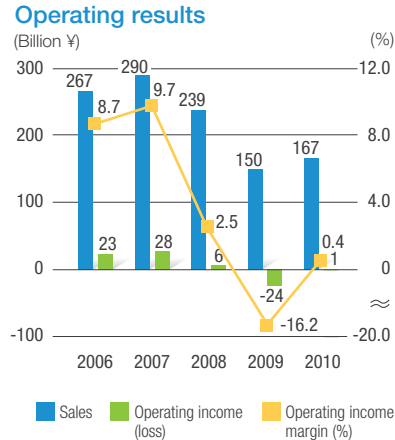
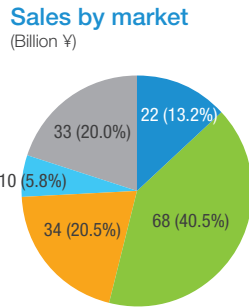
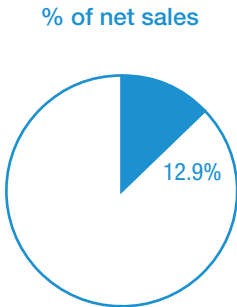


Marine Products

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



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

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



Outboard Motor Business Introduction of new products results in increased sales

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

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

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

*OEM: Original equipment manufacturer



Personal Watercraft Business **Inventory adjustments progressing**

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

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

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



VXR

Boat Business in Japan **Commercial fishing boat market picking up**

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

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

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