

## Message from the Management

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**Hiroyuki Yanagi**  
President, Chief Executive Officer  
and Representative Director

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Senior Managing Executive Officer  
and Representative Director

## To Our Stakeholders

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

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

### Looking Back at Fiscal 2010

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

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

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

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

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

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

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

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

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

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

### *Pride in the Company's strengths*

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

### *Acting with speed, a spirit of challenge and persistence*

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

## *Being “an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market”*

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

### To Our Stakeholders

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

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

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

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

April 2011



**Hiroyuki Yanagi**  
President, Chief Executive Officer  
and Representative Director



**Takaaki Kimura**  
Senior Managing Executive Officer  
and Representative Director

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