Tree-planting in the United States

In April 2009, employees at the Yamaha Motor Corporation, U.S.A. (YMUS), our North American regional headquarters, were joined by their families in a volunteer effort to plant trees and clear forest roads for off-road vehicles in the San Bernardino National Forest. This, in turn, was part of the larger Off-road Protection Program. More than 100 participants planted 1,200 seedlings.

Employees of YMUS and their families volunteered to plant trees in the forest.

Working to Maximize Customer Satisfaction

Promoting YTA

Yamaha Motor believes that meeting customer needs means giving them a sense of confidence by improving the quality of “frontline” response and services that dealer staff provide. In the effort, we are promoting our Yamaha Technical Academy (YTA) at dealerships worldwide. YTA is a systematic approach to providing dealers with the knowledge, customer and service skills they need at every stage — from the initial purchase and after-sales maintenance all the way through to the customer’s next purchase.

The YTA program offers wide-ranging lectures, supported by practical training and certification examinations in a variety of areas, including product handling and maintenance under different conditions. Manuals and training materials are also prepared in several languages.

As of the end of December 2009, YTA was active in 22 nations, with 5,673 service staff having acquired program certification.

YTA in Brazil

Our subsidiary, Yamaha Motor do Brasil Ltda. (YMDB), has just introduced the YTA program in its marine business. Committed to raising the level of service in Brazil by certifying more dealerships and staff, YMDB launched the program in cooperation with the Brazilian public sector organization Servigo Nacional de Aprendizagem Industrial (National Industrial Training Service). YTA operates at a São Paulo training center established to accommodate dealers throughout Brazil, but the training program has also been expanded beyond São Paulo by sending instructors who have mastered the YTA curriculum to other regions.

Considering that the vast nation stretches roughly 4,000 km north to south, and the same distance east to west, and is characterized by a significant economic disparity between urban and rural areas, a key to the YTA mission is providing training opportunities to as many people as possible.

YMDB is working to increase the synergy between the developing motorcycle business and its YTA program, hoping to leverage the program’s energy to provide employment opportunities in support of the local communities it serves.

Hands-on training and lectures at the São Paulo training center

Social Action Programs

The Japan women's rafting team "The River Face" — second-year winners of a YMFS grant — won the silver medal at the World Rafting Champs Banja Luka 2009 in Bosnia and Herzegovina.

Furthering Sports and Physical Education

The Yamaha Motor Foundation for Sports (YMFS) was established in Japan to promote sports and encourage physical education. It helps people realize their sport and life aspirations.

In the 2009 period (April 2009 through March 2010), the Foundation awarded grants totaling ¥28 million to 26 individuals and groups through the YMFS Sports Challenge Experience and Research Assistance Program. The Foundation also granted one-year scholarships totaling ¥6 million to 5 students and researchers in the YMFS International Sports Scholarship program. The scholarship targets domestic and overseas exchange students pursuing fields that popularize sports around the world.

This year, the Foundation's YMFS-Sports Challenge Prize publicly honored the achievements of individuals in the sports community. Its Distinguished Service Award recognized the work of people who have pioneered and helped promote sports for years, while the Encouragement Award was given to an individual whose spirit of challenge powered great achievement and suggests an influential sports career ahead.

Each winner received a medal, a certificate, and prize money.

Donations from the "Yamaha Nice Ride" program presented in a ceremony held in July 2009

Support for Guide Dog Training

Yamaha makes annual donations to the Japan Guide Dog Association through the "Yamaha Nice Ride" charity program. Funds go toward raising and training guide dogs. In the 20 years since the program began in 1989, it has raised a total of approximately ¥74 million.


Family Bike Classes in Moscow

Family Bike Classes

In a bid to help people enjoy motorcycling more safely, we conduct various motorcycle promotional and safety awareness activities worldwide. One such event, the Family Bike Class, employs specially trained instructors to help children learn the way motorcycles work as they experience the fun of motorcycling. Family Bike Classes enable children and their parents to share the enjoyment that motorcycles offer.

Family Bike Classes held in Moscow in June 2009 drew 29 parent-and-children pairs.


TYM's management team received the ASTD award.

Thai Subsidiary Boasts Award-Winning Employee Training Programs

Since 2005, Thai Yamaha Motor Co., Ltd. (TYM), our motorcycle manufacturing and marketing subsidiary in Thailand, has been offering training programs for staff and managers, aimed at developing work skills and proficiency. Five aspects of the program, including contribution to the company management, won the Excellence in Practice award from the American Society for Training & Development (ASTD) in June 2009. YTM became the first ASTD award winner in the ASEAN region.

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.

Organizations and Systems for Management Decision-Making, Business Execution and Supervision

1) Directors and the Board of Directors

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 25, 2010, there were eleven (11) Directors, four (4) 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 25, 2010, there were twenty-four (24) Executive Officers, and seven (7) Directors concurrently serving as Executive Officers. A Management Committee comprised of 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 one-year term, a period limited to assure accountability.

2) 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 is comprised of 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.

3) Corporate Auditors and the Board of Corporate Auditors

As of March 25, 2010, the number of Corporate Auditors stood at five (5), of whom three (3) 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 terms of their relationship with accounting auditors, they review accounting audit reports to confirm their appropriateness pursuant to laws and ordinances, and coordinate exchanges of information and opinions with the accounting auditors whenever necessary. Corporate Auditors also work with the Internal Auditing Division, receiving reports on internal audit planning and the results of the internal audits, in order to enhance the effectiveness of their auditing.

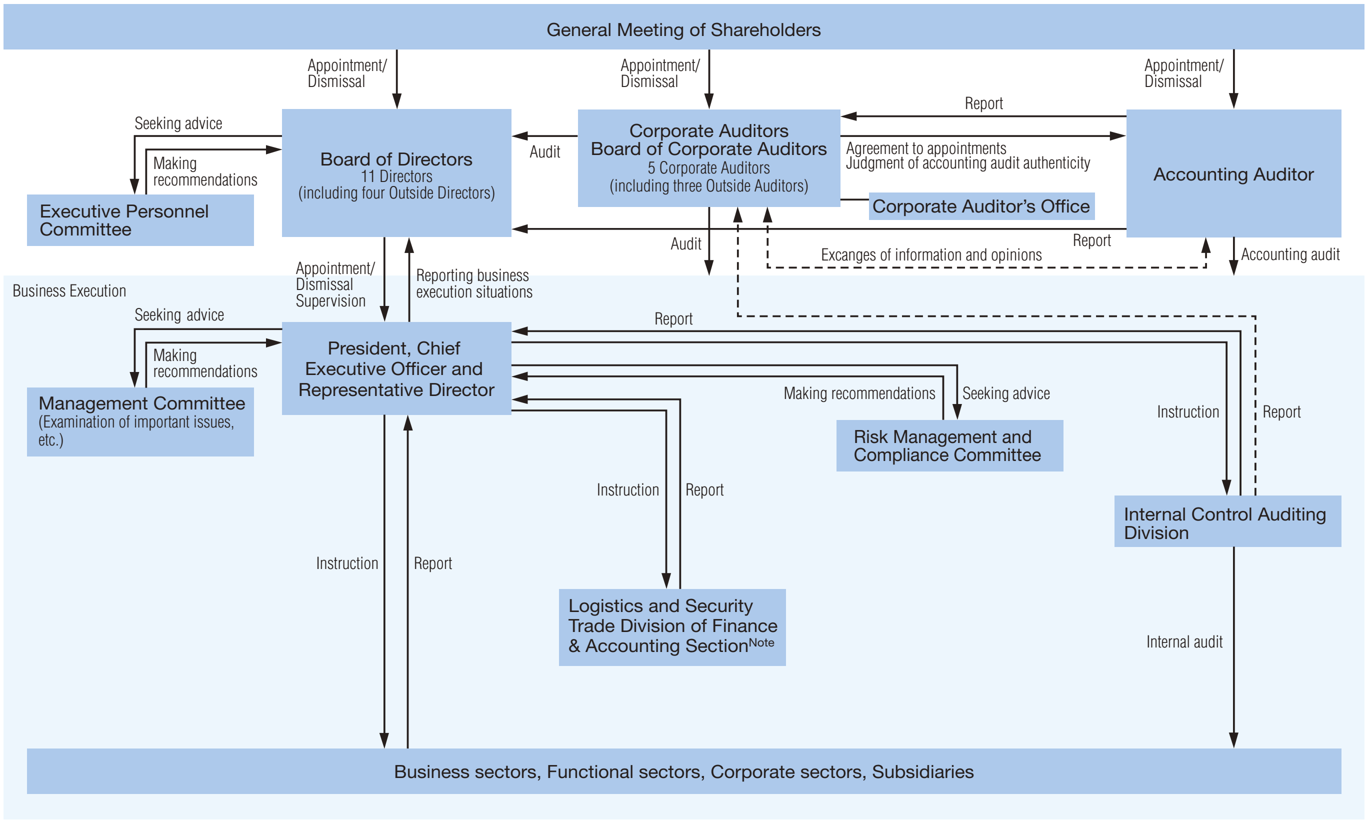
In support of these audit services performed by Corporate Auditors, the Company has established the Corporate Auditor's Office, with staff exclusively dedicated to assisting auditors.

4) Internal auditing

The Company established an Internal Control Auditing Division (consisting of twenty-one (21) staff members as of March 25, 2010), 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.

In the fiscal year ended December 31, 2009, the Division audited 19 matters in Japan and nine matters overseas. In the fiscal year ending December 31, 2010, it plans 18 audits in Japan and four overseas.

5) Yamaha Motor's corporate governance system and internal control system



Note
The Security Trade Control Center was integrated into the Logistics and Security Trade Division as of January 1, 2010, in order to synergistically strengthen trade control.

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.

Corporate Governance

Remuneration and Other Compensation for Directors and Corporate Auditors

The Company's Directors' Remuneration Plan is comprised of 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.

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 does 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.

The amount of remuneration for the Company's Directors and Corporate Auditors in fiscal 2009 is as follows:

(Million ¥)

Classification	Directors		Corporate Auditors		Total	
	Number	Amount paid	Number	Amount paid	Number	Amount paid
Remuneration based on Articles of Incorporation or resolutions approved at the General Meeting of Shareholders (Outside Directors or Corporate Auditors)	13 (4)	273 (27)	6 (3)	72 (20)	19 (7)	345 (48)
Bonuses to Directors and Corporate Auditors as an appropriation of earnings (Outside Directors or Corporate Auditors)	— (—)	— (—)	—	—	— (—)	— (—)

Notes
1 In addition to the remuneration listed above, ¥55 million salaries are paid to Directors and concurrent employees, as the equivalent of salary to employees.
2 The above amounts include remuneration from stock options.

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.

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.

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

Outside Director Shuji Ito holds shares of the Company. In addition, he is concurrently serving as Corporate Special Advisor of Yamaha Corporation, which holds 14.8% (as of December 31, 2009) of the Company's shares, and with which the Company has business transactions, including products and merchandise. In addition, Mr. Ito is concurrently serving as President of the Yamaha Music Foundation, with which the Company has transactions, including paying sponsorship and other fees.

Outside Directors Masayoshi Furuhata, Eizo Kobayashi and Yuko Kawamoto, and Outside Corporate Auditors Naomoto Ohta, Norihiko Shimizu and Tetsuo Kawawa have no special interests in the Company, other than holding shares of the Company.

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-nine (29) other assistants.

Special Resolution Requirement for General Meeting of Shareholders

The Company has stipulated a special resolution requirement 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.

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

Documents and other forms of information on the performance of Directors' duties shall be properly maintained and administered in accordance with bylaws.

Corporate Governance

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. A risk management manual shall be developed and utilized to ensure integrated control of individual departmental risk management activities.
4. If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the Emergency Response Manual, with 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 supervising compliance shall provide subsidiaries with guidance and education on compliance.

7) Employee to assist Corporate Auditors

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

8) Employee assisting Corporate Auditors independence from Directors

1. Any dismissal or personnel changes concerning the employee assisting Corporate Auditors in the execution of their duties shall be approved by the Board of Corporate Auditors in advance.

2. No employee assisting Corporate Auditors in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Corporate Auditors, whose opinions shall be taken into consideration in evaluating the employee.

9) Rules concerning Directors and employees reporting to the Board of Corporate Auditors

Directors and employees shall report 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.

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

Yamaha Motor Co., Ltd. (the "Company") resolved at the Board of Directors Meeting held on February 12, 2010 to continue the takeover defense measures against attempts of mass acquisition of the Company's shares originally adopted at the 72nd Ordinary General Meeting of Shareholders and the Board of Directors Meeting on March 27, 2007. The extension was conditioned on approval of partial revisions protecting shareholders and investors (the measure so revised hereinafter the "Plan") at the 75th Ordinary General Meeting of Shareholders on March 25, 2010 (hereinafter the "2010 Ordinary General Meeting").

The 2010 Ordinary General Meeting was held according to schedule, and the Plan was duly adopted.

For details concerning the Plan, please refer to the February 12, 2010 press release "Announcement Concerning the Renewal of Takeover Defense Measures Against Attempts of Mass Acquisition of the Company's Shares" (http://www.yamaha-motor.co.jp/global/news/2010/0212/prevent.html)

The Company intends to observe the provisions of the Plan in the ongoing effort to protect and increase the common interests of its shareholders.

Directors, Corporate Auditors and Executive Officers

(As of March 25, 2010)

Board of Directors

President and Representative Director

Hiroyuki Yanagi

Representative Director

Takaaki Kimura

Director

Toyoo Ohtsubo

Director

Yoshiteru Takahashi

Director

Masahito Suzuki

Director

Hiroyuki Suzuki

Director

Kozo Shinozaki

Director

Shuji Ito*

Director

Masayoshi Furuhata**

Director

Eizo Kobayashi**

Director

Yuko Kawamoto**

* Mr. Shuji Ito is an Outside Director, and Corporate Special Advisor of Yamaha Corporation
** Outside Director

Corporate Auditors

Haruhiko Wakuda　**Tsutomu Mabuchi**　**Naomoto Ohta*****　**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, Executive General Manager of Water Vehicle Business Unit, Marine Business Operations, and Chief General Manager of Automotive Business Unit

Managing Executive Officer
Toyoo Ohtsubo
Chief General Manager of Technology Center, and Chief General Manager of IM* Business Unit

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

Senior Executive Officer
Masahito Suzuki
Chief General Manager of Product Assurance Center, Chief General Manager of Business Development Managing Unit, and Chief General Manager of Smart Power Business Development Managing Unit

Senior Executive Officer
Hiroyuki Suzuki
Chief General Manager of Manufacturing Center, and Chief General Manager in charge of power product business

Senior Executive Officer
Kozo Shinozaki
Senior General Manager of Finance & Accounting Section

Senior Executive Officer
Nobuya Hideshima
Chief General Manager of Procurement Center

Senior Executive Officer
Yoshiaki Hashimoto
Senior General Manager of Human Resources & General Affairs Section

Senior Executive Officer
Kunihiko Miwa
Senior General Manager of Engineering Section, Motorcycle Business Operations, and Executive General Manager of Commuter Vehicle Business Control, Motorcycle Business Operations

Senior Executive Officer
Masahiro Takizawa
Senior General Manager of Corporate Planning Section, General Manager of Corporate Planning Division, Corporate Planning Section, and Chief General Manager of Parts Business Unit

Executive Officer
Toshimitsu Iio
President of Yamaha Motor Manufacturing Corporation of America

Executive Officer
Masao Furusawa
Senior General Manager of Technology Infrastructure Section, Technology Center, and General Manager in charge of MS* development for Engineering Section, Motorcycle Business Operations

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

Executive Officer
Tadakazu Ishibashi
Executive General Manager of Business Development Managing Unit, and Senior General Manager of New Business Development Section, Business Development Managing Unit

Executive Officer
Souichi Sasagawa
Executive General Manager of Boat Business Unit, Marine Business Operations

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

Executive Officer
Toshizumi Kato
Senior General Manager of Sales Section, Motorcycle Business Operations

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

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

Executive Officer
Masato Adachi
President of Yamaha Motor Corporation, U.S.A.

Executive Officer
Masanori Kobayashi
Executive General Manager of Smart Power Business Development Managing Unit, Executive General Manager of Electric Vehicle Business Control, Motorcycle Business Operations, and Senior General Manager of PAS* Business Development Section, Smart Power Business Development Managing Unit

Executive Officer
Yoichiro Kojima
Executive General Manager of Marine Engine Business Unit, Marine Business Operations, and General Manager of Overseas Marketing Division, Marine Engine Business Unit, Marine Business Operations

Executive Officer
Katsuaki Watanabe
Senior General Manager of Body Manufacturing Section, Manufacturing Center

*Abbreviations:
IM: Intelligent Machinery
MS: Motor Sports
PAS: Electrically Power Assisted Bicycle

Organization

(Yamaha Motor Co., Ltd., as of February 1, 2010)

- General Meeting of Shareholders
  - Board of Corporate Auditors — Corporate Auditor's Office
- Board of Directors
- President & CEO*
  - Management Committee
  - Risk Management and Compliance Committee
  - Internal Control Auditing Division
  - Human Resources & General Affairs Section
    - Human Resources Development Division
    - General Affairs Division
    - Group Administration Division
    - CSR* Planning Division
  - Finance & Accounting Section
    - Finance & Accounting Division
    - Logistics and Security Trade Division
    - Process & IT* Division
    - Business Management Division
  - Corporate Planning Section
    - Corporate Planning Division
    - Tokyo Office
    - Legal & Intellectual Property Division
    - Advertising Division
  - Product Assurance 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
    - Cost Innovation Section
  - Motorcycle Business Operations
    - MC* Business Control
    - CV* Business Control
    - RV* Business Control
    - EV* Business Control
    - Business Strategy Section
    - Product Planning Section
    - Sales Section
    - Engineering Section
    - Quality Assurance Section
  - Marine Business Operations
    - Marine Engine Business Unit
      - Cost Development Section
      - Engineering Section
      - Manufacturing Section
    - Water Vehicle Business Unit
    - Boat Business Unit
  - CGM* — Automotive Business Unit
  - CGM* — Overseas Market Development Operation Business Unit
  - CGM* — Parts Business Unit
  - CGM* — IM* Business Unit
  - CGM* — Business Development Managing Unit
    - Pool Business Development Section
    - Aeronautic Business Development Section
    - New Business Development Section
  - CGM* — Smart Power Business Development Managing Unit
    - PAS* Business Development Section
    - EV* Business Development Section
  - CGM* in charge of power products business

*Abbreviations:

CEO: Chief Executive Officer
CGM: Chief General Manager
CSR: Corporate Social Responsibility
IT: Information Technology
MC: Motorcycle
CV: Commuter Vehicle
RV: Recreational Vehicle
EV: Electric Vehicle
IM: Intelligent Machinery
PAS: Electrically Power Assisted Bicycle

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 26, 2010.

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. Meanwhile, the Group is currently addressing important issues as it works to accelerate business structural reforms. These are intended to swiftly build a profitable structure and lay the groundwork for future growth.

However, uncertainties in the business environment surrounding the Group may negatively impact these efforts. For example, the planned reorganization of the global manufacturing layout may be delayed beyond the period specified in the new (fiscal 2010-2012) medium-term management plan. Likewise, it may take longer than originally planned to return Group businesses to a profitability track after structural reforms are implemented. The Group may not realize the degree of savings from cost reductions it had expected. Serious risks may occur, beyond the capability of these measures to accurately respond. Such risks, in turn, may prevent the Group from achieving the medium-term management plan targets, and may adversely impact the Group's business performance, by, for example, necessitating an additional impairment loss on fixed assets.

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. Moving forward, the Group's business performance may be negatively impacted if recovery is delayed in the wake of the financial crisis and economic slowdown triggered by the subprime debacle in the United States. In this case, leisure spending may continue to decline in developed nations, further diminishing demand in markets where the Group does business.

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, 2009 stood at 88.7%. Particularly in the motorcycle business,

Risk Factors

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.

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, 2009 was lower than the book value after the revaluation by ¥5.3 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.

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 "Yamaha Motor Group Global Environmental Policy" and the "Year 2010 Yamaha Motor Group Environmental Action 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 Mann 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 Mann 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 Phillips EMT
- YZF750 won the 58th Bordeaux 24-Hours Endurance Road Race
- Yamaha victorious in the 6th Whitbread Round of 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 ISO9002 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 ISO14001 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 & 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 & 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 & 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 & rider titles at the MotoGP, claiming the triple crown for the second consecutive year

Principal Subsidiaries and Affiliates

(As of December 31, 2009)

Consolidated Subsidiaries

Company	Location	Principal business lines
Japan		
1 Yamaha Motorcycle Sales Japan Co., Ltd.	Minato, Tokyo	Marketing of Yamaha Motor products
2 Yamaha Kumamoto Products Co., Ltd.	Yatsushiro, Kumamoto	Manufacture of outboard motors and other products
3 Yamaha Motor Powered Products Co., Ltd. (YMPC)	Kakegawa, Shizuoka	Manufacture of power products, shock absorbers and motorcycle frames
4 Yamaha Motor Electronics Co., Ltd.	Mori-machi, Shizuoka	Manufacture of motorcycle electric parts
U.S.A.		
5 Yamaha Motor Corporation, U.S.A. (YMUS)	Los Angeles, California	Regional headquarters for North America
6 Yamaha Motor Manufacturing Corporation of America (YMMC)	Atlanta, Georgia	Manufacture and marketing of golf cars, and manufacture of personal watercraft and all-terrain vehicles
7 Century Boat Company, Inc.	Panama City, Florida	Manufacture and marketing of FRP boats
8 Skeeter Products, Inc.	Dallas, Texas	Manufacture and marketing of FRP boats
9 Precision Propeller Industries, Inc. (PPI)	Indianapolis, Indiana	Manufacture and marketing of stainless steel outboard motor propellers
10 Tennessee Water Craft, Inc.	Knoxville, Tennessee	Manufacture and marketing of FRP boats
11 Yamaha Golf-Car Company (YGC)	Atlanta, Georgia	Marketing of golf cars
12 Yamaha Motor Distribution Latin America Inc. (YDLA)	Miami, Florida	Distribution of spare parts and accessories
Canada		
13 Yamaha Motor Canada Limited (YMCA)	Toronto	Marketing of motorcycles, all-terrain vehicles, outboard motors, personal watercraft and snowmobiles
The Netherlands		
14 Yamaha Motor Europe N.V. (YMENV)	Amsterdam	Regional headquarters for Europe
15 Yamaha Motor Netherland B.V. (YMNL)	Amsterdam	Marketing of motorcycles, all-terrain vehicles, outboard motors, personal watercraft and power products
16 Yamaha Motor Middle Europe B.V. (YMME)	Amsterdam	Management of group companies in Germany and UK
France		
17 Yamaha Motor France S.A. (YMF)	Paris	Marketing of motorcycles, outboard motors, personal watercraft, all-terrain vehicles and power products
18 MBK Industrie (MBK)	Saint Quentin	Manufacture and marketing of scooters, outboard motors and bicycles
Italy		
19 Yamaha Motor Italia S.p.A. (YMIT)	Milan	Manufacture of motorcycles; marketing of motorcycles, all-terrain vehicles, outboard motors and power products
20 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: 52 companies
Total consolidated subsidiaries: 107 companies

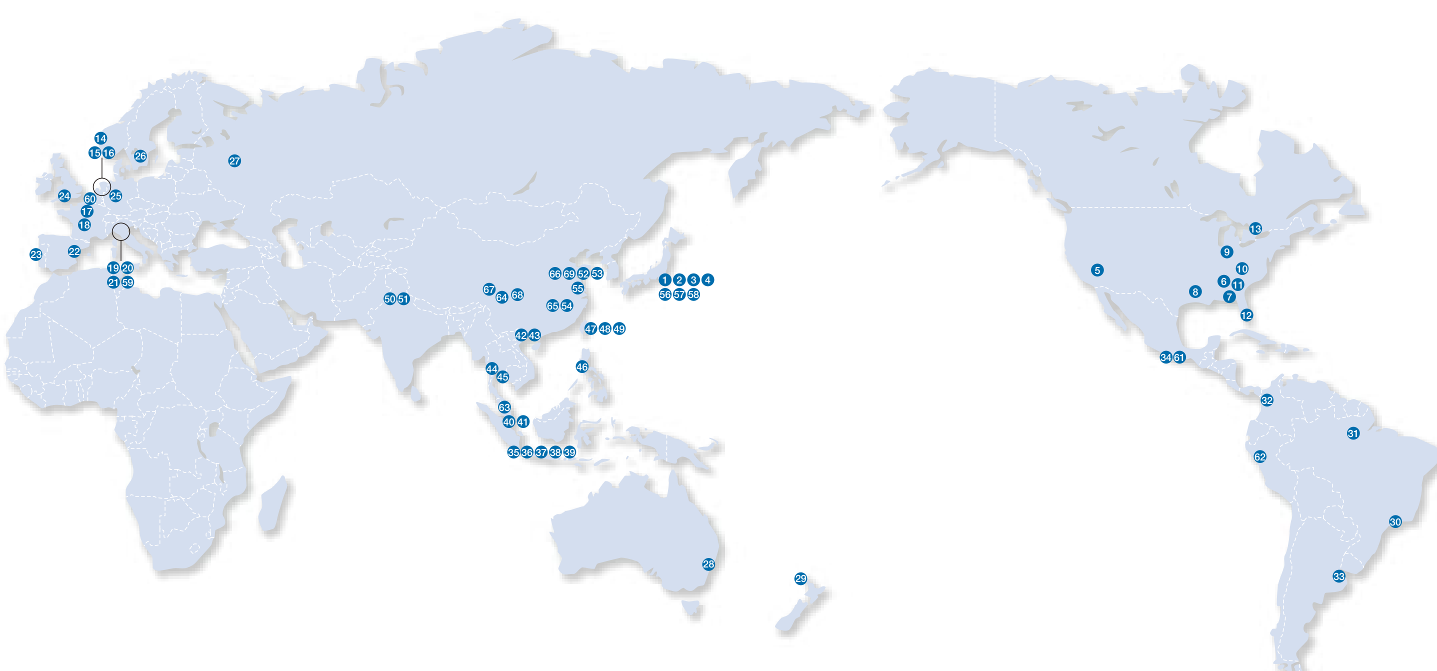
Principal Subsidiaries and Affiliates

(As of December 31, 2009)

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

CONTENTS

Management Discussion and Analysis of Operations

Overview

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

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

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

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

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

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

The Company also focused on environmental technologies with future growth potential, launching new PAS electrically power assisted bicycles that comply with recently introduced standards in Japan, and enhancing the research and development system for next-generation mobility technologies, including electric motorcycles.

Scope of Consolidation

The number of consolidated subsidiaries at the end of fiscal 2009 decreased by six from fiscal 2008, to 107, and the number of companies accounted for by the equity method remained the same, at 33.

Impact of Exchange Rate Fluctuations

The impact of exchange rate fluctuations on sales is defined as the impact on foreign currency-denominated sales at the Company's overseas subsidiaries for fiscal 2009, due to the difference between the average exchange rate used in fiscal 2009 to translate these sales into Japanese yen, versus the average translation exchange rate applied in fiscal 2008. Meanwhile, the impact of exchange rate fluctuations on gross profit is defined as the aggregation of two effects: (1) the impact on foreign currency-denominated gross profit at the Company's overseas subsidiaries for fiscal 2009, due to the difference between the average exchange rate used in fiscal 2009 to translate the gross profit into Japanese yen, versus the average translation exchange rate applied in fiscal 2008; and (2) the impact on foreign-currency denominated gross profit at the Company for fiscal 2009, due to the difference between the average exchange rate used in fiscal 2009 to translate the gross profit into Japanese yen, versus the average translation exchange rate applied in fiscal 2008.

Note that the impact of exchange rate fluctuations on changes in selling prices for products was not included in the definition of the exchange rate fluctuation impact on sales.

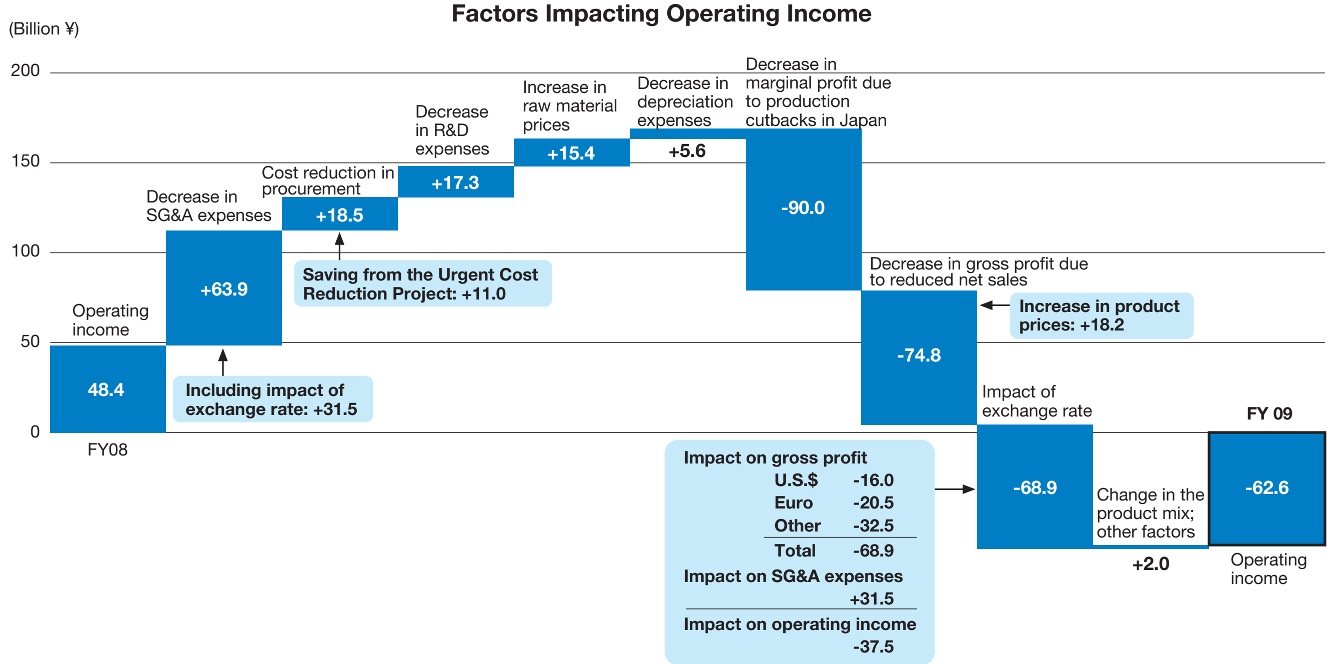
Overall, the negative impact resulting from exchange rate fluctuations totaled ¥195.5 billion ($2,122.7 million) for net sales and ¥68.9 billion ($748.1 million) for gross profit in fiscal 2009. The exchange rates applied to translate profits/losses in fiscal 2009 appreciated by ¥9 against the U.S. dollar, to ¥94, and by ¥23 against the euro, to ¥130.

Sales and Profits

Net sales for fiscal 2009 fell by ¥450.2 billion ($4,888.6 million), or 28.1%, from fiscal 2008, to ¥1,153.6 billion ($12,526.0 million). In Japan, sales decreased by ¥39.8 billion ($431.8 million), 23.4%, to ¥130.4 billion ($1,416.3 million), representing 11.3% of net sales. Meanwhile, overseas sales decreased by ¥410.5 billion ($4,456.8 million), or 28.6%, to ¥1,023.2 billion ($11,109.7 million), accounting for 88.7% of net sales.

In terms of profits, operating income decreased by ¥111.0 billion ($1,204.8 million) from the previous year, with the Company recording an operating loss of ¥62.6 billion ($679.5 million) in fiscal 2009. There were some positive factors affecting operating income, such as a decrease in selling, general and administrative expenses totaling ¥63.9 billion ($693.3 million) from fiscal 2008, cost reduction in procurement operations — including saving from the Urgent Cost Reduction Project — totaling ¥18.5 billion ($200.9 million); decreases in raw material prices totaling ¥15.4 billion ($167.2 million); a decline in research and development expenses totaling ¥17.3 billion ($187.8 million); and a reduction

Factors Impacting Operating Income

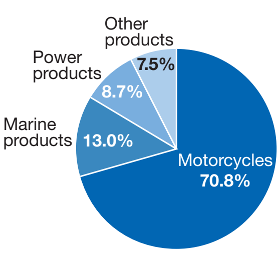


in depreciation expenses totaling ¥5.6 billion ($60.8 million). However, these were more than offset by such negative factors as a ¥74.8 billion ($812.2 million) decrease in gross profit due to reduced net sales; the impact of exchange translation totaling ¥68.9 billion ($748.1 million); and the impact of change in the product mix reflecting production cutbacks in Japan and related factors totaling ¥88.0 billion ($955.5 million). These were primarily responsible for the substantial operating loss in fiscal 2009, referenced above. Meanwhile, ordinary income dropped by ¥127.2 billion ($1,381.2 million), resulting in an ordinary loss of ¥68.3 billion ($742.0 million).

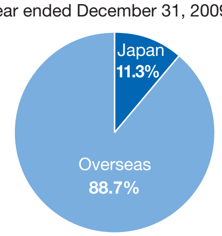
In addition, the Company appropriated extraordinary losses including an impairment loss on fixed assets and the expenses incurred by early retirement of employees in Japan, Europe and the United States as business structure improvement expenses, in order to accelerate structural reform at businesses in developed nations.

Consequent to the developments discussed above, net income declined by ¥218.0 billion ($2,367.0 million), for a net loss of ¥216.1 billion ($2,346.9 million).

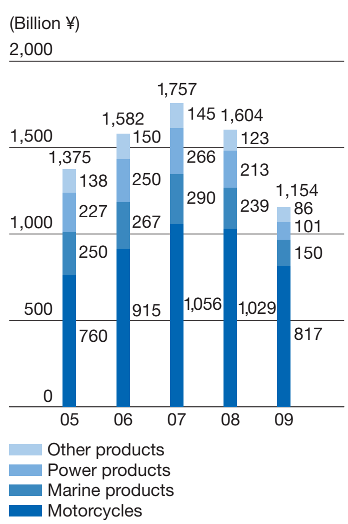
Percentage of sales by product segment
(Year ended December 31, 2009)



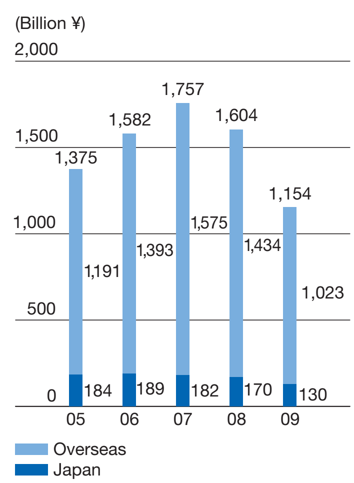
Percentage of sales by market
(Year ended December 31, 2009)



Sales by product segment



Sales by market



Management Discussion and Analysis of Operations

Sales Performance by Business Segment

Motorcycles

Motorcycle sales for fiscal 2009 fell by ¥211.8 billion ($2,299.1 million), or 20.6%, from fiscal 2008, to ¥817.1 billion ($8,871.4 million), due to decreased demand — mainly in the United States and Europe — coupled with the negative impact of the stronger yen. Motorcycle sales comprised of 70.8% of net sales.

In Japan, sales decreased by ¥5.4 billion ($58.7 million), or 12.5%, to ¥38.0 billion ($412.8 million), making up 4.7% of total motorcycle sales.

In Asia (excluding Japan), unit sales of the affordable moped[Note 1] Vega-ZR, automatic transmission scooter Mio and other Yamaha models increased in Indonesia, thanks to customer-oriented marketing, although total motorcycle demand declined in the nation. In Vietnam, India and other nations in the region where demand recovered early, aggressive new product releases spurred steady sales. However, the negative impact of the stronger yen caused a drop of ¥41.2 billion ($447.1 million), or 7.9%, in motorcycle sales in Asia from fiscal 2008. Overall, motorcycle sales in Asia amounted to ¥479.0 billion ($5,200.5 million), accounting for 58.6% of total motorcycle sales. Sales in North America fell by ¥49.1 billion ($533.6 million), or 45.9%, to ¥58.0 billion ($629.5 million), reflecting shrinking demand for leisure products amid the recession, coupled with the negative impact of the stronger yen against the U.S. dollar and the adjustments to shipping from Japan, designed to reduce market stocks. North American sales made up 7.1% of total motorcycle sales. Sales in Europe dropped by ¥71.3 billion ($774.0 million) or 33.2%, to ¥143.7 billion ($1,560.5 million), affected by sluggish demand amid the recession, coupled with the negative impact of the stronger yen against the euro. Sales in Europe comprised 17.6% of total motorcycle sales. Sales in other areas decreased by ¥44.7 billion ($485.7 million), or 31.3%, to ¥98.4 billion ($1,068.1 million), reflecting sluggish sales in Latin America, particularly in Brazil, due to decreased demand, coupled with the negative impact of the stronger yen. Sales in other areas represented 12.0% of total motorcycle sales.

In total, overseas sales decreased by ¥206.3 billion ($2,240.4 million), or 20.9%, to ¥779.0 billion ($8,458.7 million), accounting for 95.3% of total motorcycle sales.

Note 1
A **moped** is a small motorcycle characterized by an easy-to-mount downward curving mainframe and large-diameter (often 17 inch) tires on the front and rear. It is also called an underbone-type motorcycle.

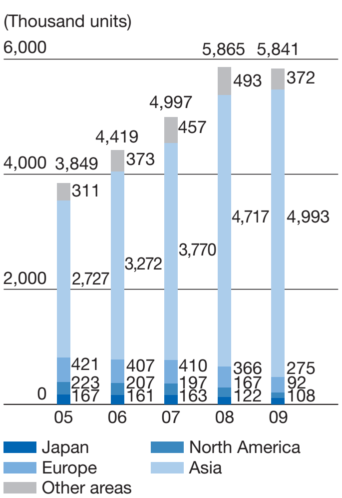
Marine Products

Marine product sales for fiscal 2009 decreased by ¥88.7 billion ($963.1 million), or 37.1%, from fiscal 2008, to ¥150.1 billon ($1,629.9 million), reflecting decreased demand, coupled with the negative impact of the stronger yen. Marine product sales made up 13.0% of net sales.

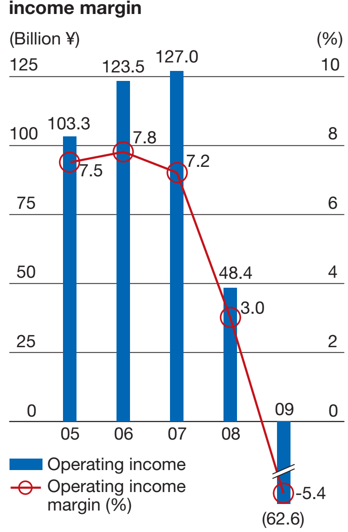
In Japan, sales fell by ¥7.3 billion ($78.9 million), or 23.5%, to ¥23.7 billion ($257.3 million), representing 15.8% of total marine product sales.

In North America, sales decreased by ¥43.4 billion ($471.5 million), or 44.0%, to ¥55.3 billion ($600.2 million). This was attributable to sluggish sales of large outboard motors and personal watercraft in the United States, the mainstay market in the region, coupled with the adjustments to shipping from Japan, designed to reduce market stocks. Slow demand was behind the downturn for these products, as consumption for recreational and

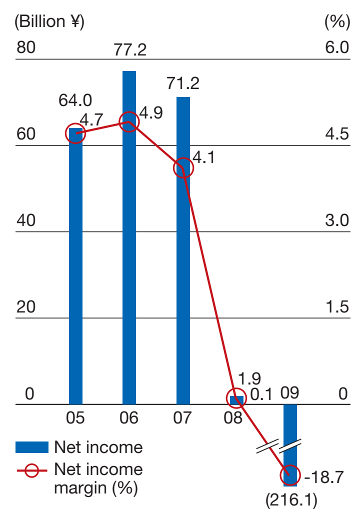
Motorcycle unit sales



Operating income and operating income margin



Net income and net income margin



leisure activities contracted amid the recession. Sales in North America made up 36.8% of total marine product sales. Sales in Europe dropped by ¥20.3 billion ($220.7 million), or 37.6%, to ¥33.8 billion ($366.7 million), due mainly to sluggish outboard motor sales. Sales in Europe comprised 22.5% of total marine product sales.

Overall, overseas marine product sales fell by ¥81.4 billion ($884.2 million), or 39.2%, to ¥126.4 billion ($1,372.5 million). Overseas sales accounted for 84.2% of total marine product sales.

Power Products

Power product sales for fiscal 2009 decreased by ¥112.7 billion ($1,223.5 million), or 52.8%, from fiscal 2008, to ¥100.6 billion ($1,092.0 million), reflecting decreased demand — mainly in the United States — coupled with the negative impact of the stronger yen. Power product sales comprised 8.7% of net sales.

In the United States, sales of leisure-oriented sport all-terrain vehicles (ATVs) and side-by-side vehicles decreased. This was primarily due to slow demand as consumption for recreational and leisure activities contracted amid the recession. The decline in the U.S. sent North American sales down ¥88.6 billion ($962.4 million), or 62.9%, to ¥52.4 billion ($568.8 million), making up 52.1% of total power product sales. Sales in Europe dropped by ¥11.5 billion ($124.7 million), or 35.9%, to ¥20.6 billion ($223.2 million), representing 20.4% of total power product sales.

Overall, overseas power product sales decreased by ¥111.6 billion ($1,211.2 million), or 54.9%, to ¥91.7 billion ($995.6 million). Overseas sales accounted for 91.2% of total power product sales.

Other Products

Sales of other products for fiscal 2009 decreased by ¥37.1 billion ($402.9 million), or 30.2%, from fiscal 2008, to ¥85.9 billion ($932.6 million), comprising 7.5% of net sales. Demand for electrically power assisted bicycles increased in Japan, reflecting growing heath and environmental awareness. Thanks to the introduction of models that comply with new standards, and the release of models designed to accommodate two small children, sales of electrically power assisted bicycles expanded steadily. However, sales of automobile engines and surface mounters decreased, due to a decline in demand amid the recession.

Sales in Japan decreased by ¥26.0 billion ($281.9 million), or 30.3%, to ¥59.8 billion ($649.7 million), making up 69.7% of total sales in this segment. Meanwhile, overseas sales dropped by ¥11.1 billion ($121.0 million), or 30.0%, to ¥26.1 billion ($282.9 million), representing 30.3% of the total sales.

Sales Performance by Geographical Segment Note 2

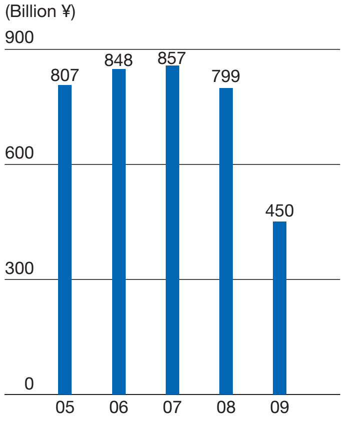
Japan

Sales in Japan decreased by ¥349.2 billion ($3,791.0 million), or 43.7%, from fiscal 2008, to ¥450.3 billion ($4,888.7 million), reflecting decreased exports of motorcycles, outboard motors, and ATVs to Europe and the United States. Sales in Japan accounted for 30.5% of net sales.

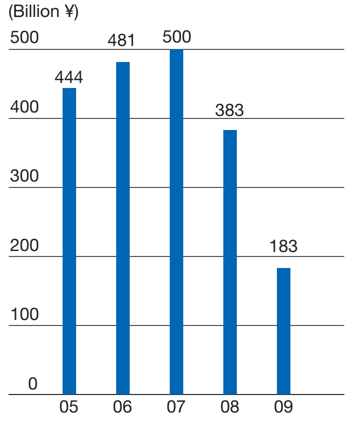
North America

Sales in North America decreased by ¥199.9 billion ($2,170.4 million), or 52.2%, to ¥183.2 billion ($1,989.0 million), due to shrinking demand for leisure products amid the recession, coupled with the negative impact of the stronger yen against the

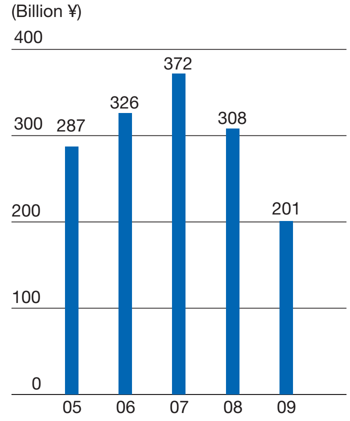
Sales by geographical segment Note 2 — Japan



Sales by geographical segment Note 2 — North America



Sales by geographical segment Note 2 — Europe



Management Discussion and Analysis of Operations

U.S. dollar. North American sales comprised 12.4% of net sales.

Europe

Sales in Europe decreased by ¥106.7 billion ($1,158.3 million), or 34.7%, to ¥201.1 billion ($2,184.0 million), making up 13.6% of net sales.

Asia

Although motorcycle unit sales in Asia (excluding Japan) grew steadily, the sales amount decreased ¥65.3 billion ($709.5 million), or 11.2%, reflecting the negative impact of the stronger yen, to ¥519.5 billion ($5,640.3 million). Sales in Asia represented 35.2% of net sales.

Other Areas

Sales in other areas decreased by ¥50.4 billion ($547.6 million) or 29.5%, to ¥120.8 billion ($1,311.2 million), due mainly to reduced motorcycle sales in Latin America. Sales in other areas accounted for 8.2% of net sales.

Note 2
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 2009 decreased by ¥275.4 billion ($2,990.5 million), or 22.5%, from fiscal 2008, to ¥951.4 billion ($10,329.5 million), representing 82.5% of net sales.

Gross profit fell by ¥174.8 billion ($1,898.1 million), or 46.4%, to ¥202.3 billion ($2,196.4 million). This was attributable to the negative impact on gross profit of several factors, including: ¥90.0 billion ($977.2 million) stemming from production cutbacks in Japan; and ¥74.8 billion ($812.2 million) from decreased sales. The decrease in gross profit came about despite reductions in purchasing costs totaling ¥18.5 billion ($200.9 million). Overall, the gross profit margin dropped by 6.0 percentage points, to 17.5%.

Selling, general and administrative (SG&A) expenses for fiscal 2009 fell by ¥63.9 billion ($693.3 million), or 19.4%, from fiscal 2008, to ¥264.9 billion ($2,875.9 million). The ratio of SG&A expenses to net sales increased by 2.5 percentage points, to 23.0%.

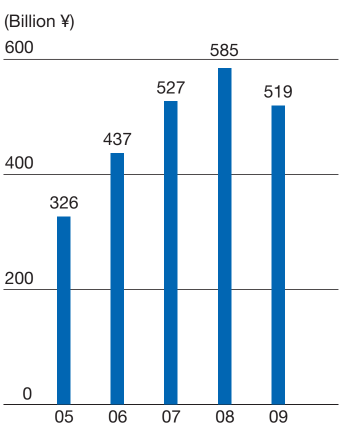
R&D Expenses

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.

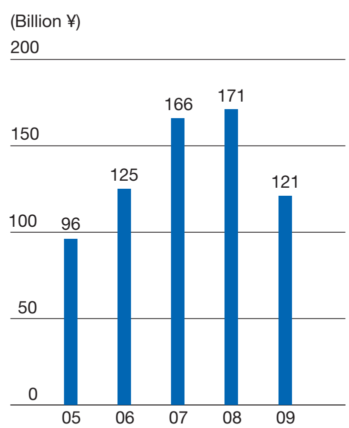
R&D expenses for fiscal 2009 decreased by ¥23.0 billion ($250.0 million), or 27.1%, from fiscal 2008, to ¥62.1 billion ($673.9 million), which was equivalent to 5.4% of net sales. Broken down by business segment, R&D expenses stood at ¥40.1 billion ($435.1 million) in the motorcycle business; ¥7.2 billion ($78.1 million) in the marine product business; ¥6.8 billion ($73.9 million) in the power product business; and ¥8.0 billion ($86.8 million) in the "other products" business.

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

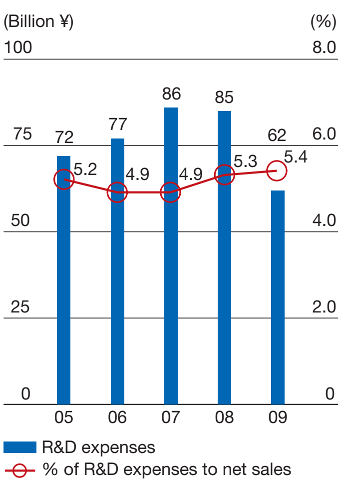
Sales by geographical segment Note 2
— Asia



Sales by geographical segment Note 2
— Other areas



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



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 3] technology for electric motorcycles and electrically power assisted bicycles.

Note 3
Smart Power: New power sources, primarily for electric vehicles, designed to create a new paradigm of mobility

Operating Income (Loss)

Operating income for fiscal 2009 decreased by ¥111.0 billion ($1,204.8 million), from fiscal 2008, generating an operating loss of ¥62.6 billion ($679.5 million). Operating income margin declined by 8.4 percentage points, to negative 5.4%.

Broken down by business segment, operating income in the motorcycle business decreased by ¥37.8 billion ($409.9 million), resulting in an operating loss of ¥4.2 billion ($45.1 million). This was attributable to a decrease in sales in the United States and Europe, coupled with the negative impact of the stronger yen, although sales increased in some emerging nations including those in the ASEAN region. Operating income margin in the motorcycle business fell by 3.8 percentage points, to negative 0.5%.

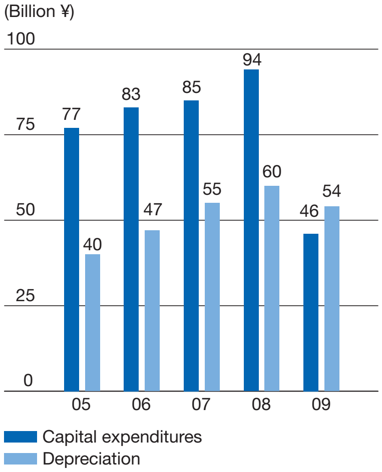
Operating income in the marine product business decreased by ¥30.4 billion ($329.5 million), resulting in an operating loss of ¥24.3 billion ($263.6 million). Major reasons for this decrease were the negative impact of the stronger yen; production cutbacks in Japan designed to curtail market stocks; stagnant boat demand amid recession-driven cutbacks in recreation and leisure consumption in the United States; and decreased sales of outboard motors in Europe and Russia. Operating income margin dropped by 18.7 percentage points, to negative 16.2%.

Operating income in the power product business fell by ¥37.3 billion ($405.4 million), resulting in an operating loss of ¥33.8 billion ($366.6 million). This arose mainly from sluggish sales in the United States; the negative impact of the stronger yen; production cutbacks in Japan and United States designed to curtail market stocks; and a provision for product liabilities. Operating income margin decreased by 35.2 percentage points, to negative 33.6%.

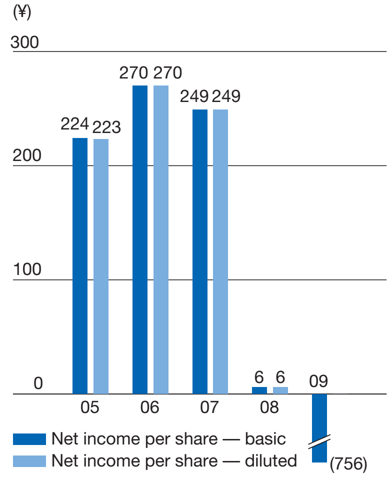
Operating income in the "other products" business declined by ¥5.5 billion ($59.9 million), resulting in an operating loss of ¥0.4 billion ($4.2 million). Increased sales of electrically power assisted bicycles reflecting strong demand growth were more than offset by decreased sales for automobile engines and surface mounters due to sluggish demand amid the recession, resulting in operating loss in this segment. Operating income margin fell by 4.6 percentage points, to negative 0.4%.

By geographical segment, operating income in Japan dropped by ¥32.6 billion ($354.4 million) from fiscal 2008, resulting in an operating loss of ¥55.6 billion ($603.5 million). This was attributable to significant production cutbacks designed to curtail market stocks, coupled with the negative impact of the stronger yen. Operating income in North America fell by ¥48.8 billion ($530.0 million), resulting in an operating loss of ¥42.3 billion ($458.9 million), while operating income in Europe dropped by ¥19.6 billion ($212.9 million), resulting in an operating loss of ¥9.1 billion ($99.3 million). Both operating income decreases were attributable to reduced sales, coupled with the negative impact of the stronger yen. Operating income in Asia (excluding Japan)

Capital expenditures and depreciation

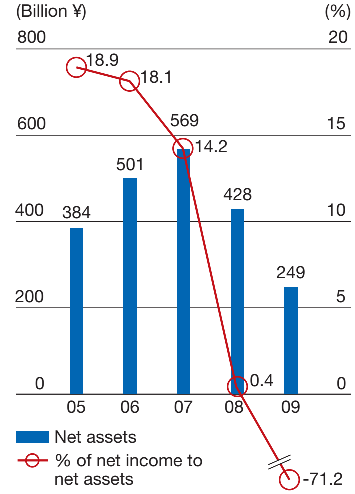


Net income per share



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 net assets



Management Discussion and Analysis of Operations

declined by ¥1.8 billion ($19.3 million), or 5.0%, to ¥33.6 billion ($364.3 million), reflecting the negative impact of the stronger yen. Operating income in other areas decreased by ¥14.2 billion ($154.4 million), due mainly to a decrease in sales, resulting in an operating loss of ¥2.0 billion ($22.1 million).

Non-operating Income and Expenses

Interest expenses and similar expenses amounted to ¥5.8 billion ($62.5 million). The figure primarily arose from increased borrowings to secure cash on hand and to accommodate expanded working capital in some of the Company's subsidiaries, although procurement costs decreased due to lowered money market rates. With the net interest expenses, the balance between non-operating income and non-operating expenses for fiscal 2009 decreased ¥16.3 billion ($176.4 million) from fiscal 2008.

Extraordinary Profits and Losses

Extraordinary profits for fiscal 2009 amounted to ¥0.4 billion ($4.0 million), which includes a gain on sale of fixed assets. Extraordinary losses increased by ¥84.8 billion ($920.9 million), or 406.2%, to ¥105.7 billion ($1,147.7 million), due mainly to ¥103.7 billion ($1,126.3 million) in business structure improvement expenses and ¥1.7 billion ($18.6 million) in loss on sale and disposal of fixed assets.

Income Before Income Taxes and Minority Interests

Income before income taxes and minority interests decreased by ¥212.5 billion ($2,307.1 million) from ¥38.8 billion for fiscal 2008, resulting in a loss of ¥173.7 billion ($1,885.7 million) for fiscal 2009.

Income Taxes

In fiscal 2009, income taxes increased by ¥7.6 billion ($82.6 million), or 24.0%, from fiscal 2008, to ¥39.3 billion ($426.3 million), due mainly to the reversal of deferred tax assets of the Company and its consolidated subsidiary in the United States.

Minority Interests

Minority interests — including interests owned by minority shareholders in Yamaha Motor Vietnam Co., Ltd.; PT. Yamaha Indonesia Motor Manufacturing and its consolidated subsidiaries; Yamaha Motor Taiwan Co. Ltd.; and Industria Colombiana de Motocicletas Yamaha S.A. — decreased by ¥2.1 billion ($22.7 million), or 39.4% from fiscal 2008 to ¥3.2 billion ($35.0 million).

Net Income

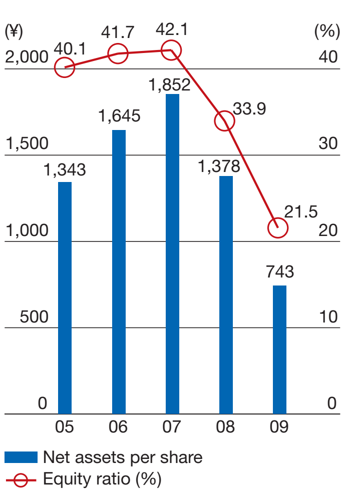
Net income for fiscal 2009 decreased by ¥218.0 billion ($2,367.0 million) from ¥1.9 billion for fiscal 2008, resulting in a net loss of ¥216.1 billion ($2,346.9 million) for fiscal 2009. Basic net income per share fell by ¥762.39 ($8.28) from ¥6.47 for fiscal 2008, resulting in a basic net loss per share of ¥755.92 ($8.21) for fiscal 2009.

Capital Resources and Liquidity

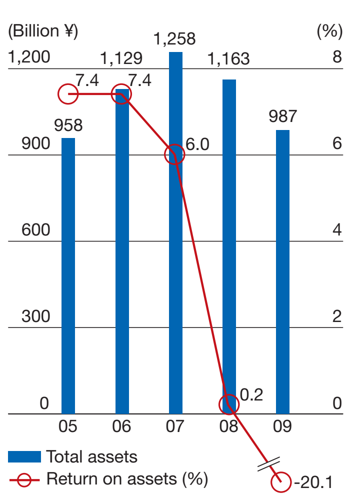
Assets, Liabilities and Shareholders' Equity

Total current assets at December 31, 2009 decreased by ¥96.2 billion ($1,044.7 million), or 13.4%, from December 31, 2008, to ¥620.8 billion ($6,740.5 million), due mainly to decreases in inventories — designed to curtail market stocks — and deferred tax assets. Tangible fixed assets also fell, by ¥80.0 billion ($869.1

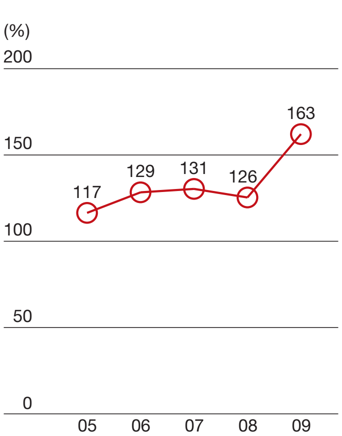
Net assets per share and equity ratio Note 4



Total assets and return on assets



Current ratio



million), or 22.5%, to ¥275.6 billion ($2,991.9 million), mainly attributable to an impairment loss on manufacturing equipment and facilities. Investments and other assets increased by ¥1.3 billion ($14.4 million), or 1.6%, to ¥85.9 billion ($932.9 million). This was principally attributable to increases in long-term loans receivable and investment securities, although deferred tax assets decreased. As a result, total assets at December 31, 2009 fell by ¥176.1 billion ($1,912.0 million), or 15.1%, from December 31, 2008, to ¥987.1 billion ($10,717.4 million). Return on assets (ROA) declined by 20.3 percentage points from fiscal 2008, to negative 20.1% in fiscal 2009.

Total current liabilities dropped by ¥187.8 billion ($2,039.0 million), or 33.1%, to ¥379.7 billion ($4,122.7 million), reflecting factors including declines in short-term borrowing and notes and accounts payable. Long-term liabilities increased by ¥190.9 billion ($2,072.9 million), or 114.2%, to ¥358.1 billion ($3,888.3 million), due mainly to long-term debt amounting to ¥209.3 billion ($2,272.5 million) borrowed from financial institutions, in order to stabilize fund procurement. Consequently, total liabilities at December 31, 2009 increased by ¥3.1 billion ($33.9 million), or 0.4%, to ¥737.8 billion ($8,011.0 million).

The current ratio at December 31, 2009 increased by 37.1 percentage points from December 31, 2008, to 163.5%.

Net assets at December 31, 2009 decreased by ¥179.2 billion ($1,945.9 million), or 41.8%, from December 31, 2008, to ¥249.3 billion ($2,706.5 million), due to a fall of ¥211.1 billion ($2,292.6 million) in retained earnings. Accordingly, return on equity (ROE) decreased by 71.6 percentage points from fiscal 2008, to negative 71.2% in fiscal 2009. Meanwhile, the equity ratio[Note 4] fell by 12.4 percentage points to 21.5% at December 31, 2009. Net assets per share dropped from ¥1,377.81 at December 31, 2008 to ¥743.04 ($8.07) at December 31, 2009.

Note 4
Equity ratio: (Shareholders' equity + Valuation and translation adjustments)/ Total assets x 100 (%)

Capital Expenditures

Capital expenditures for fiscal 2009 decreased by ¥48.4 billion ($525.0 million), or 51.2%, from fiscal 2008, to ¥46.0 billion ($499.8 million). These were mainly investments in manufacturing equipment and facilities for new products, and production capacity enhancements — primarily for the motorcycle and marine product business — as well as investments in research and development operations.

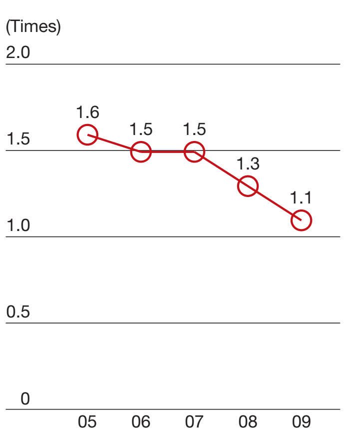
Broken down by business segment, capital expenditures for the motorcycle business totaled ¥29.9 billion ($325.0 million). In Asia (excluding Japan), investments were undertaken mainly in equipment and facilities. This included the equipment, facilities and molds for manufacturing new models, and the maintenance of existing equipment and facilities. In Japan, investments were mainly to acquire research and development equipment and facilities.

Capital expenditures for the marine product business amounted to ¥6.7 billion ($72.3 million), invested mainly in equipment, facilities and molds to manufacture new outboard motor and personal watercraft models.

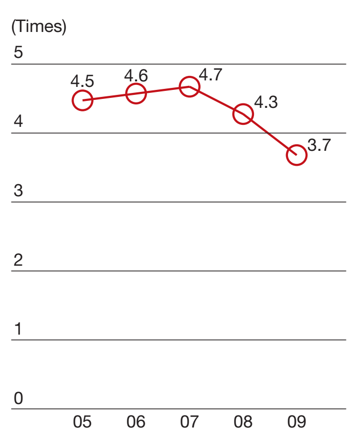
Capital expenditures for the power product business totaled ¥3.7 billion ($39.7 million), invested mainly in manufacturing equipment and facilities for new recreational vehicle models.

Capital expenditures for the "other products" business stood at ¥5.8 billion ($62.8 million), invested mainly in research and

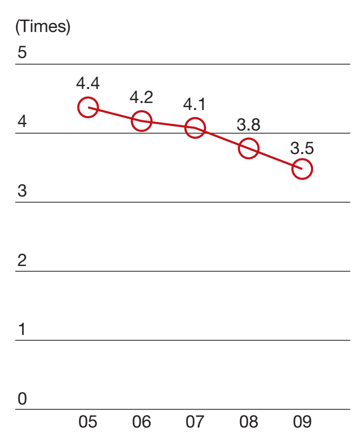
Total asset turnover



Tangible fixed asset turnover



Inventory turnover



Management Discussion and Analysis of Operations

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 ¥83.1 billion ($901.8 million) in fiscal 2009.

During fiscal 2009, there was no disposal or sale of important facilities or similar assets.

Cash Flows

Net cash provided by operating activities during fiscal 2009 increased by ¥80.5 billion ($874.5 million), compared with fiscal 2008, when inventories increased significantly. The figure amounted to ¥74.1 billion ($804.5 million) in fiscal 2009, mainly consisting of a decrease in trade notes and accounts receivable of ¥61.0 billion ($662.6 million); compared to an increase of ¥8.2 billion in fiscal 2008; and a reduction in inventories of ¥116.8 billion ($1,268.3 million) compared to an increase of ¥76.0 billion in fiscal 2008. However, notes and accounts payable fell by ¥55.9 billion ($606.5 million), due to the effect of production cutbacks designed to reduce market stocks; while in fiscal 2008, notes and accounts payable climbed by ¥2.4 billion.

Net cash used in investing activities decreased by ¥54.3 billion ($589.1 million), to ¥45.3 billion ($491.7 million), primarily by curtailing capital expenditures. Consequent to these operating and investing activities, free cash flows increased by ¥134.8 billion ($1,463.6 million), to ¥28.8 billion ($312.8 million).

Net cash used in financing activities increased by ¥195.2 billion ($2,119.4 million), to ¥32.0 billion ($347.7 million), mainly reflecting reduced borrowings. There was no impact on cash flows, due to a change in the accounting method implemented in line with a revision in a fund-raising program, involving liquidation of receivables of Company subsidiary Yamaha Motor Corporation, U.S.A.

Consequent to the developments discussed above, interest-bearing debt at the end of fiscal 2009 increased by ¥50.7 billion ($550.9 million) from the end of fiscal 2008, to ¥399.9 billion ($4,342.5 million), while cash and cash equivalents increased by ¥2.9 billion ($31.0 million) to ¥137.2 billion ($1,489.9 million). Interest-bearing debt includes ¥133.6 billion ($1,450.6 million) in borrowings for sales financing.

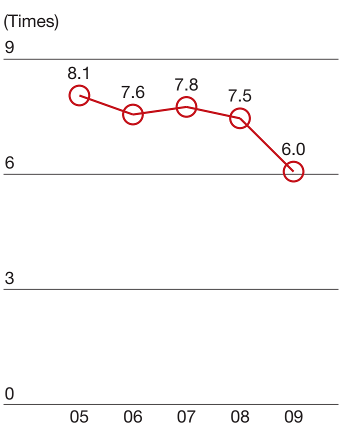
Demand for Funds

The major demand for Group funds arises from raw material costs for product manufacturing; purchasing costs for parts, products and other commodities; manufacturing costs; selling, general and administrative expenses; working capital; and capital expenditures.

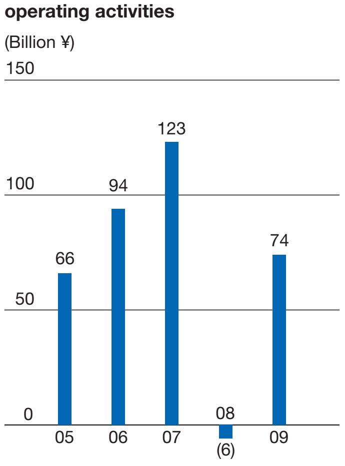
Capital expenditures for fiscal 2009 amounted to ¥46.0 billion ($499.8 million), used mainly for boosting manufacturing capacity in Indonesia. However, the Group focused on reducing capital expenditures during fiscal 2009, in order to curtail depreciation expenses.

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

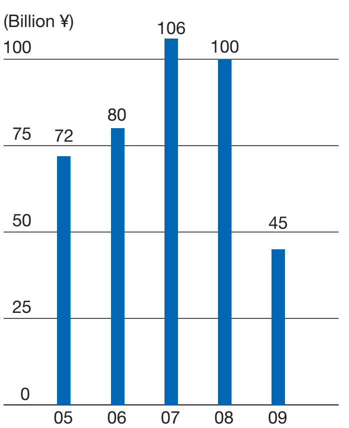
Account receivable turnover



Cash provided by (used in) operating activities



Cash used in investing activities



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.

Fund Procurement Conditions

The Group employs short-term borrowing denominated in local currencies to procure working capital. Meanwhile, to procure funds for plant and equipment investment, the Group primarily uses its internal reserves, including capitalization and retained earnings. In fiscal 2009, the Company took out long-term debt amounting to ¥209.3 billion ($2,273.0 million) from financial institutions, in order to stabilize fund procurement.

The annual maturities of the interest-bearing debt subsequent to December 31, 2009 are summarized as follows.

(Billion ¥)

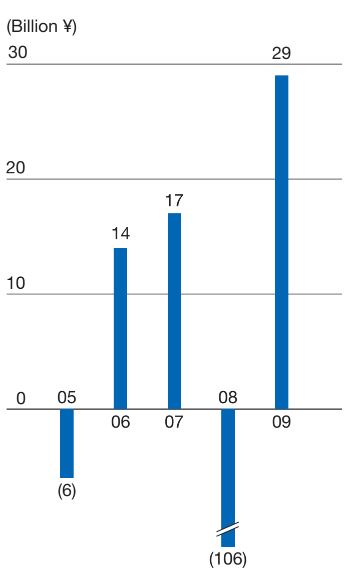
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term borrowing	87.6	87.6	—	—	—	—	—
Long-term debt	312.4	30.5	60.2	105.5	45.0	53.7	17.5

In order to complement the liquidity on hand, the Company's overseas subsidiary has made commitment line contracts with major financial institutions, under which they can withdraw up to 150 million euros. Cash and cash equivalents stood at ¥137.2 billion ($1,489.9 million) at December 31, 2009, nearly equal in value to the amount of sales for 1.4 months. When the commitment lines are taken into account, the Company has liquidity nearly equal in value to the amount of sales for 1.6 months.

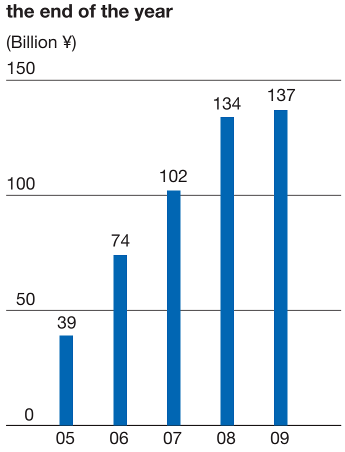
Financial Policy

Interest-bearing debt at December 31, 2009 increased by ¥50.7 billion ($550.9 million), or 14.5%, from fiscal 2008, to ¥399.9 billion ($4,342.5 million), due to a revision in the fund-raising program, promoted by the liquidation of receivables of the Company's U.S. subsidiary.

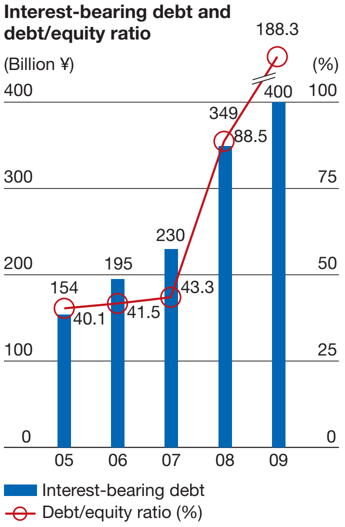
Free cash flows



Cash and cash equivalents at the end of the year



Interest-bearing debt and debt/equity ratio



Management Discussion and Analysis of Operations

The debt/equity ratio (the ratio of interest-bearing debt to equity capital, which includes shareholders' equity, along with valuation and translation adjustments) rose from 88.5% at December 31, 2008 to 188.3% at December 31, 2009. When the debt/equity ratio at December 31, 2009 is computed based on interest-bearing debt in real terms — the figure generated by subtracting cash and deposits in banks from interest-bearing debt — the ratio rises by 69.0 percentage points, from 54.6% at December 31, 2008, to 123.6%, at December 31, 2009.

Share Performance

Price per share increased from ¥932 at December 31, 2008, to ¥1,166 ($12.66) at December 31, 2009. The number of shares outstanding, excluding treasury stock, decreased, from 286,373,326 shares at December 31, 2008, to 285,849,635 shares at December 31, 2009. As a result, the market capitalization of the Company increased from ¥266.9 billion at December 31, 2008, to ¥333.3 billion ($3,618.9 million) at December 31, 2009.

Forecast for Fiscal 2010

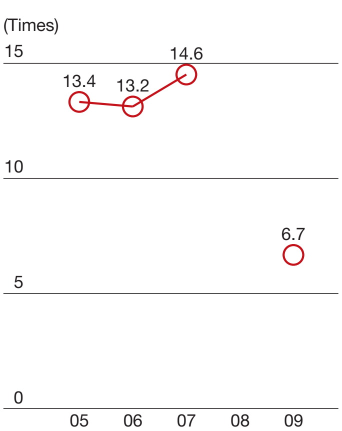
In fiscal 2010, motorcycle demand in Asia (excluding Japan) is expected to increase, while demand in Europe and the United States is not expected to recover for some time. Thus, sales conditions surrounding the Yamaha Motor Group are expected to remain harsh.

With regard to profits, the Company aims to return to profitability in fiscal 2010 on a consolidated basis, as group-wide cost structural reforms launched in fiscal 2009 begin to yield results and enable management to flexibly respond to the substantial decrease in business volume. The reform package entails reductions in market stocks in Europe and the United States, an Urgent Expense-Cutting Program and an Urgent Cost Reduction Project.

Factoring in all these elements, the Company forecasts its consolidated business results for fiscal 2010 as follows: ¥1,250 billion in net sales, an increase of ¥96.4 billion from fiscal 2009; ¥10.0 billion in operating income, an increase of ¥72.6 billion; ¥10.0 billion in ordinary income, an increase of ¥78.3 billion; and ¥0 in net income, an increase of ¥216.1 billion.

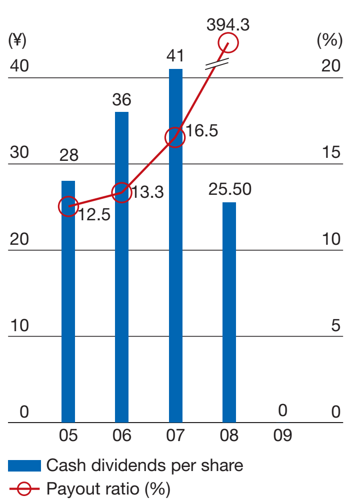
All of the business performance forecasts highlighted above are based on the assumption that one U.S. dollar will trade at ¥88 (¥6 higher than fiscal 2009) over the period, while one euro will equal ¥128 (¥2 higher than fiscal 2009).

Interest coverage



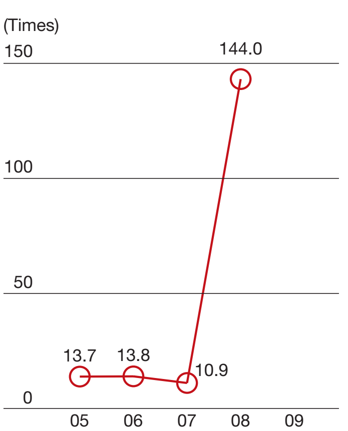
Note
Interest coverage for fiscal 2008 is not listed, due to the negative status of cash flows from operating activities during the period.

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.

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, 2005, 2006, 2007, 2008 and 2009

	2005	2006	2007	2008	**2009**
	Millions of yen				
For the year					
Net sales	¥1,375,249	¥1,582,046	¥1,756,707	¥1,603,881	**¥1,153,642**
Sales by market:					
Japan	183,877	188,650	181,586	170,208	**130,437**
Overseas	1,191,371	1,393,395	1,575,120	1,433,672	**1,023,205**
Sales by product:					
Motorcycles	759,775	914,810	1,056,212	1,028,809	**817,058**
Marine products	249,844	266,529	289,867	238,814	**150,113**
Power products	227,159	250,418	265,606	213,259	**100,577**
Other products	138,469	150,288	145,021	122,997	**85,893**
Cost of sales	1,002,270	1,162,255	1,280,616	1,226,775	**951,350**
Operating income (loss)	103,341	123,534	126,998	48,382	**(62,580)**
Ordinary income (loss)	103,101	125,371	140,338	58,872	**(68,340)**
Net income (loss)	64,024	77,233	71,222	1,851	**(216,148)**
Capital expenditures	76,774	83,014	84,789	94,391	**46,035**
Depreciation expenses	39,915	47,448	54,578	59,606	**53,701**
At the year end					
Total assets	¥ 958,476	¥1,128,688	¥1,258,430	¥1,163,173	**¥ 987,077**
Net assets	383,895	501,054	569,221	428,483	**249,266**
	Yen				
Per share amounts					
Net income (loss) — basic	¥ 224.42	¥ 270.09	¥ 248.81	¥ 6.47	**¥ (755.92)**
Net income — diluted	223.39	269.82	248.73	6.47	**—**
Cash dividends	28.00	36.00	41.00	25.50	**0.00**
Number of employees	39,381	41,958	46,850	49,761	**49,994**

Note
•The Company paid a commemorative 50-year anniversary dividend of ¥5 per share to individuals registered as shareholders as of December 31, 2005.

Quarterly Financial Information

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

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Millions of yen			
For the period				
Net sales	¥ 266,494	¥ 579,393	¥ 858,509	¥1,153,642
Operating loss	(15,528)	(33,827)	(44,967)	(62,580)
Net loss	(15,764)	(74,712)	(158,755)	(216,148)
At the end of period				
Total assets	¥1,293,854	¥1,211,177	¥1,052,964	¥ 987,077
Net assets	431,167	390,567	296,075	249,266
	Yen			
Per share amounts				
Net loss — basic	¥ (55.09)	¥ (261.21)	¥ (555.15)	¥ (755.92)
Net income — diluted	—	—	—	—

Consolidated Balance Sheets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
December 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
ASSETS			
Current assets:			
Cash and deposits in banks	¥ 133,906	¥137,328	$ 1,491,075
Trade notes and accounts receivable (Notes 13(2) and 13(7))	195,481	201,684	2,189,837
Inventories (Note 13(2))	318,897	—	—
Merchandise and finished goods (Note 13(2))	—	147,380	1,600,217
Work-in-process (Note 13(2))	—	42,746	464,126
Raw materials and supplies (Note 13(2))	—	33,401	362,660
Deferred tax assets	24,957	3,276	35,570
Other (Note 13(2))	49,289	63,273	687,003
Less: Allowance for doubtful receivables	(5,514)	(8,291)	(90,022)
Total current assets	717,018	620,800	6,740,499
Fixed assets:			
Tangible fixed assets:			
Buildings and structures (net) (Notes 13(1) and 13(2))	98,974	94,743	1,028,697
Machinery and transportation equipment (net) (Notes 13(1) and 13(2))	113,603	76,114	826,428
Land (Notes 13(2) and 13(3))	89,417	73,829	801,618
Construction in progress (Note 13(2))	28,486	13,444	145,972
Other (net) (Notes 13(1) and 13(2))	25,114	17,424	189,186
Total tangible fixed assets	355,596	275,556	2,991,922
Intangible fixed assets	5,971	4,802	52,139
Investments and other assets:			
Investment securities (Notes 13(2) and 13(6))	32,136	38,137	414,083
Long-term loans receivable (Note 13(2))	22,001	32,390	351,683
Deferred tax assets	25,938	5,707	61,965
Other (Notes 13(2) and 13(6))	5,634	10,987	119,294
Less: Allowance for doubtful receivables	(1,122)	(1,305)	(14,169)
Total investments and other assets	84,587	85,917	932,866
Total fixed assets	446,154	366,276	3,976,938
Total assets	¥1,163,173	¥987,077	$10,717,448

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	**2009**	**2009**
LIABILITIES			
Current liabilities:			
Notes and accounts payable (Note 13(7))	¥ 158,760	**¥110,147**	**$ 1,195,950**
Short-term borrowing (Note 13(2))	228,336	**87,574**	**950,858**
Current portion of long-term debt	22,435	**30,470**	**330,836**
Current portion of bonds	3	**—**	**—**
Accrued expenses	46,232	**49,328**	**535,592**
Income taxes payable	63	**2,480**	**26,927**
Accrued bonuses	9,688	**8,052**	**87,427**
Accrued warranty costs	27,341	**22,403**	**243,246**
Other provisions	—	**926**	**10,054**
Other	74,625	**68,313**	**741,726**
Total current liabilities	567,488	**379,698**	**4,122,671**
Long-term liabilities:			
Long-term debt (Note 13(2))	98,428	**281,898**	**3,060,782**
Deferred tax liabilities on unrealized revaluation gain on land (Note 13(3))	12,630	**7,024**	**76,265**
Accrued employees' retirement benefits	31,381	**34,748**	**377,286**
Accrued retirement benefits for Directors and Corporate Auditors	184	**156**	**1,694**
Accrual for product liabilities	16,757	**24,715**	**268,350**
Accrual for motorcycle recycling costs	1,121	**1,183**	**12,845**
Other provisions	—	**407**	**4,419**
Other (Note 13(2))	6,698	**7,978**	**86,623**
Total long-term liabilities	167,201	**358,111**	**3,888,284**
Total liabilities	734,690	**737,810**	**8,010,966**
NET ASSETS			
Shareholders' equity:			
Common stock	48,342	**48,342**	**524,886**
Capital surplus	60,824	**60,824**	**660,413**
Retained earnings	392,025	**180,880**	**1,963,952**
Treasury stock	(181)	**(677)**	**(7,351)**
Total shareholders' equity	501,011	**289,369**	**3,141,900**
Valuation and translation adjustments:			
Unrealized gain on other securities	100	**4,039**	**43,855**
Deferred gains or losses on hedges	1,992	**—**	**—**
Unrealized revaluation gain on land (Note 13(3))	17,254	**10,208**	**110,836**
Translation adjustments	(125,791)	**(91,220)**	**(990,445)**
Total valuation and translation adjustments	(106,443)	**(76,971)**	**(835,733)**
Share warrants	30	**72**	**782**
Minority interests	33,885	**36,796**	**399,522**
Total net assets	428,483	**249,266**	**2,706,471**
Total liabilities and net assets	¥1,163,173	**¥987,077**	**$10,717,448**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

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

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
Net sales	¥1,603,881	**¥1,153,642**	**$12,525,972**
Cost of sales (Notes 14(1) and 14(3))	1,226,775	**951,350**	**10,329,533**
Gross profit	377,105	**202,292**	**2,196,439**
Selling, general and administrative expenses (Notes 14(2) and 14(3))	328,723	**264,872**	**2,875,917**
Operating income (loss)	48,382	**(62,580)**	**(679,479)**
Non-operating income:			
Interest income	13,078	**8,367**	**90,847**
Dividend income	842	**532**	**5,776**
Equity in earnings of affiliates	2,358	**1,911**	**20,749**
Gain on revaluation of sales finance assets	1,640	**—**	**—**
Other	11,930	**12,443**	**135,103**
Total non-operating income	29,850	**23,255**	**252,497**
Non-operating expenses:			
Interest expense	8,129	**9,984**	**108,404**
Early retirement benefit expenses	362	**35**	**380**
Sales finance-related expenses	1,357	**1,378**	**14,962**
Loss on revaluation of sales finance assets	—	**3,056**	**33,181**
Foreign exchange loss	4,380	**2,559**	**27,785**
Other	5,131	**12,001**	**130,304**
Total non-operating expenses	19,360	**29,015**	**315,038**
Ordinary income (loss)	58,872	**(68,340)**	**(742,020)**
Extraordinary profits:			
Gain on sale of fixed assets (Note 14(4))	828	**367**	**3,985**
Gain on sale of investment securities	0	**4**	**43**
Total extraordinary profits	828	**372**	**4,039**
Extraordinary losses:			
Loss on sale of fixed assets(Note 14(5))	—	**531**	**5,765**
Loss on disposal of fixed assets (Note 14(6))	3,818	**1,186**	**12,877**
Impairment loss on fixed assets (Note 14(7))	203	**239**	**2,595**
Loss on sale of investment securities (Note 14(8))	6	**15**	**163**
Extraordinary impairment loss on securities	16,854	**—**	**—**
Business structure improvement expenses (Notes 14(7) and 14(9))	—	**103,729**	**1,126,265**
Total extraordinary losses	20,882	**105,701**	**1,147,676**
Income (loss) before income taxes and minority interests	38,819	**(173,669)**	**(1,885,657)**
Income taxes:			
Current	24,853	**14,114**	**153,246**
Refund (Note 14(10))	—	**(13,553)**	**(147,155)**
Deferred	6,799	**38,697**	**420,163**
Total income taxes	31,652	**39,258**	**426,254**
Minority interests	5,314	**3,220**	**34,962**
Net income (loss)	¥ 1,851	**¥ (216,148)**	**$ (2,346,884)**

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, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
Shareholders' equity			
Common stock:			
Balance at the end of previous period	¥ 48,300	¥ 48,342	$ 524,886
Changes in items during the period:			
Issuance of new shares	42	—	—
Total of changes in items during the period	42	—	—
Balance at the end of current period	48,342	48,342	524,886
Capital surplus:			
Balance at the end of previous period	60,784	60,824	660,413
Changes in items during the period:			
Issuance of new shares	42	—	—
Disposal of treasury stock	(3)	(0)	(0)
Total of changes in items during the period	39	(0)	(0)
Balance at the end of current period	60,824	60,824	660,413
Retained earnings:			
Balance at the end of previous period	401,972	392,025	4,256,515
Effect of changes in accounting policies applied to foreign subsidiaries	—	(609)	(6,612)
Changes in items during the period:			
Reversal of revaluation reserve on land	(56)	7,045	76,493
Dividends from surplus	(11,741)	(1,432)	(15,548)
Net income (loss)	1,851	(216,148)	(2,346,884)
Increase in consolidated subsidiaries	647	—	—
Decrease in consolidated subsidiaries	(47)	—	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—	—
Total of changes in items during the period	(9,946)	(210,535)	(2,285,939)
Balance at the end of current period	392,025	180,880	1,963,952
Treasury stock:			
Balance at the end of previous period	(186)	(181)	(1,965)
Changes in items during the period:			
Acquisition of treasury stock	(13)	(497)	(5,396)
Disposal of treasury stock	19	0	0
Total of changes in items during the period	5	(496)	(5,385)
Balance at the end of current period	¥ (181)	¥ (677)	$ (7,351)

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, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
Total shareholders' equity:			
Balance at the end of previous period	¥ 510,870	¥ 501,011	$ 5,439,859
Effect of changes in accounting policies applied to foreign subsidiaries	—	(609)	(6,612)
Changes in items during the period:			
Issuance of new shares	85	—	—
Reversal of revaluation reserve on land	(56)	7,045	76,493
Dividends from surplus	(11,741)	(1,432)	(15,548)
Net income (loss)	1,851	(216,148)	(2,346,884)
Increase in consolidated subsidiaries	647	—	—
Decrease in consolidated subsidiaries	(47)	—	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—	—
Acquisition of treasury stock	(13)	(497)	(5,396)
Disposal of treasury stock	16	0	0
Total of changes in items during the period	(9,858)	(211,032)	(2,291,336)
Balance at the end of current period	501,011	289,369	3,141,900
Valuation and translation adjustments			
Unrealized gain on other securities:			
Balance at the end of previous period	4,660	100	1,086
Changes in items during the period:			
Net changes in items other than shareholders' equity	(4,559)	3,939	42,769
Total of changes in items during the period	(4,559)	3,939	42,769
Balance at the end of current period	100	4,039	43,855
Deferred gains or losses on hedges:			
Balance at the end of previous period	(253)	1,992	21,629
Changes in items during the period:			
Net changes in items other than shareholders' equity	2,245	(1,992)	(21,629)
Total of changes in items during the period	2,245	(1,992)	(21,629)
Balance at the end of current period	1,992	—	—
Unrealized revaluation gain on land:			
Balance at the end of previous period	17,198	17,254	187,340
Changes in items during the period:			
Net changes in items other than shareholders' equity	56	(7,045)	(76,493)
Total of changes in items during the period	56	(7,045)	(76,493)
Balance at the end of current period	17,254	10,208	110,836
Translation adjustments:			
Balance at the end of previous period	(2,251)	(125,791)	(1,365,809)
Changes in items during the period:			
Net changes in items other than shareholders' equity	(123,539)	34,570	375,353
Total of changes in items during the period	(123,539)	34,570	375,353
Balance at the end of current period	¥(125,791)	¥ (91,220)	$ (990,445)

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
Total valuation and translation adjustments:			
Balance at the end of previous period	¥ 19,353	¥(106,443)	$(1,155,733)
Changes in items during the period:			
Net changes in items other than shareholders' equity	(125,797)	29,471	319,989
Total of changes in items during the period	(125,797)	29,471	319,989
Balance at the end of current period	(106,443)	(76,971)	(835,733)
Share warrants			
Balance at the end of previous period	—	30	326
Changes in items during the period:			
Net changes in items other than shareholders' equity	30	42	456
Total of changes in items during the period	30	42	456
Balance at the end of current period	30	72	782
Minority interests			
Balance at the end of previous period	38,997	33,885	367,915
Effect of changes in accounting policies applied to foreign subsidiaries	—	(57)	(619)
Changes in items during the period:			
Net changes in items other than shareholders' equity	(5,112)	2,969	32,237
Total of changes in items during the period	(5,112)	2,969	32,237
Balance at the end of current period	33,885	36,796	399,522
Total net assets			
Balance at the end of previous period	569,221	428,483	4,652,367
Effect of changes in accounting policies applied to foreign subsidiaries	—	(667)	(7,242)
Changes in items during the period:			
Issuance of new shares	85	—	—
Reversal of revaluation reserve on land	(56)	7,045	76,493
Dividends from surplus	(11,741)	(1,432)	(15,548)
Net income (loss)	1,851	(216,148)	(2,346,884)
Increase in consolidated subsidiaries	647	—	—
Decrease in consolidated subsidiaries	(47)	—	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—	—
Acquisition of treasury stock	(13)	(497)	(5,396)
Disposal of treasury stock	16	0	0
Net changes in items other than shareholders' equity	(130,879)	32,483	352,693
Total of changes in items during the period	(140,738)	(178,549)	(1,938,643)
Balance at the end of current period	¥ 428,483	¥ 249,266	$ 2,706,471

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

	Millions of yen		Thousands of U.S. dollars (Note 9)
	2008	2009	2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 38,819	¥(173,669)	$(1,885,657)
Depreciation expenses	59,606	53,701	583,073
Impairment loss on fixed assets	203	239	2,595
Business structure improvement expenses (Note 16(2))	—	82,819	899,229
Extraordinary impairment loss on securities	16,854	—	—
Amortization of negative goodwill	(0)	—	—
Increase in allowance for doubtful receivables	632	2,407	26,135
(Decrease) increase in accrued employees' retirement benefits	(1,154)	2,799	30,391
Increase in accrual for product liabilities	—	8,271	89,805
Interest and dividend income	(13,921)	(8,900)	(96,634)
Interest expenses	8,129	9,984	108,404
Foreign exchange loss	46	153	1,661
Equity in earnings of affiliates	(2,358)	(1,911)	(20,749)
(Gain) loss on sale of fixed assets	(828)	163	1,770
Loss on disposal of fixed assets	3,818	1,186	12,877
Loss on sale of investment securities	5	10	109
Decrease (increase) in trade notes and accounts receivable	(8,188)	61,028	662,628
Decrease (increase) in inventories	(75,961)	116,810	1,268,295
Increase (decrease) in notes and accounts payable	2,399	(55,858)	(606,493)
Other	1,471	(18,617)	(202,139)
Subtotal	29,572	80,618	875,331
Interest and dividends received	15,575	9,955	108,089
Interest paid	(7,973)	(11,125)	(120,793)
Income taxes paid	(43,621)	(5,351)	(58,100)
Net cash (used in) provided by operating activities	(6,446)	74,096	804,517
Cash flows from investing activities:			
Increase in time deposits	(9,244)	(1,042)	(11,314)
Decrease in time deposits	19,663	484	5,255
Payments for purchase of fixed assets	(100,428)	(47,786)	(518,849)
Proceeds from sales of fixed assets	3,082	7,187	78,035
Payments for purchase of investment securities	(3,773)	(0)	(0)
Proceeds from sales of investment securities	89	60	651
Payments for acquisition of subsidiaries	(0)	—	—
Payments for long-term loans receivable	(3,604)	(3,972)	(43,127)
Proceeds from collections of long-term loans receivable	78	204	2,215
Other	(5,407)	(421)	(4,571)
Net cash used in investing activities	(99,543)	(45,285)	(491,694)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowing	89,409	(215,013)	(2,334,560)
Proceeds from long-term debt	85,180	209,343	2,272,997
Repayment of long-term debt	(196)	(21,807)	(236,775)
Proceeds from stock issuance to minority shareholders	4,357	16	174
Redemption of bonds	—	(3)	(33)
Cash dividends paid	(11,741)	(1,432)	(15,548)
Cash dividends paid to minority shareholders	(3,918)	(2,011)	(21,835)
Sale (purchase) of treasury stock	2	(496)	(5,385)
Increases in common stock and capital surplus	85	—	—
Other	—	(617)	(6,699)
Net cash provided by (used in) financing activities	163,179	(32,022)	(347,687)
Effect of exchange rate changes on cash and cash equivalents	(25,665)	6,066	65,863
Net increase in cash and cash equivalents	31,523	2,854	30,988
Cash and cash equivalents at beginning of the period	102,079	134,364	1,458,893
Increase due to inclusion of subsidiaries in consolidation	859	—	—
Decrease due to exclusion of subsidiaries in consolidation	(98)	—	—
Cash and cash equivalents at end of the period (Note 16(1))	¥134,364	¥ 137,219	$ 1,489,891

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

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: 107
Number of non-consolidated subsidiaries: 12
Names of principal consolidated subsidiaries:

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

Yamaha Marine Co., Ltd., one of the Company's consolidated subsidiaries in Japan, entered into an absorption-type merger, with the Company as the surviving company. E&S Co., Ltd., another of the Company's consolidated subsidiaries in Japan, entered into an absorption-type merger, with YS Co., Ltd.[Note] as the surviving company. Both subsidiaries were excluded from consolidation.

Total assets, net sales, net income or loss, retained earnings and other financial indexes of non-consolidated subsidiaries, including HL Yamaha Motor Research Centre Sdn. Bhd., were individually insignificant to the Company's consolidated financial statements, and were not significant in the aggregate.

Yamaha Motor Polska Sp.z o.o., Yamaha Motor Hungary Kft., Yamaha Motor Austria GmbH. and Yamaha Motor Czech spol. s r.o., which were overseas consolidated subsidiaries of the Company, entered into an absorption-type merger, with Yamaha Motor Middle Europe B.V. as the surviving company. They were excluded from consolidation.

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

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

Five 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.

Notes to Consolidated Financial Statements

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

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)

(Changes in accounting policies)

Application of accounting standard for measurement of inventories

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

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

(2) Depreciation and Amortization of Assets

1) Tangible fixed assets (except for leased assets)

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

(Additional Information)

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

Applying the new accounting method, operating loss, ordinary loss, and loss before income taxes and minority interests for the fiscal 2009 each increased by ¥1,199 million ($13,018 thousand), compared with the figures derived using the previous method.

For the impact this change had on the segment information, refer to "Segment Information."

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, 2009, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

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

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

6) Accrued retirement benefits for Directors and Corporate Auditors
Accrued retirement benefits for Directors and Corporate Auditors are provided based on the amount payable as of the balance sheet date, in accordance with internal regulations of the Company.
7) Accrual for product liabilities
An accrual for product liabilities is provided, at an estimated amount of payments based on the actual results in past years, for liabilities that are not covered by product liability insurance.
8) Accrual for motorcycle recycling costs
An accrual for motorcycle recycling costs is provided at an estimated amount based on actual sales.

(4) 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. Valuation of Assets and Liabilities of Consolidated Subsidiaries

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

7. 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.

8. 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.

9. 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 ¥92.10 = U.S.$1.00, the approximate rate of exchange in effect at December 31, 2009.

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.

10. Changes in Accounting Principles and Procedures

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

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

Notes to Consolidated Financial Statements

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

(2) Application of "Accounting Standards to Lease Transactions," etc.

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

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

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

(3) Important Change of Accounting Treatment in Respect to Hedge Transactions

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

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

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

11. Changes in Presentation Methods

(1) Consolidated Balance Sheets

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

The amounts of the "Merchandise and finished goods," "Work-in-process" and "Raw materials and supplies" columns in the balance sheet in the fiscal year ended December 31, 2008 were ¥230,378 million, ¥49,119 million and ¥39,399 million, respectively.

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

The amount of "Other provisions (long-term liabilities)" included in the "Other (long-term liabilities)" column in the balance sheet in the fiscal year ended December 31, 2008 totaled ¥624 million.

(2) Consolidated Statements of Income

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

"Loss on sale of fixed assets" included in "Loss on disposal of fixed assets" in the fiscal year ended December 31, 2008 totaled ¥1,393 million.

12. Additional Information

Impact of a Revision in the Fund-raising Program, Prompted by the Liquidation of Receivables

The Company revised its fund-raising program, prompted by the liquidation of receivables of Yamaha Motor Corporation, U.S.A., a consolidated subsidiary in the United States, during fiscal 2009. Reflecting this revision, the Company posted U.S.$600 million[Note] in trade notes and accounts receivable, and U.S.$600 million in short-term borrowing, in the Consolidated Balance Sheet for the second quarter of fiscal 2009. Those accounts are subjects of the fund-raising program, which had not been posted in the previous Consolidated Balance Sheets.

The impact arising from the revision on cash flows was insignificant. Therefore, the impact in the Consolidated Statement of Cash Flows for fiscal year ended December 31, 2009 has been eliminated.

Note
The balance of foreign currency on December 31, 2009 totaled U.S.$ 301 million, equivalent to ¥27,698 million, computed at the rate on December 31, 2009.

13. Consolidated Balance Sheets

Information regarding consolidated balance sheets at December 31, 2008 and 2009 is as follows.

(1) Accumulated depreciation of tangible fixed assets

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
	¥481,615	**¥516,478**	**$5,607,796**

(2) Pledged assets and secured liabilities

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Pledged assets:			
Trade notes and accounts receivable	¥ 5,967	**¥ 66,815**	**$ 725,461**
Inventories	4,964	**—**	**—**
Merchandise and finished goods	—	**2,152**	**23,366**
Work-in-process	—	**464**	**5,038**
Raw materials and supplies	—	**2,124**	**23,062**
Other current assets	—	**9,772**	**106,102**
Buildings and structures (net)	1,309	**182**	**1,976**
Machinery and transportation equipment (net)	5,294	**8,758**	**95,092**
Land	1,432	**1,528**	**16,591**
Construction in progress	2,673	**1,130**	**12,269**
Tangible fixed assets — other (net)	183	**327**	**3,550**
Investment securities	27	**27**	**293**
Long-term loans receivable	—	**23,994**	**260,521**
Investments and other assets — other	—	**1,050**	**11,401**
Total	¥21,852	**¥118,328**	**$1,284,777**
Secured liabilities:			
Short-term borrowing	¥ 9,694	**¥ 41,837**	**$ 454,256**
Long-term debt	—	**24,039**	**261,010**
Long-term liabilities — other	1,225	**1,476**	**16,026**
Total	¥10,919	**¥ 67,352**	**$ 731,292**

The fiscal 2009 amount includes pledged assets of ¥61,913 million ($672,237 thousand) registered in fiscal 2009, in conjunction with a revision in the fund-raising program, prompted by the liquidation of receivables of Yamaha Motor Corporation, U.S.A., a consolidated subsidiary in the United States. Secured liabilities corresponding to these pledged assets amount to ¥27,698 million ($300,738 thousand).

(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 2008 and 2009 was below its book value by ¥20,681 million and ¥5,272 million ($57,242 thousand), respectively.

(4) Guarantee obligations

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

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Subsidiaries or affiliates:			
Amagasaki Woodland of Health Co., Ltd.	¥339	¥316	$3,431
Fuzhou Jiaxin Soqi Power Products Co., Ltd.	51	—	—
Other companies:			
Enrum Marina Muroran Inc.	74	65	706
Marina Kawage Co., Ltd.	36	25	271
Total	¥501	¥408	$4,430

Guarantee obligations described above include amounts arising from acts resembling guarantees: ¥375 million and ¥342 million ($3,713 thousand) at the end of fiscal 2008 and 2009, respectively.

(5) Discounts on trade notes receivable

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
	¥1,709	¥1,117	$12,128

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

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Investment securities (stock)	¥17,029	¥18,644	$202,432
Investment in partnerships	415	426	4,625

(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
	2008	2009	2009
Notes receivable-trade	¥1,444	¥326	$3,540
Notes payable-trade	906	259	2,812

14. Consolidated Statements of Income

Information regarding consolidated statements of income for the years ended December 31, 2008 and 2009 is as follows.

(1) Loss on devaluation of inventories arising from write-down of book value due to lower profitability included in cost of sales

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
	—	¥10,362	$112,508

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

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Advertising expenses	¥33,541	¥21,910	$237,894
Sales promotion expenses	32,109	18,871	204,897
Transportation expenses	43,485	29,887	324,506
Provision for accrued warranty costs	13,418	6,768	73,485
Provision for allowance for doubtful receivables	1,334	2,533	27,503
Provision for accrual for product liabilities	—	13,041	141,596
Provision for accrual for motorcycle recycling costs	59	62	673
Salaries	84,598	73,560	798,697
Provision for accrued bonuses	3,029	2,693	29,240
Provision for accrued employees' retirement benefits	2,901	3,251	35,299
Provision for accrued retirement benefits for Directors and Corporate Auditors	9	—	—

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

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
	¥85,090	¥62,066	$673,898

(4) Breakdown of gain on sale of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Buildings and structures (net)	¥ 41	¥ 11	$ 119
Machinery and transportation equipment (net)	366	319	3,464
Land	400	—	—
Other (net)	19	36	391
Total	¥828	¥367	$3,985

(5) Breakdown of loss on sale of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Buildings and structures (net)	¥ —	¥ 97	$1,053
Machinery and transportation equipment (net)	—	302	3,279
Land	—	14	152
Other (net)	—	116	1,260
Total	¥ —	¥531	$5,765

(6) Breakdown of loss on disposal of fixed assets

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Buildings and structures (net)	¥ 811	¥ 283	$ 3,073
Machinery and transportation equipment (net)	1,808	665	7,220
Land	320	—	—
Other (net)	877	238	2,584
Total	¥3,818	¥1,186	$12,877

Notes to Consolidated Financial Statements

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

(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

Use	Location	Impairment loss		
		Item	Millions of yen	Thousands of U.S. dollars
Motorcycles	Iwata City (Shizuoka, Japan), U.S.A., Brazil, France, Italy, Hungary, other	Buildings and structures	¥ 8,701	$ 94,473
		Machinery and transportation equipment	25,804	280,174
		Land	12,242	132,921
		Other	5,586	60,651
		Intangible fixed assets	61	662
		Total	¥52,398	$568,925
Marine products	Hamamatsu City (Shizuoka, Japan), U.S.A., France, other	Buildings and structures	¥ 1,004	$ 10,901
		Machinery and transportation equipment	9,788	106,276
		Land	29	315
		Construction in progress	624	6,775
		Other	223	2,421
		Intangible fixed assets	149	1,618
		Total	¥11,819	$128,328
Power products	Kakegawa City (Shizuoka, Japan), U.S.A., other	Buildings and structures	¥ 1,116	$ 12,117
		Machinery and transportation equipment	5,914	64,213
		Land	4,795	52,063
		Construction in progress	1,315	14,278
		Other	944	10,250
		Intangible fixed assets	3	33
		Total	¥14,091	$152,997
Other products	Iwata City (Shizuoka, Japan), other	Buildings and structures	¥ 406	$ 4,408
		Machinery and transportation equipment	3,310	35,939
		Land	54	586
		Other	274	2,975
		Intangible fixed assets	6	65
		Total	¥ 4,052	$ 43,996
Idle assets	Hamamatsu City (Shizuoka, Japan), other	Buildings and structures	¥ 100	$ 1,086
		Machinery and transportation equipment	408	4,430
		Land	121	1,314
		Construction in progress	21	228
		Other	37	402
		Intangible fixed assets	6	65
		Total	¥ 697	$ 7,568

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.

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.

(8) Loss on sale of investment securities includes a ¥9 million ($98 thousand) loss from the sale of shares in subsidiaries and affiliates.

(9) Breakdown of business structure improvement expenses
Business structure improvement expenses comprise ¥82,819 million ($899,229 thousand) in impairment losses on fixed assets; ¥20,160 million ($218,893 thousand) in early retirement benefit expenses; and ¥749 million ($8,132 thousand) in expenses resulting from the improvement and reorganization of the manufacturing system.

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

15. Consolidated Statements of Changes in Net Assets

Information regarding consolidated statements of changes in net assets for the years ended December 31, 2008 and 2009 is as follows.

Fiscal year ended December 31, 2008

(1) Type and number of outstanding shares

	Shares			
	Number of shares as of December 31, 2007	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, 2008
Common stock	286,457,784	50,000	0	286,507,784

Note The reasons for the increase in the number of shares are as follows:
•Increase due to the exercise of share warrants: 50,000 shares

(2) Type and number of treasury stocks

	Shares			
	Number of shares as of December 31, 2007	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, 2008
Common stock	129,915	16,801	12,258	134,458

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: 8,971 shares
•Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 7,830 shares
•Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 12,258 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)				Balance as of December 31, 2008 (Millions of yen)
			December 31, 2007	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2008	
Yamaha Motor Co. Ltd.	Fourth unsecured convertible bonds Note 1	Common stock	—	—	—	—	—
	Share warrants as stock options Note 2	—	—	—	—	—	¥30
	Total	—	—	—	—	—	¥30

Notes 1 The number of shares to be issued by the exercise of share warrants has been omitted, because it is considered insignificant in the aggregate relative to the total number of shares outstanding at the end of fiscal 2008. Also, the fourth unsecured convertible bonds had no balance at the end of fiscal 2008, because they were issued in accordance with the former Commercial Code in Japan.
2 Among share warrants exercised as stock options, none had an exercise period that had begun at the end of fiscal 2008.

Notes to Consolidated Financial Statements

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2008 and 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 26, 2008	Common stock	¥5,870	¥20.50	December 31, 2007	March 27, 2008
Board of Directors Meeting held on July 31, 2008	Common stock	¥5,870	¥20.50	June 30, 2008	September 10, 2008

•Dividends with an effective date during the following fiscal year, but with a record date during the fiscal year under review

Resolution	Type of share	Total amount of dividends	Source of dividend	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	Retained earnings	¥5.00	December 31, 2008	March 26, 2009

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)				Balance as of December 31, 2009	
			December 31, 2008	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2009	Millions of yen	Thousands of U.S. dollars
Yamaha Motor Co. Ltd.	Share warrants as stock options Note	—	**—**	**—**	**—**	**—**	**¥72**	**$782**
	Total	—	**—**	**—**	**—**	**—**	**¥72**	**$782**

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	Thousands of U.S. dollars	Yen	U.S. dollars		
Ordinary General Meeting of Shareholders held on March 25, 2009	Common stock	**¥1,432**	**$15,548**	**¥5.00**	**$0.05**	**December 31, 2008**	**March 26, 2009**

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

No related items.

16. Consolidated Statements of Cash Flows

Information regarding consolidated statements of cash flows for the years ended December 31, 2008 and 2009 is as follows.

(1) Reconciliation of "cash and cash equivalents" as of December 31, 2008 and 2009 to amounts in the various accounts appearing in the accompanying consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Cash and deposits in banks	¥133,906	**¥137,328**	**$1,491,075**
Time deposits with maturity in excess of three months	(148)	**(721)**	**(7,828)**
Other current assets	606	**612**	**6,645**
Cash and cash equivalents	¥134,364	**¥137,219**	**$1,489,891**

(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.

17. Lease Information

Information regarding leases for the years ended December 31, 2008 and 2009 is as follows.

Fiscal year ended December 31, 2008

(1) Finance leases for which ownership does not transfer to lessees

a) Amounts equivalent to acquisition cost, accumulated depreciation and the net book value of leased property at December 31, 2008

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Other (tools, furniture and fixtures)	¥7,578	¥5,918	¥1,660

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, 2008

	Millions of yen
Payable within one year	¥ 757
Payable after one year	903
Total	¥1,660

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	¥ 800
Depreciation	800

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
Amounts equivalent to future minimum lease payments at December 31, 2008

	Millions of yen
Payable within one year	¥1,559
Payable after one year	3,145
Total	¥4,704

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			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Other (tools, furniture and fixtures)	**¥6,357**	**¥5,536**	**¥821**	**$69,023**	**$60,109**	**$8,914**

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	Thousands of U.S. dollars
Payable within one year	**¥ 471**	**$ 5,114**
Payable after one year	**349**	**3,789**
Total	**¥ 821**	**$ 8,914**

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	**¥ 655**	**$ 7,112**
Depreciation	**655**	**7,112**

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	**¥1,412**	**$15,331**
Payable after one year	**3,420**	**37,134**
Total	**¥4,832**	**$52,465**

18. Marketable Securities

Information regarding marketable securities for the years ended December 31, 2008 and 2009 is as follows.

Fiscal year ended December 31, 2008

(1) Other securities with fair value (as of December 31, 2008)

		Millions of yen		
	Type	Acquisition cost	Carrying value	Unrealized gain
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	¥ 1,391	¥ 2,689	¥ 1,298
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	1,391	2,689	1,298
Securities whose acquisition cost exceeds their carrying value	(1) Equity securities	¥12,395	¥11,354	¥(1,041)
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	12,395	11,354	(1,041)
	Total	¥13,787	¥14,043	¥ 256

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, 2008 through December 31, 2008)

	Millions of yen		
	Amount sold	Total gains	Total losses
	¥58	¥0	¥6

(3) Carrying value of securities whose fair value is not available (as of December 31, 2008)

	Millions of yen
	Carrying value
Other securities:	
Unlisted equity securities	¥1,063

Fiscal year ended December 31, 2009

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

	Type	Millions of yen			Thousands of U.S. dollars		
		Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	¥10,084	¥15,330	¥5,245	$109,490	$166,450	$56,949
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	10,084	15,330	5,245	109,490	166,450	56,949
Securities whose acquisition cost exceeds their carrying value	(1) Equity securities	¥ 3,624	¥ 3,078	¥ (545)	$ 39,349	$ 33,420	$ (5,917)
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	3,624	3,078	(545)	39,349	33,420	(5,917)
	Total	¥13,709	¥18,408	¥4,699	$148,849	$199,870	$51,021

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			Thousands of U.S. dollars		
Amount sold	Total gains	Total losses	Amount sold	Total gains	Total losses
¥62	¥4	¥15	$673	$43	$163

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

	Millions of yen	Thousands of U.S. dollars
	Carrying value	Carrying value
Other securities:		
Unlisted equity securities	¥1,084	$11,770

19. Derivative Transactions

1. Matters concerning the status of transactions

(1) Nature of transactions

Derivative transactions which the Yamaha Motor Group employs are foreign exchange forward contracts, currency option transactions, interest-rate swap transactions and other transactions related to sales finance.

(2) Basic policy and purpose of transactions

The Yamaha Motor Group is engaged in derivative transactions principally involving credits, debts and borrowings.

The purpose of derivative transactions is to hedge certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates in business and financing operations. Specifically, in order to negate the effect of adverse foreign exchange rate fluctuations on the collection of the Group's foreign currency-denominated accounts receivable, the Group is employing foreign exchange forward contracts and currency option transactions. Also, the Group is employing interest-rate swap transactions in order to fix a part of the interest expense resulting from long-term debt with variable interest rates, or to convert a part of the interest expense resulting from long-term debt with fixed interest rates into variable interest. The Group is employing other transactions intended to promote sales while reducing the credit risk involved in sales finance.

(3) Risks involved in transactions
In order to reduce credit risks, hedging transactions are implemented with financial institutions globally recognized for excellence.

(4) Risk management system
Foreign exchange forward contracts and interest-rate swaps are employed in compliance with internal rules for forward exchange contracts, in order to assure leveling of foreign exchange contracts used to hedge foreign exchange rate fluctuation risks related to foreign currency monetary assets. At the same time, these transactions are designed to secure mobility in case of sudden foreign exchange market fluctuations. Also, the Group periodically checks forward contract balances with financial institutions.

For interest-rate swap transactions, the Group keeps track of interest receipt and payment amounts and settlement dates with each financial institution. Also, the Group periodically checks the content of these transactions with the financial institutions.

The Group also periodically checks the contents of other transactions with the financial institutions.

The finance division of each company is in control of all such derivative transactions.

2. Matters concerning the market value of transactions

Fiscal year ended December 31, 2008

No items reported.
Items to which hedge accounting is applicable are not subject to reporting.

Fiscal year ended December 31, 2009

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

(1) Currency related

		Millions of yen			
Classification	Transaction	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)

Notes to Consolidated Financial Statements

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

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	$301,585	$—	$307,134	$(5,548)
	EUR	246,840	—	244,332	2,508
	CAD	65,733	—	66,634	(901)
	GBP	53,724	—	53,594	119
	PLN	17,709	—	18,056	(337)
	AUD	17,503	—	17,752	(250)
	HUF	4,647	—	4,712	(65)
	CZK	2,161	—	2,139	22
	JPY	217	—	206	0
	Buy:				
	USD	158,013	—	158,436	423
	JPY	9,370	—	9,501	130
	Total	$542,758	$—	$546,645	$(3,887)

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

(2) Interest-rate related

		Millions of yen			
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	¥ 29,531	¥ 29,531	¥(203)	¥(203)
	Receipts floating, payments fixed	86,238	81,557	(662)	(662)
	Total	¥115,770	¥111,089	¥(866)	¥(866)

		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	$ 320,641	$ 320,641	$(2,204)	$(2,204)
	Receipts floating, payments fixed	936,352	885,527	(7,188)	(7,188)
	Total	$1,257,003	$1,206,178	$(9,403)	$(9,403)

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	¥183,020	¥41,572	¥89	¥89
	Total	¥183,020	¥41,572	¥89	¥89

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	$1,987,188	$451,379	$966	$966
	Total	$1,987,188	$451,379	$966	$966

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.

20. Retirement Benefit Plans

Information regarding retirement benefit plans for the years ended December 31, 2008 and 2009 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 defined-contribution pension plans, in addition to defined-benefit plans.

(2) Retirement benefit obligation and related items

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Retirement benefit obligation	¥(147,245)	**¥(149,076)**	**$(1,618,632)**
Plan assets at fair value	96,957	**97,423**	**1,057,796**
Unfunded retirement benefit obligation	(50,288)	**(51,653)**	**(560,836)**
Unrecognized actuarial gain or loss	20,521	**18,644**	**202,432**
Unrecognized prior service cost	(1,362)	**(1,512)**	**(16,417)**
Net retirement benefit obligation	(31,129)	**(34,521)**	**(374,821)**
Prepaid pension cost	252	**226**	**2,454**
Accrued retirement benefits	¥ (31,381)	**¥ (34,748)**	**$ (377,286)**

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
	2008	**2009**	**2009**
Service cost	¥6,589	**¥ 7,014**	**$ 76,156**
Interest cost	3,676	**3,630**	**39,414**
Expected return on plan assets	(3,059)	**(2,671)**	**(29,001)**
Amortization of actuarial gain or loss	2,164	**3,423**	**37,166**
Amortization of prior service cost	(161)	**(209)**	**(2,269)**
Total	¥9,209	**¥11,188**	**$121,477**

Notes
1. In addition to the retirement benefit expenses above, special incentives and other expenses amounting to ¥362 million at December 31, 2008, as well as contributions into defined-contribution plans amounting to ¥873 million, were registered separately in fiscal 2008.
2. In addition to the retirement benefit expenses above, employees' early retirement expenses amounting to ¥20,160 million ($218,893 thousand) as business structure improvement expenses of extraordinary losses in fiscal 2009, as well as incentives amounting to ¥35 million ($380 thousand) as early retirement benefit expenses of non-operating expenses were registered separately in fiscal 2009.
3. In addition to the retirement benefit expenses above, contributions into defined-contribution plans amounting to ¥689 million ($7,481 thousand) were registered separately in fiscal 2009.
4. 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

	2008	**2009**
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 2.5%**
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.**

Notes to Consolidated Financial Statements

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

21. Stock Options

Information regarding stock options for the years ended December 31, 2008 and 2009 is as follows.

Fiscal year ended December 31, 2008

1. Expenses associated with stock options during fiscal 2008 and the category in which they were classified:
   Selling, general and administrative expenses: ¥30 million.

2. Outline of stock options and changes

(1) Outline of stock options

		2004 Stock options	2008 Stock options
Title and number of grantees	(Persons)	Directors of Yamaha Motor Co., Ltd.: 11 Executive Officers of Yamaha Motor Co., Ltd.: 14 Employees of Yamaha Motor Co., Ltd.: 12 Directors of Yamaha Motor's subsidiaries and affiliates: 46 Executive Officers of Yamaha Motor's subsidiaries and affiliates: 5	Directors of Yamaha Motor Co., Ltd.: 9 Executive Officers of Yamaha Motor Co., Ltd.: 15
Number of stock options Note 1	(Shares)	Common shares 298,000	Common shares 75,500
Grant date		August 2, 2004	June 13, 2008
Condition for vesting Note 2		N.A.	Persons who have received allocations of common stock must serve a full term that includes the grant date (June 13, 2008).
Requisite service period		N.A.	Same period as listed under condition for vesting
Exercise period		August 2, 2006 to August 1, 2008	June 13, 2010 to June 12, 2014

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 2008 are counted and converted into a number of shares.

a) Number of stock options

	Shares	
	2004 Stock options	2008 Stock options
Before vesting:		
Previous fiscal year-end	—	—
Granted	—	75,500
Forfeited	—	—
Vested	—	—
Outstanding	—	75,500
After vesting:		
Previous fiscal year-end	56,000	—
Vested	—	—
Exercised	50,000	—
Forfeited	6,000	—
Exercisable	—	—

b) Price information

	Yen	
	2004 Stock option	2008 Stock option
Exercise price	¥1,705	¥2,205
Average exercise price	2,010	—
Fair value at the grant date	—	535

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

	2008 Stock option
Expected volatility Note 1	34.4%
Average expected life Note 2	4 years
Expected dividends Note 3	¥41 per share
Risk-free interest rate Note 4	1.321%

Notes **1** Calculated based on the actual stock prices during the four years ending on the stock option grant date (June 13, 2008).
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, 2007.
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, 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 ($456 thousand).

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		U.S. dollars	
	2008 Stock option	2009 Stock option	2008 Stock option	2009 Stock option
Exercise price	¥2,205	¥1,207	$23.94	$13.11
Average exercise price	—	—	—	—
Fair value at the grant date	535	380	5.81	4.13

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 option
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.

22. Deferred Tax Accounting

Information regarding deferred tax accounting at December 31, 2008 and 2009 is as follows.

(1) Principal deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Deferred tax assets:			
Losses carried forward for tax purposes	¥ —	**¥56,905**	**$ 617,861**
Excess depreciation	8,694	**30,542**	**331,618**
Accrued retirement benefits	11,370	**11,468**	**124,517**
Accrual for product liabilities	2,948	**9,849**	**106,938**
Accounts payable	9,604	**9,382**	**101,868**
Inventory write-downs	3,365	**6,758**	**73,377**
Accrued warranty cost	8,468	**6,315**	**68,567**
Accrued bonuses	3,044	**2,144**	**23,279**
Securities write-downs	7,320	**1,572**	**17,068**
Allowance for doubtful receivables	725	**971**	**10,543**
Other	15,411	**5,995**	**65,092**
Gross deferred tax assets	70,955	**141,906**	**1,540,782**
Valuation allowance	(11,010)	**(131,828)**	**(1,431,357)**
Total deferred tax assets	59,944	**10,077**	**109,414**
Deferred tax liabilities:			
Unrealized gain on other securities	(67)	**(578)**	**(6,276)**
Reserve for advanced depreciation	(219)	**(436)**	**(4,734)**
Depreciation expenses	(3,000)	**—**	**—**
Reserve for special depreciation	(26)	**—**	**—**
Other	(8,446)	**(4,821)**	**(52,345)**
Total deferred tax liabilities	(11,760)	**(5,836)**	**(63,366)**
Net deferred tax assets	50,895	**8,983**	**97,535**
Net deferred tax liabilities	¥ (2,712)	**¥ (4,742)**	**$ (51,488)**

(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, 2008

	2008
Statutory tax rate	39.7%
Effect of:	
Valuation allowance, revaluation loss on securities and impairment loss on fixed assets	22.8
Dividends received from overseas consolidated subsidiaries	19.7
Net losses at consolidated subsidiaries	13.3
Foreign taxes and other taxes	11.0
Unrecognized tax effect on unrealized gain	8.2
Tax rate difference of overseas consolidated subsidiaries, etc.	(32.7)
Other, net	(0.5)
Effective tax rates	81.5%

Fiscal year ended December 31, 2009

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

Notes to Consolidated Financial Statements

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

23. 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 multi-purpose 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, 2008 and 2009 is summarized as follows.

Fiscal year ended December 31, 2008

	Millions of yen						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	¥1,028,809	¥238,814	¥213,259	¥122,997	¥1,603,881	¥ —	¥1,603,881
Intersegment	—	—	—	122,131	122,131	(122,131)	—
Total	1,028,809	238,814	213,259	245,128	1,726,012	(122,131)	1,603,881
Operating expenses	995,203	232,737	209,694	239,994	1,677,630	(122,131)	1,555,499
Operating income	¥ 33,605	¥ 6,077	¥ 3,565	¥ 5,134	¥ 48,382	¥ 0	¥ 48,382
Assets	¥ 675,159	¥209,836	¥167,038	¥111,138	¥1,163,173	¥ —	¥1,163,173
Depreciation	36,309	10,318	5,090	7,888	59,606	—	59,606
Capital expenditures	64,517	12,927	6,702	10,243	94,391	—	94,391

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 Depreciation and amortization of assets
Pursuant to an amendment to the Corporate Tax Law, the Company and its consolidated subsidiaries in Japan have applied the following accounting method for tangible fixed assets acquired on and before March 31, 2007. When such assets are depreciated to 5% of their acquisition costs under the previous method, the difference between that value (5% of the acquisition costs) and the assets' memorandum value is depreciated by the straight-line method over five years starting from the following fiscal year, and the amount is included in depreciation expenses.
Applying the new accounting method, operating expenses in fiscal 2008 increased ¥775 million in the motorcycle business, ¥103 million in the marine product business, ¥192 million in the power product business, and ¥249 million in the other products business, while operating income in each business segment decreased the same amount, compared with the figures derived using the previous method.

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**

	Thousands of U.S. dollars						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	**$8,871,422**	**$1,629,891**	**$1,092,041**	**$ 932,606**	**$12,525,972**	**$ —**	**$12,525,972**
Intersegment	**—**	**—**	**—**	**844,408**	**844,408**	**(844,408)**	**—**
Total	**8,871,422**	**1,629,891**	**1,092,041**	**1,777,025**	**13,370,391**	**(844,408)**	**12,525,972**
Operating expenses	**8,916,493**	**1,893,453**	**1,458,686**	**1,781,216**	**14,049,870**	**(844,408)**	**13,205,451**
Operating loss	**$ (45,071)**	**$ (263,561)**	**$ (366,645)**	**$ (4,191)**	**$ (679,479)**	**$ 0**	**$ (679,479)**
Assets	**$6,594,039**	**$1,836,287**	**$1,249,533**	**$1,037,579**	**$10,717,448**	**$ —**	**$10,717,448**
Depreciation	**353,105**	**109,142**	**43,355**	**77,459**	**583,073**	**—**	**583,073**
Impairment loss	**571,477**	**131,129**	**153,996**	**45,212**	**901,824**	**—**	**901,824**
Capital expenditures	**324,995**	**72,313**	**39,739**	**62,758**	**499,837**	**—**	**499,837**

Notes 1 Business segments: Classified in the same way as for the fiscal year ended December 31, 2008.
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 ($3,833 thousand) in the motorcycle business, ¥560 million ($6,080 thousand) in the marine product business, ¥64 million ($695 thousand) in the power product business, and ¥221 million ($2,400 thousand) 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.

(2) Geographical segment information

The geographical segments of the Company and its subsidiaries for the years ended December 31, 2008 and 2009 are summarized as follows.

Fiscal year ended December 31, 2008

	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Eliminations	Consolidated
Net sales:								
Outside customers	¥267,683	¥346,506	¥302,689	¥519,172	¥167,829	¥1,603,881	¥ —	¥1,603,881
Intersegment	531,722	36,571	5,137	65,644	3,364	642,440	(642,440)	—
Total	799,405	383,077	307,827	584,816	171,194	2,246,321	(642,440)	1,603,881
Operating expenses	822,345	376,531	297,365	549,483	159,014	2,204,739	(649,240)	1,555,499
Operating income (loss)	¥ (22,939)	¥ 6,546	¥ 10,461	¥ 35,333	¥ 12,180	¥ 41,582	¥ 6,799	¥ 48,382
Assets	¥649,923	¥225,972	¥171,346	¥236,688	¥108,117	¥1,392,047	¥(228,874)	¥1,163,173

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
Pursuant to an amendment to the Corporate Tax Law, the Company and its consolidated subsidiaries in Japan have applied the following accounting method for tangible fixed assets acquired on and before March 31, 2007. When such assets are depreciated to 5% of their acquisition costs under the previous method, the difference between that value (5% of the acquisition costs) and the assets' memorandum value is depreciated by the straight-line method over five years starting from the following fiscal year, and the amount is included in depreciation expenses.
Applying the new accounting method, operating expenses in Japan in fiscal 2008 increased ¥1,320 million, while operating loss increased the same amount, compared with the figures derived using the previous method.

Notes to Consolidated Financial Statements

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

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

	Thousands of U.S. dollars							
	Japan	North America	Europe	Asia	Other areas	Total	Eliminations	Consolidated
Net sales:								
Outside customers	$2,044,256	$1,797,264	$2,145,939	$5,237,459	$1,301,031	$12,525,972	$ —	$12,525,972
Intersegment	2,844,441	191,683	38,035	402,801	10,174	3,487,155	(3,487,155)	—
Total	4,888,708	1,988,958	2,183,974	5,640,271	1,311,205	16,013,138	(3,487,155)	12,525,972
Operating expenses	5,492,215	2,447,894	2,283,312	5,275,917	1,333,355	16,832,704	(3,627,242)	13,205,451
Operating income (loss)	$ (603,496)	$ (458,936)	$ (99,327)	$ 364,343	$ (22,139)	$ (819,555)	$ 140,076	$ (679,479)
Assets	$4,944,072	$2,091,618	$1,293,681	$2,971,031	$1,447,351	$12,747,763	$(2,030,304)	$10,717,448

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:
The same as the areas listed above for the fiscal year ended December 31, 2008.
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 ($13,018 thousand), while operating loss increased the same amount, compared with the figures derived using the previous method.

(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, 2008 and 2009 are summarized as follows.

Fiscal year ended December 31, 2008

	Millions of yen				
	North America	Europe	Asia	Other areas	Total
Overseas sales	¥347,977	¥312,877	¥549,223	¥223,594	¥1,433,672
Consolidated sales					1,603,881
Overseas sales to net sales	21.7%	19.5%	34.2%	14.0%	89.4%

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, 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%**

	Thousands of U.S. dollars				
	North America	Europe	Asia	Other areas	Total
Overseas sales	**$1,805,972**	**$2,192,725**	**$5,433,681**	**$1,677,318**	**$11,109,718**
Consolidated sales					**12,525,972**
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:
The same as the areas listed above for the fiscal year ended December 31, 2008.
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.

Notes to Consolidated Financial Statements

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

24. Per Share Information

Information regarding per share for the years ended December 31, 2008 and 2009 is as follows.

	Yen		U.S. dollars
	2008	**2009**	**2009**
Net assets per share Note 2	¥1,377.81	**¥743.04**	**$8.07**
Net income (loss) per share —basic Note 3	6.47	**(755.92)**	**(8.21)**
Net income per share — diluted Note 3	6.47	**— Note 1**	**— Note 1**

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 latent shares during the period.

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

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Total net assets	¥428,483	**¥249,266**	**$2,706,471**
Amount excluded from total net assets	33,915	**36,869**	**400,315**
Share warrants	30	**72**	**782**
Minority interests	33,885	**36,796**	**399,522**
Net assets attributable to common stock at the end of the period	394,568	**212,397**	**2,306,156**
	Thousand shares		
Number of common stocks outstanding at the end of the period, calculated under "Net assets per share"	286,373	**285,849**	

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
	2008	**2009**	**2009**
Net income (loss) per share — basic:			
Net income (loss)	¥1,851	**¥(216,148)**	**$(2,346,884)**
Amount not attributable to common stockholders	—	**—**	**—**
Net income (loss) attributable to common stock	1,851	**(216,148)**	**$(2,346,884)**
	Thousand shares		
Average number of shares outstanding during the period	286,347	**285,942**	

	Millions of yen		
Net income per share — diluted:		**Diluted net income per share in fiscal 2009 is not described herein, since the Company registered a net loss per share in fiscal 2009.**	**Diluted net income per share in fiscal 2009 is not described herein, since the Company registered a net loss per share in fiscal 2009.**
Adjustment for net income	—		
	Thousand shares		
Increase in the number of common stocks	3		
Convertible bonds	3		
Share warrants	0		
Dilutive securities not calculated under "Diluted net income per share" because they do not have dilutive effect:	Resolution of Board of Directors Meeting held on May 29, 2008: Stock options (Total number of shares: 75.5)		

25. Significant Subsequent Events

Information regarding significant subsequent events for the years ended December 31, 2008 and 2009 is as follows.

Fiscal year ended December 31, 2008

1. In order to secure long-term capital after the closing date of fiscal 2008, the Company signed the following borrowing contracts, with appropriate interest rate conditions based on market interest rates.

(1) Signed on March 6, 2009

a) Type:	Syndicated long-term debt
b) Arranged by:	Mizuho Corporate Bank, Ltd.
c) Borrowed amount:	¥42.3 billion
d) Term:	One year and three years
e) Repayment:	Lump-sum repayment on maturity
f) Security and guarantee:	None

(2) Signed on March 25, 2009

a) Type:	Long-term debt
b) Lender:	Development Bank of Japan Inc.
c) Borrowed amount:	¥10.0 billion
d) Term:	Five years
e) Repayment:	Seven installment repayments over five years
f) Security and guarantee:	None

2. In order to secure long-term working capital after the closing date of fiscal 2008, Yamaha Motor Corporation, U.S.A., the Company's consolidated subsidiary, signed the following borrowing contracts, with appropriate interest rate conditions based on market interest rates.

(1) Signed on March 18, 2009

a) Type:	Long-term debt derived from joint financing between Japan Finance Corporation (Japan Bank for International Cooperation) and private financial institutions
b) Borrowed amount:	U.S.$350 million
c) Term:	Three years
d) Repayment:	Lump-sum repayment on maturity
e) Security and guarantee:	None

(2) Signed on March 19, 2009

a) Type:	Long-term debt with insurance by Nippon Export and Investment Insurance (an Independent Administrative Institution)
b) Lender:	Sumitomo Mitsui Banking Corporation
c) Borrowed amount:	U.S.$200 million
d) Term:	Three years
e) Repayment:	Lump-sum repayment on maturity
f) Security and guarantee:	None

Fiscal year ended December 31, 2009

No related items.

Investor Information (As of December 31, 2009)

Yamaha Motor Co., Ltd.

Head Office
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 Electronics Co., Ltd.
Yamaha Motor Corporation, U.S.A.
Yamaha Motor Manufacturing Corporation of America
Yamaha Motor Europe N.V.
Yamaha Motor España S.A.
PT. Yamaha Indonesia Motor Manufacturing
Thai Yamaha Motor Co., Ltd.
Yamaha Motor Vietnam Co., Ltd.
Yamaha Motor Taiwan Co., Ltd.

Common Stock
Authorized: 900,000,000 shares
Issued: 286,507,784 shares
Number of Shareholders: 30,013

Principal Shareholders

Yamaha Corporation	14.75%
State Street Bank and Trust Company	8.86
Toyota Motor Corporation	4.36
Mizuho Bank, Ltd.	3.82
Mitsui & Co., Ltd.	3.00
Japan Trustee Services Bank, Ltd. (trust account)	2.45
The Shizuoka Bank, Ltd.	2.38
The Master Trust Bank of Japan, Ltd. (trust account)	1.98
The Chase Manhattan Bank, N.A. London S.L. Omnibus account	1.92
The Bank of New York, JASDEC Treaty account	1.71

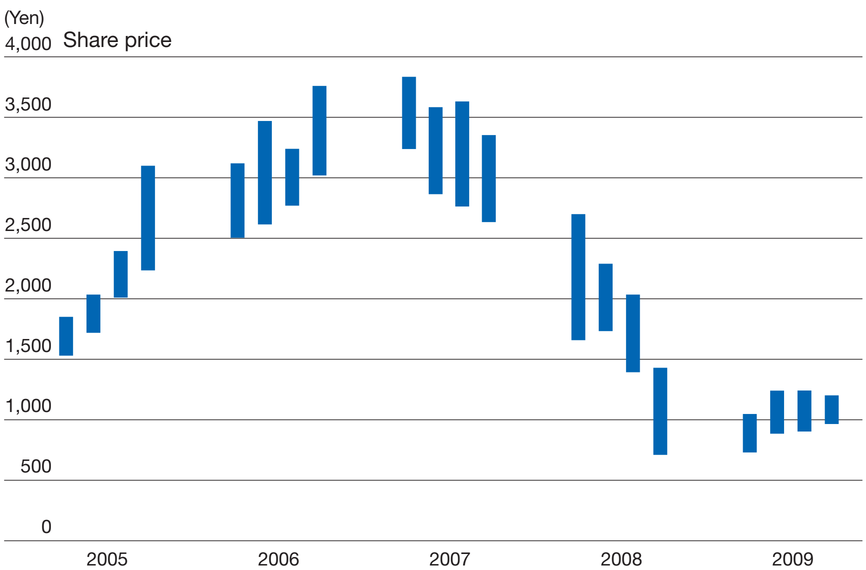
Annual Meeting of Shareholders
The Ordinary General Meeting of Shareholders is held in March each year in Iwata, Shizuoka, Japan.

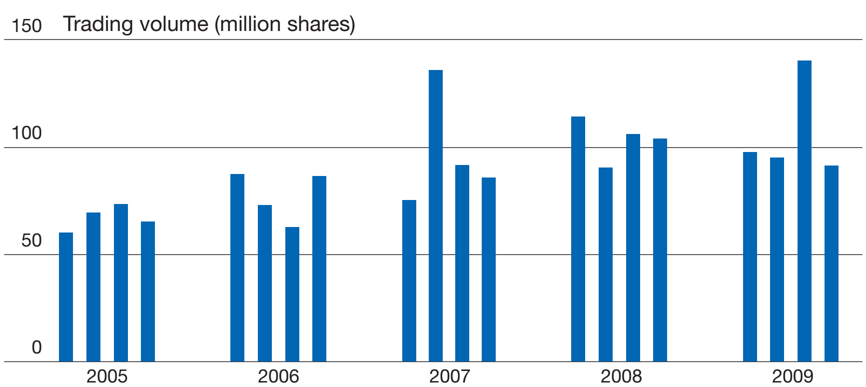
Securities Traded
Tokyo Stock Exchange, Inc.

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

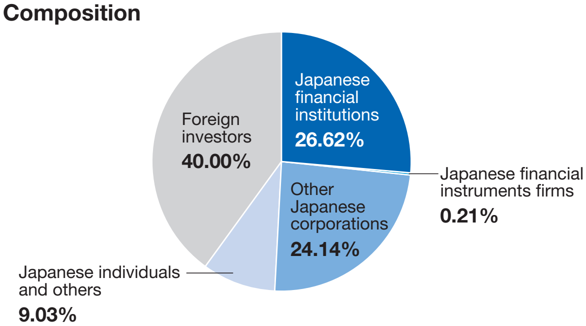
Auditor
Ernst & Young ShinNihon LLC

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





Shareholder Composition



For further information, please contact:
Yamaha Motor Co., Ltd.
Investor Relations
Finance & Accounting Division
2500 Shingai, Iwata, Shizuoka 438-8501, Japan
Telephone: +81-538-32-1103
Facsimile: +81-538-37-4252
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

In harmony with nature

YAMAHA MOTOR CO., LTD.
2500 SHINGAI, IWATA, SHIZUOKA, JAPAN

www.yamaha-motor.co.jp

Printed in Japan on recycled paper