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.

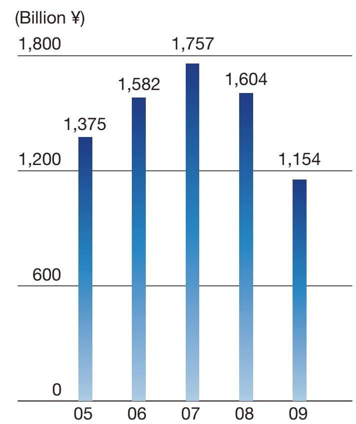
We also took urgent countermeasures to maintain sustainable growth under these challenging conditions. We implemented extensive cost reduction, rolled back remuneration for Directors, Executive Officers, Corporate Auditors, and managers, cut capital expenditures and reduced surplus workforce. Together, 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.

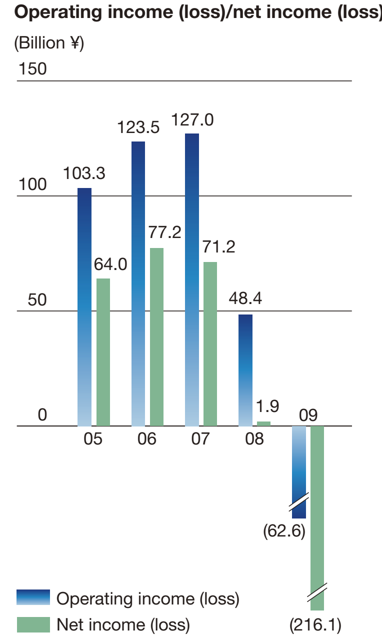
During the fiscal year under review, we took measures to accelerate structural reform at businesses in developed nations. Specifically, we registered business structure improvement expenses as extraordinary losses, including impairment losses on fixed assets in Japan, Europe and the United States, and 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)



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.

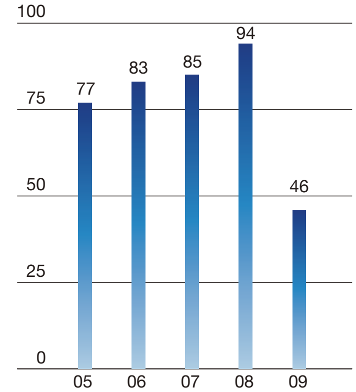
Despite the harsh climate, there were some positive signs during fiscal 2009. The market in Asia (excluding Japan) was a relative bright spot, as demand for motorcycles fell only slightly there. Against this backdrop, we moved to expand sales in Asia by introducing new products and implementing aggressive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

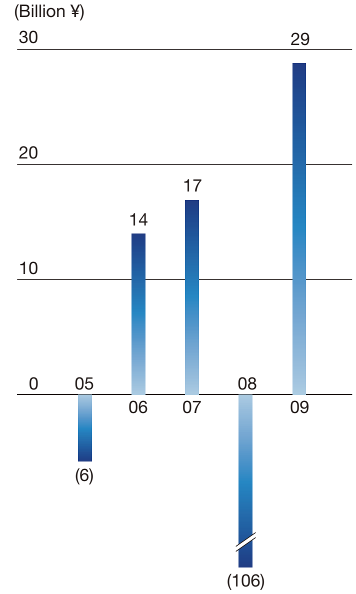
On the financial front, we reduced capital expenditures by nearly half from the previous year. Combined with a considerable decrease in working capital through the curtailment of market stocks, this produced positive free cash flows in the second half of fiscal 2009.

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.

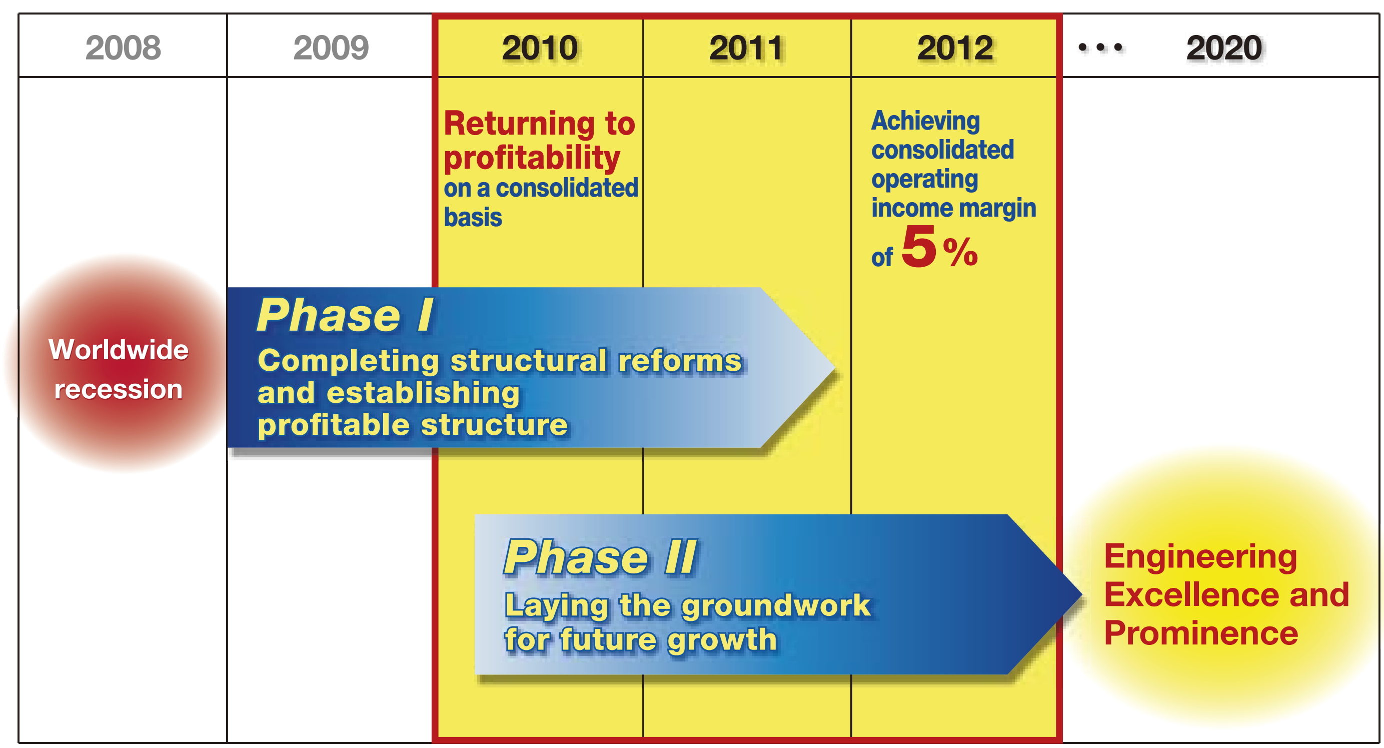
To this end, we have set numerical targets for consolidated business performance, summarized in the table on the right-hand side of this page. The figures are premised on exchange rates of ¥88 against the U.S. dollar and ¥128 against the euro.

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



Interview with the President

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.

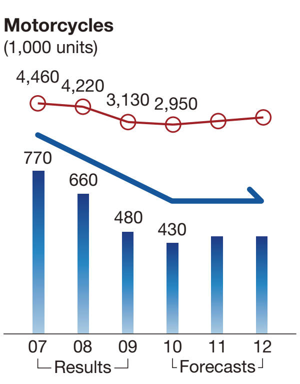
For details, please refer to the "New Medium-term Structural Reforms" and "New Medium-term Growth Strategy" sections on the following pages.

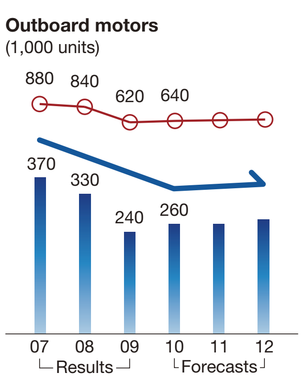
Note
Smart Power: New power sources, primarily for electric vehicles, designed to create a new paradigm of mobility

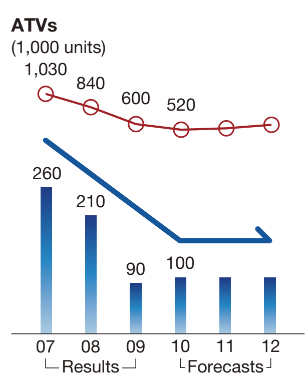
Q7 Please explain your plan for mainstay businesses.

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]







Total demand
Yamaha unit sales

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.

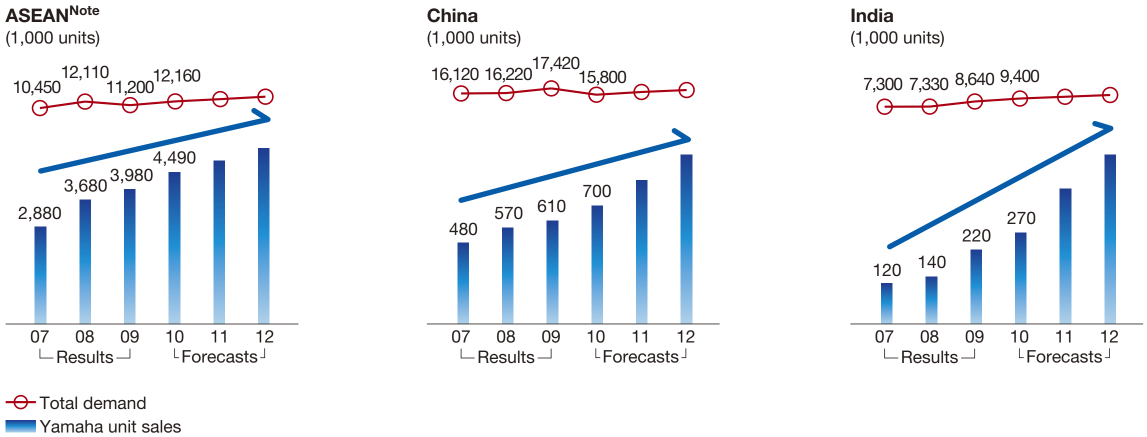
We are reforming the structure of our motorcycle business to enable profitability and accommodate a market recovery, even at exchange rates of ¥85 against the U.S. dollar and ¥120 against the euro. In the outboard motor business, we aim to attain far and away the top share in the global market, by enhancing 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.

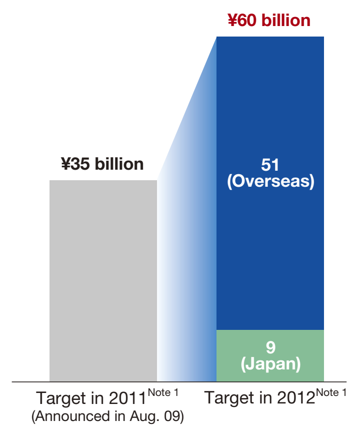
We will also initiate additional workforce downsizing programs beyond the 1,620 surplus positions we reduced in fiscal 2009. Specifically, we plan to streamline a total of 1,000 positions in fiscal 2010 — 200 in Europe and the United States, and 800 in Japan — through voluntary retirement.

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.

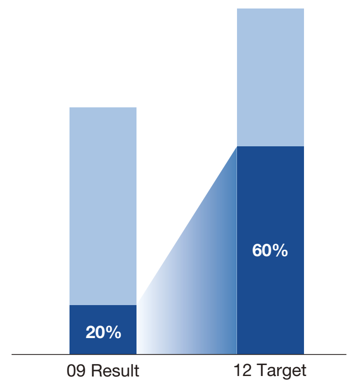
Note
Smart Power: New power sources, primarily for electric vehicles, designed to create a new paradigm of mobility

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]



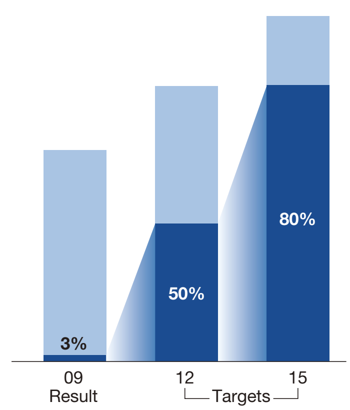
Note
Emerging nations: All nations outside Japan, North America, and Europe

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