



*Revs Your Heart*

Annual Report 2012

Year ended December 31, 2012

# Increasing Corporate Value Through Sustainable Growth

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

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

We will move forward with restructuring and the transformation of our management base for continuous growth, to evolve Yamaha Motor into an excellent engineering, manufacturing and marketing enterprise, with a prominent presence in the global market.



## Corporate Mission

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### ***Kando\** Creating Company**

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

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

## Management Principles

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### **1. Creating value that surpasses customer expectations**

To continue to produce value that moves people, we must remain keenly aware of customer's evolving needs.

We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

### **2. Establishing a corporate environment that fosters self-esteem**

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

### **3. Fulfilling social responsibilities globally**

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

## Action Guidelines

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### **Acting with Speed**

Meeting change with swift and informed action

### **Spirit of Challenge**

Courage to set higher goals without fear of failure

### **Persistence**

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

Prior to this year, Yamaha Motor has prepared an Annual Report as an annual financial report for shareholders and investors, and a CSR Report to explain the Company's activities related to our Corporate Social Responsibility (CSR). For the fiscal year ended December 31, 2012, we have prepared one combined Annual Report 2012, which includes the information on both of these topics, to provide a comprehensive overview of Yamaha Motor's activities during the year.

### Information for Investors



Please refer to the following website for detailed financial information and information regarding our business operations:

<http://www.yamaha-motor.co.jp/global/ir/>

### Information related to Corporate Social Responsibility (CSR)



Please refer to the following website for detailed CSR information:

<http://www.yamaha-motor.co.jp/global/about/csr/>

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Notice regarding forward-looking statements

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

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

## To Our Stakeholders

### **Hiroyuki Yanagi**

President, Chief Executive Officer  
and Representative Director



### **Takaaki Kimura**

Senior Managing Executive Officer  
and Representative Director



Although 2012 showed signs of a gradual recovery in the U.S. economy, there was increased uncertainty for the overall global economy as the European economy remained weak, and this combined with fiscal tightening led to a slowdown in emerging market economies.

Against this economic backdrop, Yamaha Motor recorded lower sales and profits for the year, reflecting a decline in demand, a strong yen, and insufficient product competitiveness in our business in developed markets. In particular, fourth-quarter inventory adjustments in preparation for the new year brought about results that were lower than our forecasts announced with our second-quarter business results.

“

***By approaching all of our tasks diligently, to levels above and beyond everyone's expectations, so all at Yamaha Motor can speak about our achievements with pride, we will create continuous growth and increase corporate value.***

”

We see this uncertainty in the global economic environment continuing in 2013, and have embarked on a new medium-term management plan. Looking toward the future, we will work to increase corporate value by pursuing sustainable growth in our business scale, financial strength, and corporate strength. To achieve this, we will continuously pursue excellence in engineering, manufacturing, marketing, and new businesses, as well as management innovation, using original concepts unique to Yamaha to surpass customer expectations. As our corporate activities become increasingly global, the entire Yamaha Motor Group will work as one to approach our tasks diligently, to levels above and beyond everyone's expectations, so all at Yamaha Motor can speak about our achievements with pride.

We sincerely thank all of our stakeholders for your continuing guidance and support.

April 2013



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



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

Snapshot

Interview with the  
President

Special Features

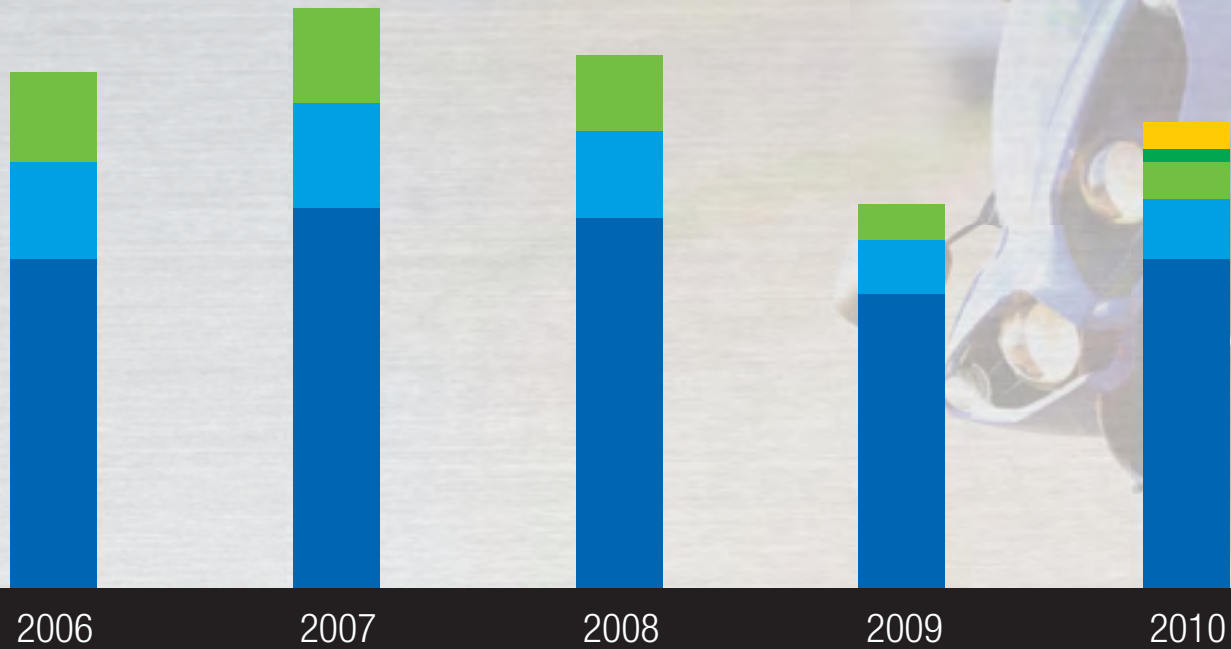
Overview of  
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# OUR STRATEGY



## Progress of Medium-Term Management Plan

2010–2012

### 2005–2007 Medium-Term Management Plan

- Attaining high profitability by creating value that differentiates Yamaha from the competition
- Continuing profit-oriented approach
- Maximizing growth opportunities in existing businesses
- Developing new business domains
- Vitalizing human resources and organizations

### 2008–2010 Medium-Term Management Plan

- Strengthening management quality to earn public trust
- Creating value from a long-term perspective
- Investing management resources strategically in strengthening management quality and creating value

## HISTORY

### 2006

- Crude oil prices rise sharply
- Motorcycle factory in Indonesia commences operations
- Yamaha Motor Foundation for Sports established

### 2007

- Subprime loan problem emerges (global financial crisis)
- Manufacturing and sales of motorcycles in the Philippines begins

### 2008

- Collapse of Lehman Brothers triggers global recession
- Joint venture for motorcycle manufacturing and sales established in Cambodia

### 2009

- Major U.S. automakers General Motors and Chrysler declare bankruptcy
- Yamaha Marine merged into Yamaha Motor
- Sales company set up in Turkey

### 2010

- China's GDP surpasses Japan's to become world's second largest economy
- Marine Products business marks 50th anniversary

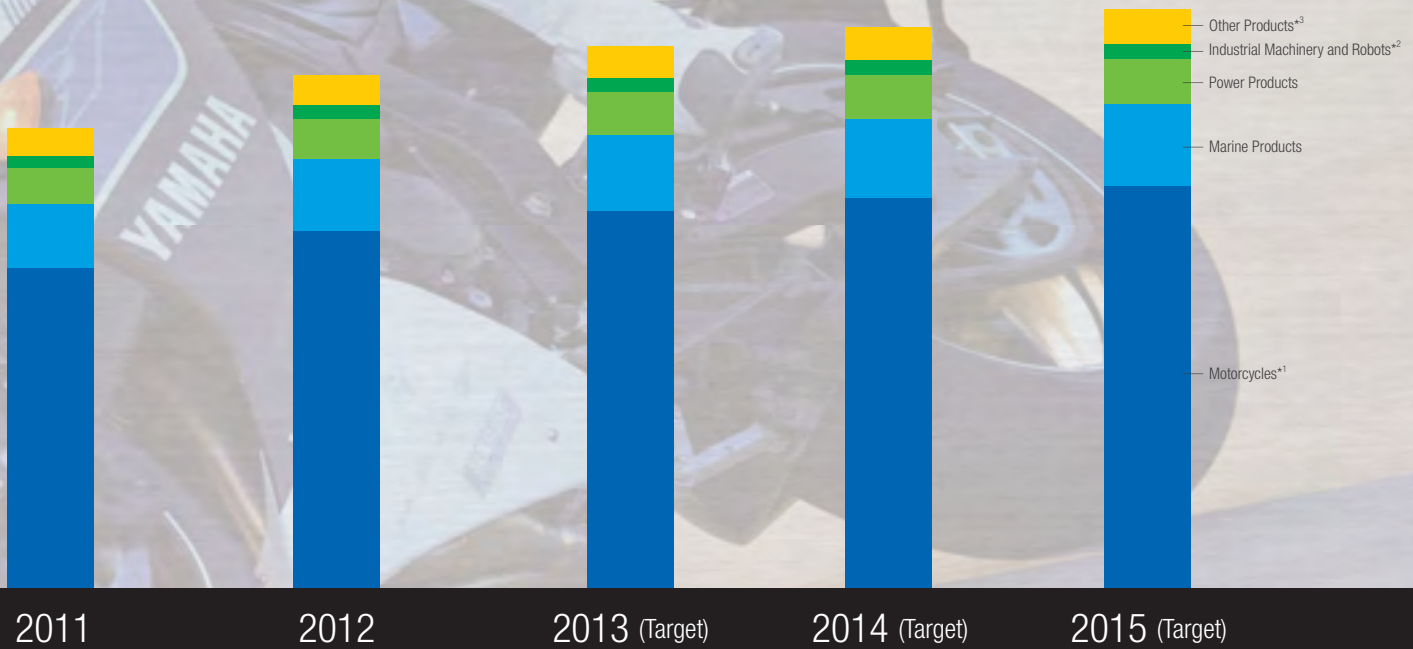


\*1 Figures for the fiscal year ended December 31, 2009 and previous fiscal years are as per the previous segment classifications.

\*2 Surface mounters, industrial robots and wheelchairs, which were previously included in the Others segment, are being separately reported as the Industrial Machinery and Robots segment from fiscal 2011. Results for fiscal 2010 have been reclassified to reflect this change.

\*3 Figures for previous years are not comparable because of segment reclassifications, and are therefore not shown.

## Sales Target 1.6 trillion yen



### Medium-Term Management Plan

- Reforming the profitability structure of businesses in developed nations
- Quantitative and qualitative expansion of the motorcycle businesses in emerging nations
- Laying the groundwork for future growth

### 2013–2015 New Medium-Term Management Plan

- Go beyond customer expectations with unique concept in the YAMAHA way
- Continue challenging management reform

#### INTERVIEW WITH THE PRESIDENT

### 2013–2015 New Medium-Term Management Plan

(See Page 12 for details.)



#### 2011

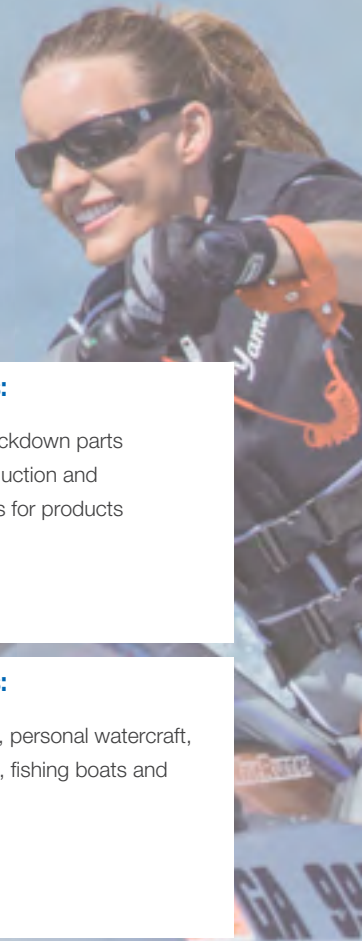
- Great East Japan Earthquake strikes northeastern Japan
- Value of the yen reaches postwar high, exporters suffer
- Tie-up with Toyota Motor Corporation launched

#### 2012

- Tokyo Skytree opens
- Shinzo Abe elected Japan's prime minister for second time
- Representative office opens in Myanmar

# PERFORMANCE

Based on our corporate mission of being a *Kando* Creating Company, Yamaha Motor is engaged in global development, production, and sales, to provide customers with a diverse range of products.



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<p><b>Motorcycles</b></p>	<p><b>Sales</b></p> <p><b>798.7</b> Billion ¥</p>	<p><b>% of net sales</b></p> <p>66.1%</p>	<p><b>Major products:</b></p> <p>Motorcycles, knockdown parts for overseas production and intermediate parts for products</p>
<p><b>Marine Products</b></p>	<p><b>Sales</b></p> <p><b>196.3</b> Billion ¥</p>	<p><b>% of net sales</b></p> <p>16.3%</p>	<p><b>Major products:</b></p> <p>Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats</p>
<p><b>Power Products</b></p>	<p><b>Sales</b></p> <p><b>103.6</b> Billion ¥</p>	<p><b>% of net sales</b></p> <p>8.6%</p>	<p><b>Major products:</b></p> <p>All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines</p>
<p><b>Industrial Machinery and Robots</b></p>	<p><b>Sales</b></p> <p><b>30.8</b> Billion ¥</p>	<p><b>% of net sales</b></p> <p>2.6%</p>	<p><b>Major products:</b></p> <p>Surface mounters, industrial robots and electrically powered wheelchairs</p>
<p><b>Other Products</b></p>	<p><b>Sales</b></p> <p><b>78.3</b> Billion ¥</p>	<p><b>% of net sales</b></p> <p>6.4%</p>	<p><b>Major products:</b></p> <p>Automobile engines, automobile components, electrically power assisted bicycles and industrial-use unmanned helicopters</p>

As a global engineering, manufacturing and marketing company, we are constantly looking forward in the pursuit of new challenges to create new value. These numerical highlights demonstrate Yamaha Motor's unique position.

### 2012 Motorcycle Shipments

**6,090**  
Thousand units



Yamaha Motor's engineering, manufacturing, and marketing in markets around the world resulted in global unit sales of 6.09 million units in more than 180 countries and regions.

### R&D Expenses

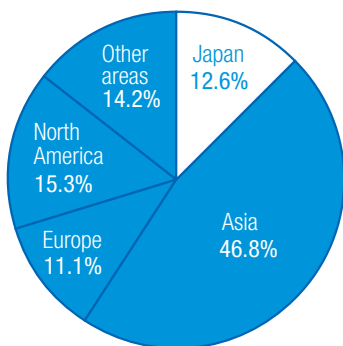
**69.7**  
Billion ¥

Each business proactively carries out research and development, and the ¥69.7 billion of research and development expenses recorded in 2012 marked an increase from 2011.

### Overseas Sales Ratio

**87.4**  
%

Overseas sales in 2012 totaled ¥1,055.4 billion, accounting for 87.4% of total net sales.



Overseas **87.4%**

### Number of New Models Launched (2010–2012)

**120**  
Models

Yamaha Motor's businesses launched a total of 120 new models during the three years from 2010 to 2012.



Sports Cruiser NYTRO (launched in May 2012)

### Marine Products Market Share



MJ-FX HO



F350

**No. 1**

The boat business had the largest share of the Japanese market, and the No. 1 share of the global markets for outboard motors and personal watercraft.

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# Financial Highlights

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

## POINT

In addition to the impact of the strong yen, slower motorcycle sales in Europe and emerging markets resulted in a 5.4% decline in net sales.

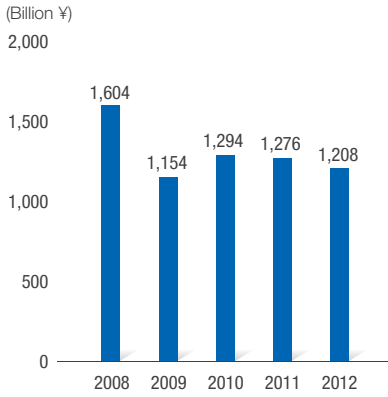
While positive factors such as cost reductions, decreased raw material costs, and expense reductions were in evidence, a decrease in sales of motorcycles in Europe and in emerging nations, the appreciating yen, the reversal of provision for product liabilities (¥13.4 billion in the previous year and ¥2.4 billion in this fiscal year), and increased development expenses aimed at future growth, all contributed to a decrease in profits. As a result, 2012 operating income decreased 65.2% and net income decreased 72.2% from 2011.

	Millions of yen					% change
	2008	2009	2010	2011	2012	2012/2011
<b>For the year:</b>						
Net sales	¥1,603,881	¥1,153,642	¥ 1,294,131	¥ 1,276,159	¥ 1,207,675	(5.4)%
Gross profit	377,105	202,292	295,565	276,046	235,068	(14.8)
Operating income (loss)	48,382	(62,580)	51,308	53,405	18,598	(65.2)
Ordinary income (loss)	58,872	(68,340)	66,142	63,495	27,267	(57.1)
Net income (loss)	1,851	(216,148)	18,300	26,960	7,489	(72.2)
Net cash provided by (used in) operating activities	(6,446)	74,096	104,531	33,328	(2,385)	—
Net cash provided by (used in) investing activities	(99,543)	(45,285)	(37,632)	(46,517)	(51,081)	9.8
Free cash flows	(105,989)	28,810	66,899	(13,189)	(53,466)	—
Net cash provided by (used in) financing activities	163,179	(32,022)	5,296	(51,927)	15,761	—
Capital expenditures	94,391	46,035	33,939	45,049	48,788	8.3
Depreciation expenses	59,606	53,701	36,594	33,578	34,278	2.1
<b>At the year end:</b>						
Total assets	¥1,163,173	¥ 987,077	¥ 978,343	¥ 900,420	¥ 962,329	6.9%
Net assets	428,483	249,266	310,809	309,914	341,561	10.2
Interest-bearing debt	349,203	399,942	322,443	274,721	326,976	19.0
<b>Ratios:</b>						
Operating income margin (%)	3.0	(5.4)	4.0	4.2	1.5	
Return on equity (%)	0.4	(71.2)	7.5	9.7	2.5	
Equity ratio (%)	33.9	21.5	28.0	31.2	32.0	
Price/earnings ratio (times)	144.0	—	23.8	12.6	44.2	
Debt/equity ratio (%)	88.5	188.3	117.6	97.8	106.2	
<b>Per share amounts:</b>						
	Yen					% change
Net income — basic	¥ 6.47	¥ (755.92)	¥ 55.50	¥ 77.23	¥ 21.45	(72.2)%
Net income — diluted	6.47	—	55.50	77.23	—	—
Net assets	1,377.81	743.04	785.61	804.26	881.88	9.7
Cash dividends	25.50	0.00	0.00	15.50	10.00	(35.5)
<b>Share performance (at the year end):</b>						
	Millions of yen, except per share data					% change
Price per share (yen)	¥ 932	¥ 1,166	¥ 1,323	¥ 974	¥ 949	(2.6)%
Market capitalization	266,899	333,300	461,855	340,018	331,288	(2.6)
<b>Other data (at the year end):</b>						
	Persons					% change
Number of shareholders	35,156	30,013	31,615	32,259	32,873	1.9%
Number of employees	49,761	49,994	52,184	54,677	53,958	(1.3)

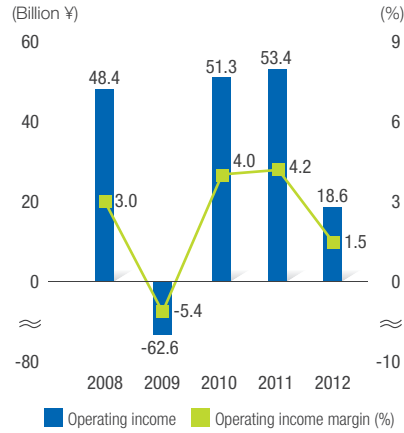
**Notes** • References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.

• With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.

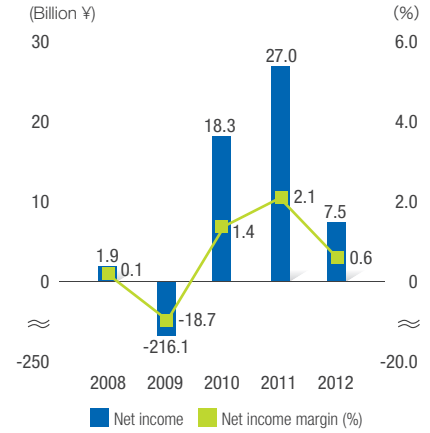
### Net sales



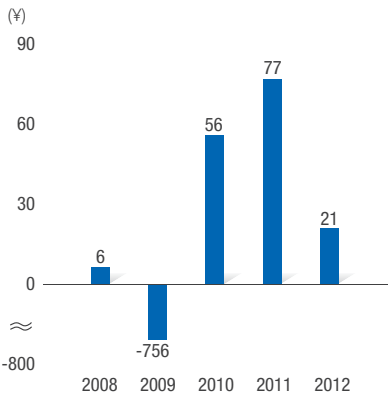
### Operating income and operating income margin



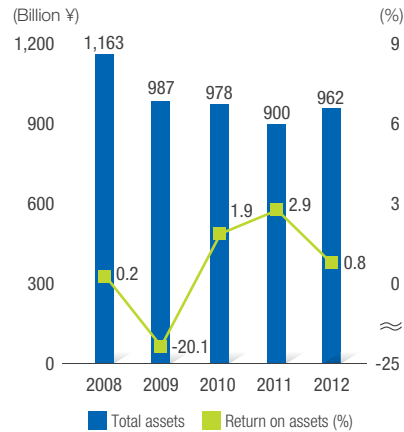
### Net income and net income margin



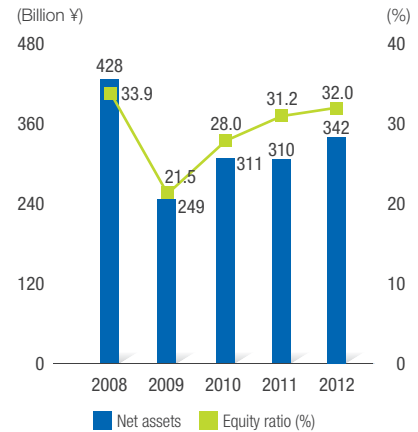
### Net income per share



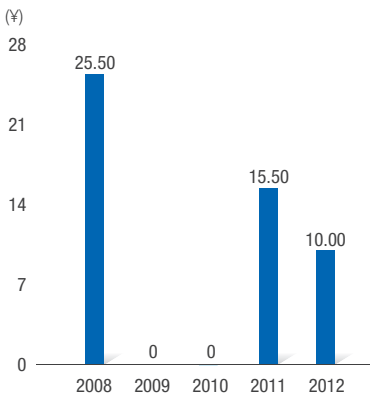
### Total assets and return on assets



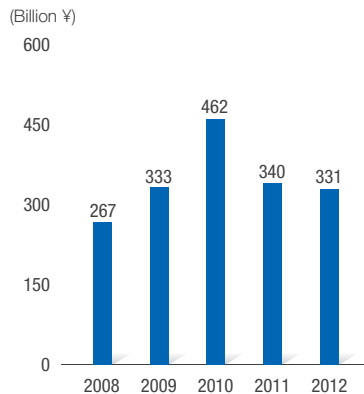
### Net assets and equity ratio



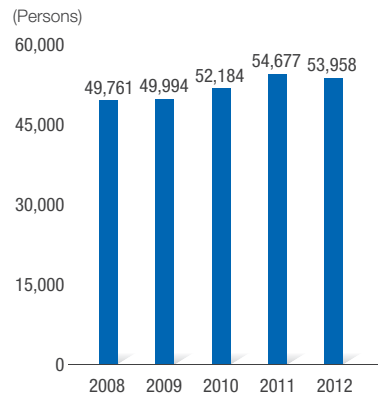
### Cash dividends per share



### Market capitalization



### Number of employees



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INTERVIEW WITH THE PRESIDENT

# New Medium-Term Management Plan

Hiroyuki Yanagi

President, Chief Executive Officer and  
Representative Director,  
Yamaha Motor Co., Ltd.

The Yamaha Motor Group launched a new Medium-Term Management Plan (MTP) in January 2013. The new Plan builds on the successes of the previous MTP, which targeted a V-shaped recovery in results and stable profitability, and sets ultimate targets for 2017. To achieve this, the Plan calls for proactive expansion of the Company's business scale and improved profitability, with the aim of increasing corporate value through sustained growth over the three years to 2015.

In the following interview, the President addresses these key issues:

Previous Medium-Term Management Plan (MTP)	Management targets of the new MTP	Management strategy under the new MTP	Strategy for business development
Market strategy for the Motorcycle business	Strategies for major businesses other than Motorcycles	Plan for new model development	Measures to enhance profitability under the new MTP
Financial strategy under the new MTP	Measures to increase corporate value through sustainable growth	Returns to shareholders	Message for stakeholders



## Q1 Please summarize the previous (three-year) Medium-Term Management Plan.

### We continue to face issues in terms of business scale and profitability.

The previous Medium-Term Management Plan (MTP) was positioned to bring about a V-shaped recovery in results and stable profitability following large losses in the wake of the global financial crisis, and set targets of ¥1,400 billion in net sales with an operating income margin of 5%. A V-shaped recovery was achieved in 2010, and in 2011 net sales reached ¥1,276.2 billion with an operating income margin of 4.2%. However, in 2012 net sales were held to ¥1,207.7 billion with an operating income margin of 1.5%, falling short of our management targets.

Issues remain in terms of business scale and profitability. Although fixed costs in our business in developed markets were reduced through restructuring, the business was unable to achieve profitability as a result of a slow market recovery and the strong yen. In the motorcycle business in emerging markets, sales volume in 2011 reached 6.60 million units with an 8% return on sales, but as markets weakened 2012 sales volume slowed to 5.76 million units and the operating income margin declined to 3.5%.

We have stabilized our financial position in line with our targets, with the equity ratio at 32% and the debt/equity ratio at 1.1. Measures to enhance our corporate strength, including the realignment of our domestic production structure, the commencement of operations at the ASEAN Integrated Development Center, the implementation of a procurement system organized around four key regions, and the establishment of a new Design Center, are proceeding according to plan.

## Q2 What are the new MTP's management targets?

### We are aiming for sales volume of at least nine million units, with ¥1.6 trillion in net sales, in 2015.

We have set ultimate five-year targets (for 2017) of sales volume of 12 million units for major products, with net sales of ¥2

From the Previous MTP to the New MTP			
	2010–2012 “V-shaped recovery in results / stabilization of a profitable structure”		Toward 2015–2017 “Increasing corporate value through sustainable growth”
	Achievements	Targets (2015)	Ultimate targets (2017)
<b>Business scale</b> • Unit sales • Net sales	7.4 million ¥1.3 trillion (short of the target)	9 (10) million ¥1.6 (1.8) trillion	12 million ¥2 trillion
<b>Financial strength</b> • ROS • Equity ratio • D/E • ROE	4.2% (short of the target) 31% 1.0 9.6%	5.0% 33% 1.0 10%	7.5% 35% 1.0 15%
<b>Business foundation/ corporate strength</b> • Domestic manufacturing layout • Cost reduction • Operational structure	9 factories/17 units ¥75 billion (3 years) Japan-U.S.-Europe framework scaled down, integrated development and procurement system (involving 4 key regions), Design Center, etc.	6 factories/13 units ¥90 billion (3 years) Realignment of operations in Europe, more than 30% localization of product development, proportion of locally hired executives to be increased to 80%, etc.	¥150 billion (5 years)



trillion and an operating income margin of 7.5%. For the intermediate period, we are aiming for sales volume of nine million units, with net sales of ¥1.6 trillion and an operating income margin of 5%, for 2015. Our financial targets are for an equity ratio of 33%, a debt/equity ratio of 1.0, and return on equity (ROE) of 10%. These targets take into account the current uncertainty in the global economy, and if the global economy recovers quickly we will aim for sales volume of 10 million units with ¥1.8 trillion in net sales.



### Q3 What is the management strategy under the new MTP?

#### We are pursuing two broad strategies.

We have established two broad management strategies: “Go beyond customer expectations with unique concept in the YAMAHA way” and “Continue challenging a management reform.”

First, we will work to surpass customer expectations through original concepts unique to Yamaha by pursuing engineering and marketing excellence, and by taking on new businesses. Then, we will execute an even more ambitious cost reduction program, while achieving structural reforms and advancing toward true globalization, to implement management reforms. We aim to achieve our targets by addressing these issues.

#### New MTP: Management Strategies “Aiming to Expand Our Business Scale and Enhance Profitability”

##### “Go beyond customer expectations with unique concept in the YAMAHA way”

###### Stand out by engineering excellence

- Concept to create new trend
- High performance, lightweight and high fuel efficiency
- Advanced technologies and high cost performance
- Original designs

###### Stand out by marketing excellence

- Attract more **lifelong customers** by promoting **market-based “3S”** policy and strengthening contact points with customers
- Thoroughly implement new **brand communication**

###### Taking on new business activities

- Develop key business areas other than motorcycles and marine products
- Create “**fulfilling lifestyles**,” “**enjoyment in personal mobility**,” and “**innovative technologies that harmonize with people, society and the Earth**”

##### “Continue challenging a management reform”

###### Expand global activities/cost reduction

- Change global manufacturing: Consolidate to **Platform (PF)**, change **drawings** based on each market, change the **process of developing products**
- Expand global procurement and supply: Consolidate suppliers, streamline **logistics**, strengthen **manufacturing competence**

###### Accomplish structural reforms

- Domestic manufacturing layout: Complete the consolidation of factories and offices
- Operational structure in Europe: Change into “**Euro one company**”
- Headquarters: Reorganize business structure and corporate framework

###### Go global in a true sense

- **Localize product development** based on the integrated development and procurement centers (in 4 key regions)
- Augment “**mother**” and “**global**” **functions** in production
- Appoint excellent human resources from around the world and train them to become “**employees who embody YAMAHA brands**”

Aiming for a ¥300 billion  
comprehensive global marine  
business



## Q4 What is your strategy for business development?

### We are establishing three growth pillars upon which we will pursue diversity and individuality to expand business scale.

Traditionally, Yamaha Motor has pursued a high degree of individuality in each of the various businesses we have developed, and this will continue to be a core theme in our corporate management going forward. To expand on this theme, we will further pursue individuality along the three growth pillars of fulfilling lifestyles, enjoyment in personal mobility, and innovative technologies that harmonize with people, the Earth, and society.

Specifically, our overall business development strategy can be seen as comprising three layers: existing core businesses, strategic near-term growth areas, and new business segments.

First, let me explain our current business base. In Motorcycles, we are expanding our lineup in developed markets with high-performance engines and platforms, and in emerging markets we are developing a varied lineup using platforms with fuel-efficient engines. In both areas, we are pursuing high performance, light weight, and original design. In the Marine Products business, we are aiming for an overall marine business of ¥300 billion, by creating highly reliable, lightweight, and fuel-efficient outboard motors, and expanding our boat business in overseas markets. In automobile engines, we are creating high-performance, highly efficient, environmentally friendly products as a forward-looking foundation for engine technologies.

The next layer is strategic near-term growth areas. The Smart Power business is developing and introducing high-performance systems, targeting shipments of one million units, primarily in Japan, Europe, and China. The Intelligent Machinery

Snapshot

Interview with the President

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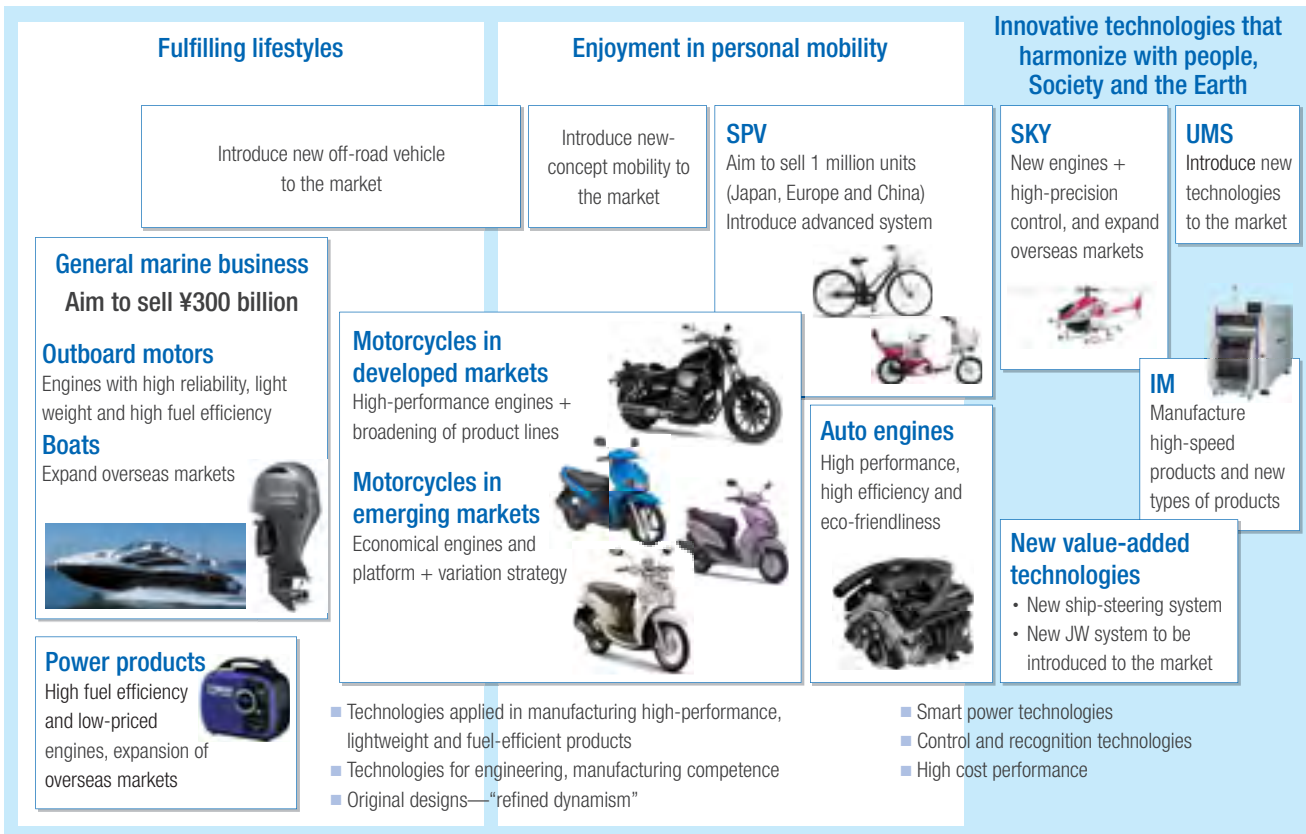
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### Strategies for Business Development: “Three Growth Pillars to Pursue Diversity and Individuality”



SPV: Smart Power Vehicle, UMS: Unmanned System, JW: electric-powered wheel chair

\*UMS: Unmanned System, using unmanned control technologies. In January 2013, the Unmanned Aerial Vehicle Business Development Section was reorganized as the UMS (Unmanned System) Business Development Section.

(IM) business has begun to move into the high-speed sector and new product areas. The Power Products business is developing and introducing low-cost, fuel-efficient engines and growing in overseas markets. The UMS\* business is developing and introducing products with high-performance engines and high-precision controls, and is pursuing growth in overseas markets. We are also developing and introducing new technologies with a high-value-added component.

Finally, in terms of new business segments, we are entering the fields of off-road vehicles and new-concept mobility. In unmanned systems, we intend to build a business that covers the ground and under water as well as the sky.

## Q5 What is your market strategy for the Motorcycle business?

**Our strategy is to look at the global market as a whole, and to expand to the appropriate size in individual markets.**

The global market contracted in 2012 on a temporary slowdown in emerging markets, but given the trends in motorcycle penetration rates and per capita GDP, we expect the market to grow going forward.

We are looking at India and untapped markets as the largest growth markets for the future, and see stable growth in the ASEAN and Central and South American markets, which have shown rapid growth to date. We expect developed markets to recover and maintain a stable size, and in China we see the motorcycle market contracting as the market for electric-powered bicycles grows.

Working from this analysis, the new MTP lays out an appropriate business strategy for each market that will expand the Company's business scale.

### India

The Indian market continues to show large growth, and we are strengthening our mass-market business—scooters and low-end models in particular. In 2013, we are moving forward with the construction of our new factory in Chennai, while at the same time establishing an Integrated Development Center to accelerate the designing of products that meet the market's quality standards.

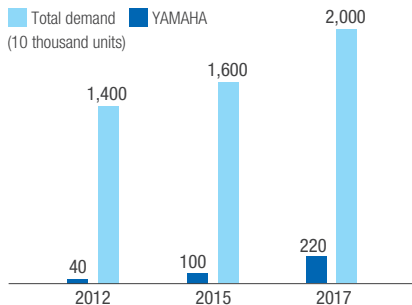
## Motorcycle Business: Market Strategies

### India

**Market:** Will continue to expand significantly

**Strategy:** Strengthen the mass segment

- SC, low-priced models, etc.
- Manufacture the world's lowest priced products
- Increase production capacity
- Expand sales networks and strengthen the points with customers

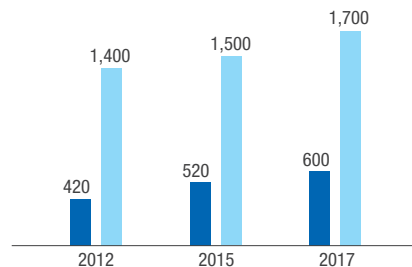


### ASEAN

**Market:** Will move toward steady growth

**Strategy:** Respond to diversified customer needs

- Economical engines, PF + variation models
- Develop low cost PF (engines and bodies)
- Offer value as something more than a tool for transportation
- Strengthen the points with customers based on the market

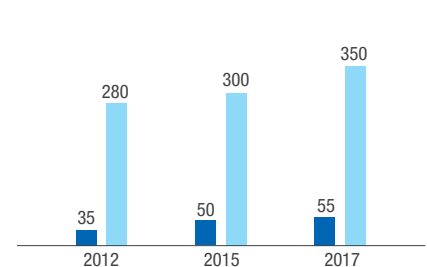


### Developed markets

**Market:** Will recover due to healthy potential demand

**Strategy:** Attract more lifelong customers

- Create the "YAMAHA world" (entry models to flagship models)
- Lifetime marketing
- Offer new concepts





## ASEAN

We expect the ASEAN market to show stable growth going forward, and are addressing increasingly diverse customer needs. We are accelerating our development of different variations of fuel-efficient engines and platforms, to provide value that goes beyond being simply a means of transportation.

## Developed markets

In developed markets, where latent demand is leading to a solid recovery, our strategy is to grow our base of lifelong customers. We are creating a product lineup that ranges from entry to flagship models, and conducting marketing activities to create a Yamaha World. We are also offering new concepts in personal mobility.

# Q6 What are your strategies for major businesses other than Motorcycles?

**We will work to expand the scope of our businesses with a clear strategy for each business.**

Our aim is to realize an earnings contribution from major businesses other than Motorcycles by closely following trends and issues in each business, and expanding the scope of our businesses.

## Marine Products business

We aim to build a ¥300 billion global, integrated Marine Products business.

The Marine Products business in the United States is recovering, and demand is growing in emerging markets as well. We are striving to acquire a stable share in outboard motors by working with boat builders to develop reliable, lightweight, and fuel-efficient engines. During 2013 we plan to launch a new boat operating system developed jointly with Volvo Penta. We also plan to enter the Chinese business boat market in 2013. In the Personal Watercraft business, we are expanding the jet/engine supply business.

### Other Main Business Activities: Business Strategies

#### Marine products

##### General marine business (¥300 billion)

###### Outboard motor

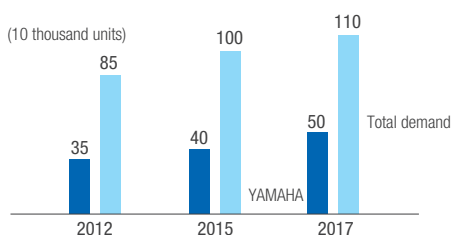
- Engines with high reliability, light weight and high fuel efficiency
- Gain a stable market share by cooperating with boat builders
- Introduce new technologies by cooperating with other companies (2013)

###### Boat

- Enter the Brazilian market (2012)
- Enter the Chinese business boat market (2013)

###### JET

- Expand jet/engine-supply business



#### SPV business

##### Electric-powered bicycle (China)

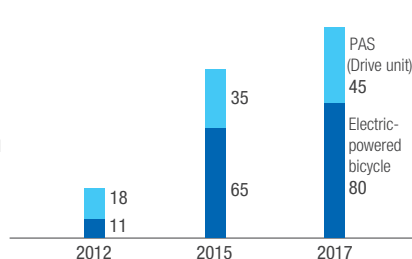
- Significantly broaden the product lines (2013)

###### PAS

- Launch advanced models (2013)
- Attract more European consumers (E-Kit)

###### EV

- Launch low-priced models



#### RV business

##### New off-road vehicle

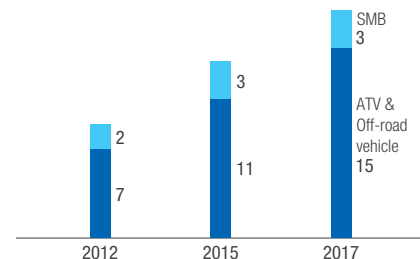
- Introduce new models to the market (2013)

###### ATV

- Complete the transfer of body production (2012)
- Strategies for procuring engines

###### SMB

- Improve business efficiency by cooperating with other companies (2013)



WV: Water Vehicle, RV: Recreational Vehicle, ATV: All Terrain Vehicle

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**Based on our founding spirit of engineering, manufacturing and marketing, Yamaha Motor has built up its global production capabilities while introducing groundbreaking new models that are uniquely Yamaha.**



### Smart Power (SPV) business

We are aiming for SPV sales of one million units. We will significantly expand our lineup of electric-powered bicycles for the Chinese market, which continues to grow. We are also aiming to make deep inroads in the electric motorcycle market by introducing low-end models. In the area of electrically power assisted bicycles (PAS), we are introducing high-performance models in Japan and making a full-scale entry into Europe by supplying drive units.

### Recreational Vehicle (RV) business

We have completed the transfer of all-terrain vehicle body production to the United States and are launching a strategy for engine procurement. We are working with other companies to make our snowmobile business more efficient. We also intend to introduce a newly developed model for the Recreational Off-road Vehicle market in 2013.

## Q7 What is the plan for new model development?

### Using Yamaha's unique engineering, manufacturing, and marketing, we will launch 250 new models.

As a result of significant cutbacks in product development following the onset of the global financial crisis, we released 120 new models during the period covered by the previous MTP, and I feel that this was not sufficient in terms of the number of products. I want to focus on new product development and enhancing product strength under the new MTP. We plan to launch 65 new models during 2013 (a 50% year-on-year increase), and aim to introduce 250 new models over the next three years.

We have set the following themes for product development in our respective businesses:

- (1) In Motorcycles in emerging markets, develop platforms and variation, and pursue fuel efficiency, light weight, design, and cost reductions.
- (2) In Motorcycles in developed markets, emphasize high-performance engines and pursue light weight and design, and expand the lineup to grow the base of lifelong customers.

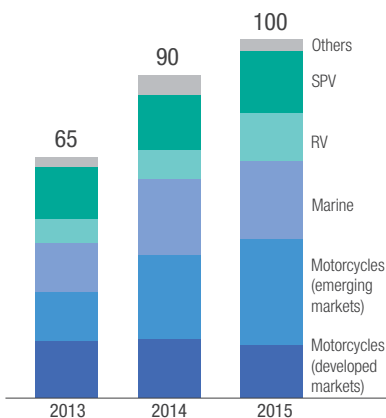
### Product Strategies: Introduce 250 New Models in Three Years

(1) 2013: Increase new model releases by 50% vs. previous year (65 models)

(2) Craftsmanship with unique Yamaha 'Concept', 'Technology', and 'Design'

(3) Further increase new model releases in 2014/2015

[Medium-term] Introduce new models



[2013] Introduce new main models

#### Motorcycles (developed markets)

- Introduce a new lineup in sports, cruiser, competitions, and other segments

#### Motorcycles (emerging markets)

- ASEAN: Strengthen all segments, outfitting fuel injection systems (67%)
- Brazil: Introduce a new lineup
- India: Strengthen the SC segment

#### Marine

- Introduce "Helm Master" control system
- Outboard Motors: Introduce large, lightweight, and compact models

#### RV

- Introduce new off-road vehicles

#### SPV

- PAS: Introduce Multifunctional (triple sensor) models
- CAT: Expand the existing lineup (e.g., lithium models)

#### IM

- Full-fledged introduction of high-speed surface mounter (Z:TA), gain new customers

(3) In the Marine Products business, further strengthen the product lineup, pursue reliability, light weight, and fuel efficiency, and accelerate the introduction of new operating systems.

(4) In the SPV business, expand the lineup of electric-powered bicycles with models using lithium-ion batteries, and introduce high-performance PAS systems.

(5) In the RV business, focus on the introduction of new off-road vehicles.

In each of these areas, we will pursue original concepts, technologies that achieve superior performance and functionality, and design that expresses refined, lively beauty, incorporating Yamaha's unique engineering, manufacturing, and marketing, and following through with thorough implementation.

## Q8 How will Yamaha Motor enhance profitability under the new MTP?

**We will change our global engineering, manufacturing, and marketing, and expand our global procurement and supplies.**

We have reduced costs by ¥75 billion over the past three years. The majority of this amount, however, was for changes in model mixes, with a relatively low degree of actual profit contribution. Given this experience, we are working to reduce costs by a total of ¥90 billion by 2015 and by ¥150 billion by 2017, and at the same time raise the degree of profit contribution to at least 50%.

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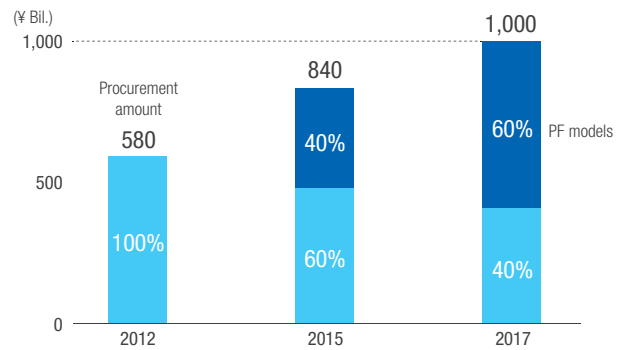
### Cost Reduction Strategies: "Change Global Manufacturing"

#### ➤ Cost down targets



#### ➤ Consolidate to PF

■ Scale effects in procurement and production



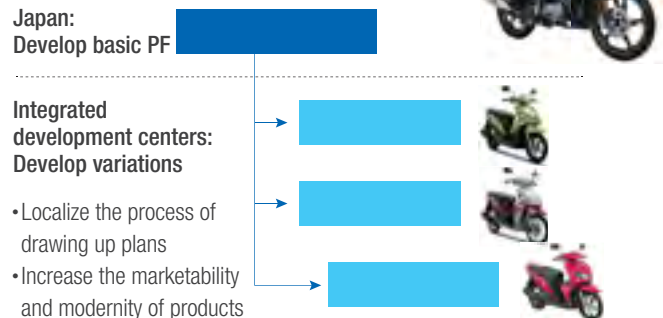
#### ➤ Change drawings based on each market

- Operate integrated development centers (for motorcycle)
- Design products and draw up plans based on market quality standards



#### ➤ Change the development process

- Consolidate to PF and expand variations
- Reduce the lead time for product development by 30%







through two initiatives.

The first is to change our global engineering, manufacturing, and marketing. This means consolidating platforms and introducing design and patterning that meet market standards for quality. Specifically, we are introducing platforms, with target levels of covering 40% of all procurement value by 2015 and 60% by 2017. This will result in changes to the development process. Basic platforms will be developed in Japan, and overseas development centers will use these to create variations. We believe this will make it possible to reduce development lead times by 30%.

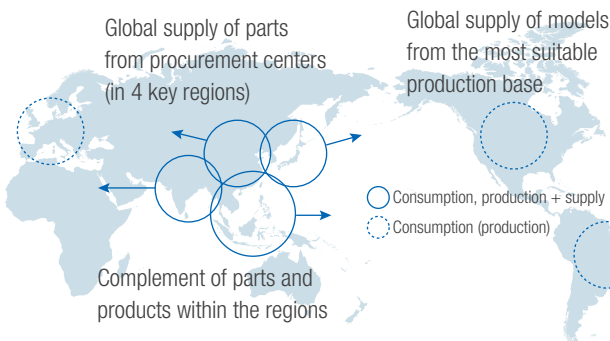
The second initiative is to expand our global procurement and supplies. To date, we have provided supplementary parts and products within the regions of Japan, ASEAN, China, Taiwan, and India, but going forward we will expand the supply coming from four centers to cover the entire world. We will consolidate the number of vendors from which we procure important parts by half, to 200 from the current 400, and promote strategic joint activities as global partners. We will also reduce costs by ¥10 billion in the areas of procurement logistics, and inter-region and intra-region movements of goods. Then, as a foundation for cost-reduction activities, we will strengthen our production engineering, manufacturing, and marketing in each region, with target incorporation levels of 76% for quality production processes and 74% for theoretical-value-based production.

Many other companies are implementing measures similar to these, but I would like to pursue these while at the same time creating original products unique to Yamaha.

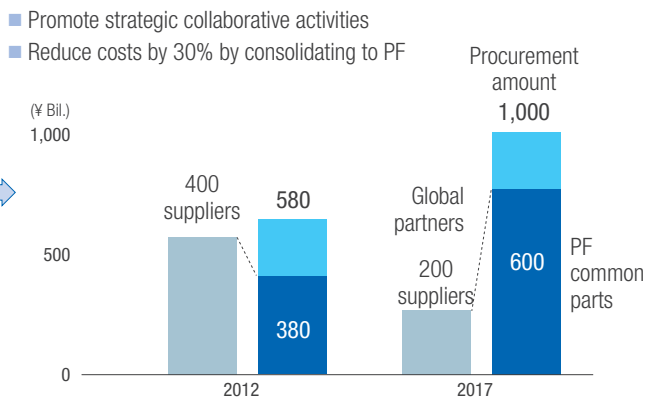
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## Cost Reduction Strategies: "Expand Global Procurement and Supply"

### ➤ Expand global procurement and supply

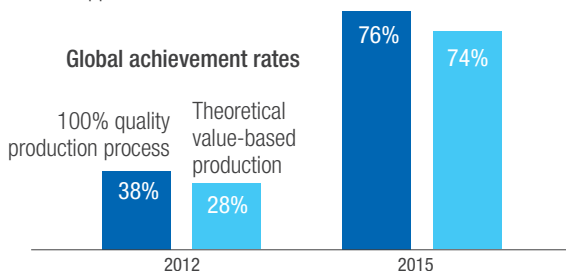


### ➤ Consolidate suppliers



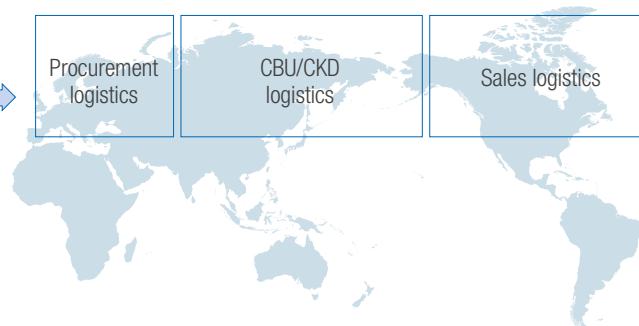
### ➤ Strengthen manufacturing competence

- Gain "great technological strengths" and "outstanding competence at factories"
- Augment "mother" and "global" functions
- Involve suppliers



### ➤ Streamline logistics

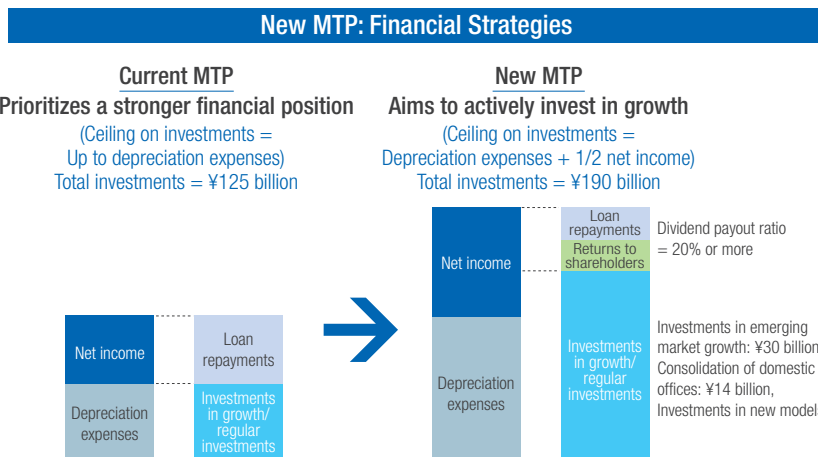
- Overall review of logistics in procurement, production and sales
- Reduce costs by ¥10 billion



## Q9 What is your financial strategy under the new MTP?

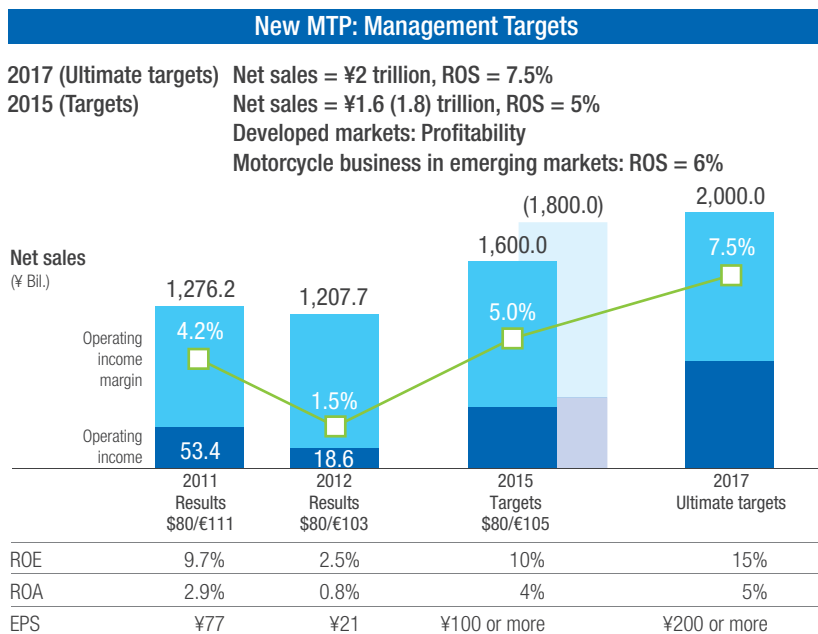
**We will manage with a balance among investment for growth, debt repayment, and returns to shareholders, to support sustainable growth.**

As a strong backup to the two main themes of the new MTP—expansion of the Company’s business scale and improved profitability—we view a balance among active investment for growth, debt repayment, and returns to shareholders as the most important component of our financial strategy. We are therefore using ROE as our primary management indicator, and are managing the Company to enhance our comprehensive corporate strength, including profitability, asset efficiency, and stability.



Under the previous MTP, priority was given to improving our financial position, and therefore investment for growth was held to within the amount of depreciation expenses. Under the new MTP, however, the ceiling on investment is placed at depreciation expenses plus one-half of net income, and we expect the total investment amount to be ¥190 billion. This will enable us to actively invest for growth, by introducing 250 new models, developing new emerging markets, and consolidating domestic factories and offices.

## Q10 What do you see as being necessary to increase corporate value through sustainable growth?



**I believe it will be important for management to raise our return on assets (ROA).**

In addition to ROS (operating income margin), it will be important to manage the Company to raise our ROA to increase corporate value through sustainable growth. ROA is calculated as profit as a percentage of total assets, indicating how efficiently assets are used to generate profit. We will manage businesses to reduce assets like capital investment, inventories, and accounts receivable, while increasing profit, with targets set for individual businesses.

## Q11 What is your specific thinking with regard to returns to shareholders?

### We will return profit (corporate value) to all stakeholders.

Yamaha Motor considers increasing profit for all stakeholders to be an important management issue, and we operate businesses around the world from a global perspective in an effort to increase corporate value.

With the new MTP, we have made ROE an important indicator, and internally we manage our businesses based on ROA. In this way, I hope to manage the Company by maintaining a balance between aggressive investment for growth and returns to shareholders.

We intend to maintain a dividend payout ratio of at least 20% and to return profit (corporate value) to all stakeholders.

## Q12 What is your message for stakeholders?

### We will work to increase value as a *Kando* Creating Company.

The Yamaha Motor Group seeks to constantly provide new *Kando* (the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value) by closely following markets and how we operate in them, and continuously pursuing further innovation.

To continuously surpass customer expectations, the Yamaha Motor Group pursues management reform for engineering excellence and prominence, and works to increase value as a *Kando* Creating Company.

With the launch of the new MTP, we have formulated an internal and external message as a shared, global ideal for all Group companies. That message is “Revs your Heart.” This encompasses our desire to utilize Yamaha’s unique engineering and marketing to provide value and *Kando* that surpass customer expectations. We are conveying this message to markets around the world.



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# Engineering, Manufacturing, and Marketing to Raise Our Profile

The Yamaha Motor Group is aggressively carrying out our new Medium-Term Management Plan by accelerating our engineering, manufacturing, and marketing to exceed the expectations of customers, using uniquely Yamaha Motor concepts, while at the same time continuously promoting management innovation to build a solid earnings base. By continuously pursuing challenges from a global perspective, Yamaha Motor will continue to be an excellent engineering, manufacturing, and marketing enterprise with a prominent presence in the global market.



### Motorcycle unit sales in India, Vietnam, and Indonesia



# Motorcycle Business in Emerging Markets

Our motorcycle business in emerging markets mainly focuses on Indonesia, which is beginning to recover from a temporary slump, India, which is showing rapid growth, and Vietnam, where stable growth continues. Yamaha Motor is pursuing a strategy of expanding our business in these markets based on local optimization.

## Indonesia

### Enhancing product competitiveness to meet diversifying needs

Indonesia is a major market for Yamaha Motor's motorcycle business, but with an economic slowdown and tighter credit, total actual demand in 2012 decreased to 7.27 million units, and our shipments were held to 2.42 million units as a result of inventory adjustments and an insufficient number of models.

We see the ASEAN\*1 market maintaining stable growth going forward, and in 2013 we expect total demand in Indonesia to recover to 7.60 million units. We will pursue a growth strategy based on expanding our lineup in response to increasingly diverse customer needs and enhancing our product competitiveness.

The new Medium-Term Management Plan aims to introduce FI\*2 in all models in the ASEAN market by accelerating the development of variations of platforms based on fuel-efficient engines. In Indonesia, we plan to introduce locally produced models including models that have also been developed locally, along with uniquely Yamaha models produced in Japan that project a sporty image.

### Developing marketing that highlights Yamaha Motor's uniqueness

To establish brand communication that expresses Yamaha's uniqueness, we intend to hold Yamaha Motor Shows at 1,000 locations throughout Indonesia and reintroduce accessory and apparel products, as part of a new promotional campaign that aims to provide value that goes beyond being a means of transportation.

We will also build on our "3S" policy of (motorcycle) Sales, (sales of) Spare parts, and (after-sale) Service, for high-quality contact with customers that is closely tied to the market.

### Strengthening the business base to increase volumes

Restrictions on down payments for credit purchases implemented by the government in June were a major reason for the Indonesian market's temporary stagnation in 2012. In response, Yamaha Motor is focusing on restructuring related credit, while at the same time adjusting inventories in line with the size of the market. Going forward, as the business stabilizes as financing returns to normal, we will work from this base to pursue an appropriate growth strategy for the market as it recovers.

### SOUL GT

As the successor to the current "Mio SOUL" model, the "SOUL GT" features an evolved body design with a sharp-looking front assembly while inheriting the single-headlight design from the current model, air intake-styled side panel covers for a powerful image, a dynamic and unique taillight assembly, and more, to create an authoritative and stylish look.



\*1 Yamaha Motor's ASEAN market comprises Indonesia, Thailand, Vietnam, the Philippines, and Malaysia.

\*2 Fuel Injection: An electronically controlled fuel injection system that uses control technology to achieve higher fuel efficiency than conventional carburetor models.





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## Shifting to our global engineering, manufacturing, and marketing

### ASEAN Integrated Development Center

Under the new Medium-Term Management Plan, Yamaha Motor will significantly reduce costs and rebuild our development, procurement, production, and distribution structure by shifting to global engineering, manufacturing, and marketing, and expanding procurement and supplies across countries and regions.

The ASEAN Integrated Development Center commenced operations in February 2012. Working in cooperation with the head office development structure, which is introducing platform-based manufacturing, the center will play a leading role as the central location for designing products that are aligned with the quality standards of the ASEAN market, and carrying out integrated product development encompassing manufacturing, purchasing, and technology, to meet the needs of customers.



ASEAN Integrated Development Center  
(Established in Yamaha Motor Asian Center Co., Ltd.)



# India

## Enhancing product competitiveness and sales strength

In light of the country's political and economic stability, the Indian market is expected to experience rapid growth in demand for motorcycles. Yamaha Motor is endeavoring to maintain our product competitiveness through enhanced functionality and design, and to expand our customer base and strengthen our presence in the mass-market segment.

In 2012 we entered the scooter category, the Indian market's volume zone, with the launch of the CYGNUS RAY, which has had a very positive market reception. Under the new Medium-Term Management Plan, we intend to proactively launch new products in both the scooter and low-end motorcycle categories.

In terms of marketing, we are building global-standard dealerships to expand our sales network and reinforce high-quality contact with customers, as we build a business base suited to this rapidly growing market.



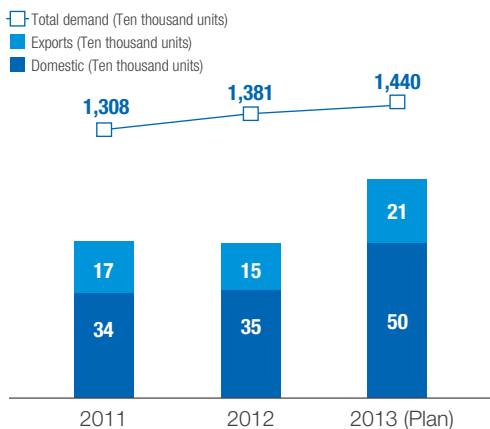
## Raising functionality as a global development and production center

The Indian Integrated Development Center commenced operations in February 2013, as part of our strategy for global optimization based on global coverage via four centers. With the aim of 30% local development, we are accelerating our engineering, manufacturing, and marketing with lower costs and at local market quality standards, to support our product competitiveness both within the Indian market and for exports.

India's domestic motorcycle demand is currently more than 14 million units annually, and to meet this demand we are building a new manufacturing center adjacent to the development center. We intend to increase our local production capacity to achieve domestic shipments of one million units and exports of 240 thousand units in 2015.



### Motorcycle unit sales in India



## New manufacturing center increasing production capacity in India

In 2012, we acquired a roughly 440,000 m<sup>2</sup> site in an industrial park in Vallam Vadagal on the outskirts of the city of Chennai, and began construction of a new factory that is scheduled to commence operations in 2014. The new factory will employ a "theoretical-value-based production" concept that operates on a system of completely synchronized manufacturing of parts and assembly of complete motorcycles, to achieve a high level of productivity.





# Vietnam

## Strengthening the Yamaha brand to expand our business scale

The Vietnamese market is showing stable growth, and Yamaha Motor is pursuing a strategy of comprehensively strengthening the Yamaha Motor Group brand to expand the scale of our business.

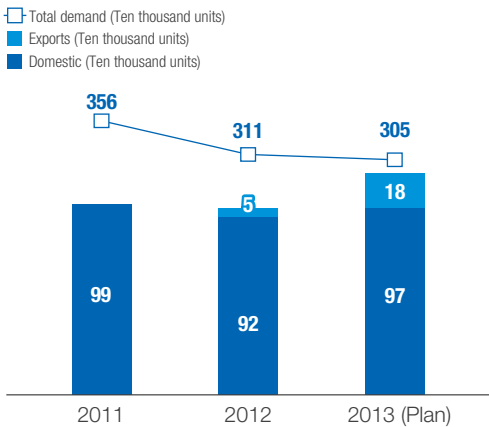
Based on the fuel-efficient engines being promoted by the fully operational ASEAN Integrated Development Center, we are using a combination of platforms and variations to accelerate our introduction of locally produced models. In addition, under the new Medium-Term Management Plan we are aiming to incorporate FI in all models in the ASEAN market, and this will lead to enhanced product competitiveness.

At the same time, we are supporting sales by expanding our domestic sales network and strengthening contact with customers. We are also working to increase exports of completed motorcycles within ASEAN, and are targeting domestic shipments of 1.2 million units and exports of 210 thousand units in 2015.



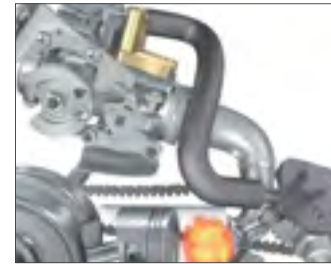
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### Motorcycle unit sales in Vietnam



### NOUVO SX

With a newly designed engine using YMJET-FI,\* the NOUVO SX provides both fuel efficiency and superior environmental and running performance, and is our first AT model for the ASEAN market equipped with a projector-type headlight. With a quality feeling of being "one class higher," the NOUVO SX is establishing a position as our flagship model in the Vietnamese market.



\* YMJET-FI (Yamaha Mixture Jet-Fuel Injection): Yamaha Motor's proprietary fuel injection system employing an auxiliary air intake passage in addition to the main passage, to provide an "air assist" for a more efficient mixing of the air and fuel that helps improve fuel economy in the practical use range.

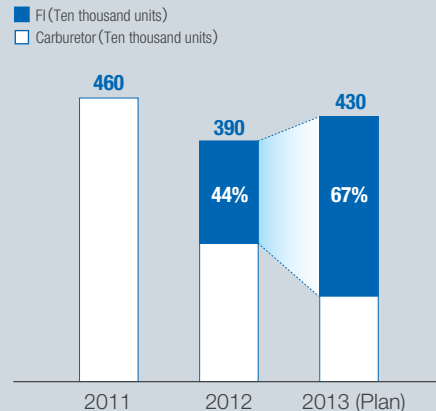
## Introducing FI in all ASEAN market models

Using our proprietary FI system to achieve higher fuel efficiency than conventional carburetor models, Yamaha motorcycles are gaining a large following in the ASEAN market, where high gasoline prices make fuel efficiency an important consideration.

Under the previous Medium-Term Management Plan, we accelerated our introduction of lower cost FI models, focusing on the YMJET-FI system for scooters and commuter vehicles, and raised the percentage of FI-equipped models in the ASEAN market to 44% from 10%.

Under the new Medium-Term Management Plan, we are moving to platform-based production of FI-equipped models and accelerating our local development of model variations, to have all models in the ASEAN market equipped with FI systems and firmly establish the advantage of the Yamaha Motor brand.

### Motorcycle unit sales in Indonesia, Thailand, and Vietnam



# Motorcycle and Marine Products Businesses in Developed Markets

With markets expected to recover going forward, we continue to restructure our motorcycle business in developed markets to enhance our earnings strength. We are also working to expand the scale of our operations in the marine products business, where a solid recovery is under way.

## Motorcycle Business in Developed Markets

### Expanding business scale to address a wide range of customers

Although the difficult market environment continued in Europe, the North American market showed a recovery trend on solid latent demand. Against this backdrop, we are moving to platforms based on high-performance engines and expanding our lineup of entry-level to flagship models, and winning the support of a wide range of customers.

With promotional activities closely tied to markets and proactive lifetime marketing, we will continue to promote new types of brand communication to establish a “Yamaha World” and expand our base of lifelong customers.



#### Communications-Linked Next Generation Vehicle Application smartphone service launched

The Communications-Linked Next Generation Vehicle Application was developed in cooperation with Toyota Motor Corporation as a step toward building a new mobile society of the future, and utilizes the Toyota Smart Center to provide integrated information and services.

### Continuing to restructure to enhance earnings strength

As a result of the restructuring that was a primary component of the previous Medium-Term Management Plan, we consolidated and realigned our domestic manufacturing structure from an initial 12 factories and 25 units to nine factories and 17 units, including the transfer of all-terrain vehicle production to the United States. In Europe, we reorganized the initial four factories into a two-factory structure.

Under the new Medium-Term Management Plan, we will build on these successes and pursue additional restructuring by further consolidating the domestic manufacturing structure and reorganizing the European business structure, with the aim of “Euro one company.” Then, using platforms with high-performance engines, we will expand the scale of procurement and manufacturing and enhance the earnings strength of the motorcycle business in developed markets.

#### Bolt

Based on the current XVS950A, the Bolt combines a revamped engine incorporating a completely redesigned air intake/exhaust system and remapped fuel injection settings with a newly designed slim and compact chassis, to achieve both outstanding acceleration and a light, responsive ride in low-speed urban settings.





## Marine Products

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### Market showing steady recovery

The marine products business had a strong year in 2012, on a stable recovery in the U.S. market and a rebound in demand for outboard motors, personal watercraft, and sport boats. This solid recovery included increased sales of outboard motors in Russia, and sales growth in Japan for fishing boats, utility boats, and outboard motors, reflecting earthquake reconstruction demand. Against this backdrop, we are proceeding with preparations to expand the scale of our business by increasing our production capacity for personal watercraft at the U.S. factory, and establishing a joint venture in China for the manufacturing and sales of utility boats for fishery and aquaculture work.

### Building confidence in the Yamaha brand

To further enhance our product competitiveness, the Yamaha Motor Group has jointly developed a new boat control system with Volvo Penta,

and in early 2013 we launched the Helm Master joystick control system. This system has already gained wide popularity in small-sized boats with 200hp engines, and has further solidified Yamaha Motor's brand advantage in the market and strengthened our ties with boat builders.

The boat business also revitalized the market in 2012 with the launch of the SR310 and SR-X F90 pleasure boat models, generating a high level of confidence for the Yamaha brand in the marine products market.

Going forward, we will work to maintain our prominent market shares in Russia and Brazil with reliable, lightweight, fuel-efficient engines and by strengthening our ties with boat builders, and also to maintain stable shares in developed markets. The boat business will develop a new commercial boat business in China through the boat manufacturing and sales project in Dalian, and the personal watercraft business will expand to include supplying jet propulsion equipment.





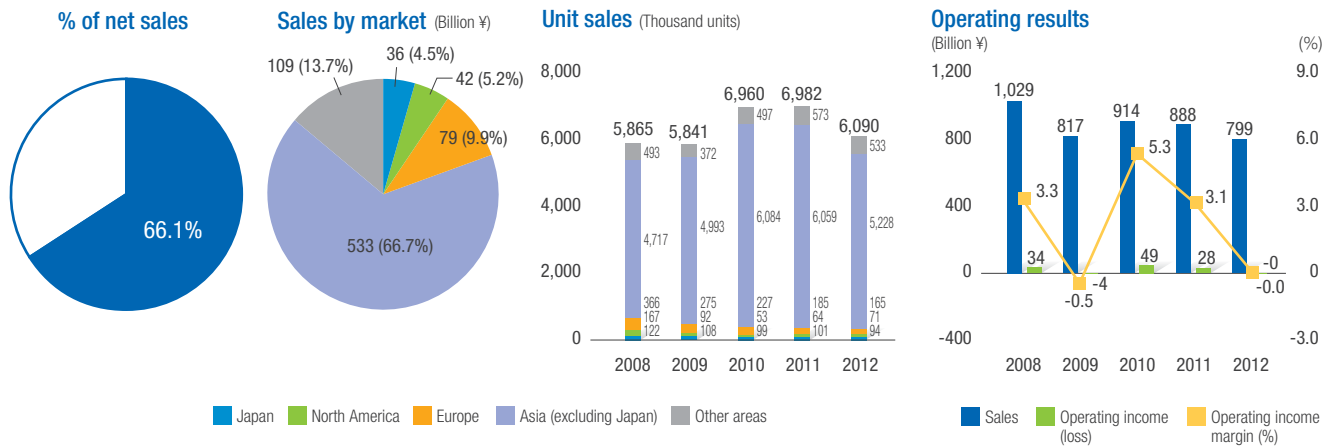
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# Motorcycles

Motorcycle sales in 2012 declined ¥88.9 billion, or 10.0%, from 2011, to ¥798.7 billion, and accounted for 66.1% of net sales. Operating income fell ¥27.8 billion, to a ¥0.2 billion loss from the previous year's ¥27.6 billion profit, as a result of lower sales and inventory adjustments in Europe and certain emerging markets, and the strong yen.



Figures for the fiscal year ended December 31, 2009 and previous fiscal years are as per the previous segment classifications.

## Japan

### Solid demand for small motorcycles

The Japanese economy remained weak and showed no signs of a major improvement in retail consumption during 2012, and motorcycle manufacturers boosted overall demand by introducing new models of small motorcycles and lightweight motorcycles. Nevertheless, in the wake of the previous year's boost in demand for Class-1 (50cc and under) and Class-2 category (51cc–125cc) scooters related to reconstruction from the March 2011 earthquake, demand in these categories declined in 2012, and overall demand for motorcycles contracted 0.6%, to 440 thousand units.

At Yamaha Motor, despite strong sales of the YZF-R1, XVS400, and SR400 small motorcycles, a large shortfall from plan for the AXIS Treet Class-2 category scooter depressed overall sales. As a result, domestic unit sales in 2012 declined 6.7%, to 94 thousand units, and net sales were 2.6% lower, at ¥36.1 billion.

With various manufacturers introducing new models in the Class-2 scooter category, total demand for this category is expected to grow in 2013, but with a waning effect from the introduction of new small motorcycle and lightweight motorcycle models, total domestic motorcycle demand is seen increasing only slightly from 2012, to 446 thousand units.

Yamaha Motor plans to introduce new models in the small motorcycle and lightweight motorcycle categories during the second half of 2013. We also expect the market to receive a boost from the release of a limited edition SR400 35th Anniversary Model, and with proactive sales promotions, we are planning for a 7.1% increase in unit sales, to 101 thousand units.

## Europe

### Leveraging brand strength, products, and sales network to overcome crisis conditions

With various countries implementing a series of emergency fiscal measures in response to protracted uncertainty in the public and private financial situation, retail consumption in Europe remained weak throughout 2012. Conditions were particularly difficult in Italy, Spain, and France, and total European motorcycle demand contracted 11.7%, to 1,740 thousand units.

While dealers held back on purchases because of tighter credit limits from European financial institutions, Yamaha Motor introduced two new models in 2012—the TMAX and the Xenter 125/150 (MBK brand name: OCEO). The TMAX was particularly well received and posted strong sales, reflecting Yamaha Motor's unique brand strength, as well as our



SR400

product pricing and sales promotion activities at 2,700 dealerships across Europe, and was Europe's best-selling motorcycle among all manufacturers. Promotions were also held from the beginning of the year throughout our dealer network for the XJ6 and the FZ8, our main models in the market, and our sales plans were met.

Nevertheless, the contraction of the overall market had a major impact, and Yamaha Motor's unit sales on a shipment basis decreased 11.1%, to 165 thousand units, while net sales declined 13.1%, to ¥79.2 billion.

Europe's public and private financial uncertainty is seen persisting in 2013, and weak consumption is expected to have a continued effect

on motorcycle demand. We therefore anticipate a 2.8% decline in total demand, to 1,700 thousand units. At Yamaha Motor, we will introduce a new model of the FJR in the sports category, and further strengthen our position in the scooter category with the new XMAX400. We will also enhance our lineup in the 50cc category with the release of a new model of the AEROX sports scooter, along with low-priced models of the Bw's50 (MBK brand name: Booster) and the Neo's50 (MBK brand name: Ovetto), and are forecasting an 8.8% increase in total unit sales, to 179 thousand units.

Xenter 125/150



XJ6

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## North America

### Solid growth on rebound in demand

Against a backdrop of a gradual recovery in major economic indicators including unemployment rates and consumer confidence in the United States, the North American motorcycle market showed solid sales of higher-priced models in 2012, along with a noticeable rebound for lower-priced models. As a result, total North American demand grew 2.5%, to 502 thousand units.

In the United States, Yamaha Motor faced stiff competition in the cruiser and competition categories, but by leveraging our strengths in the dual purpose category with the TW200 and XT250, and in smaller scooter and dirt bike models, we recorded solid sales. As a result, Yamaha Motor's North American unit sales in 2012 rose 10.3%, to 71 thousand units, with a 16.9% increase in net sales, to ¥41.6 billion.

Against a backdrop of a recovery in North American demand in 2013, we anticipate a pickup in medium-priced models, and are forecasting a 3.8% increase in total demand, to 521 thousand units.

At Yamaha Motor, we will strengthen our model competitiveness by expanding our lineup, including aggressive launches in the competition and sports categories. Based on these measures, we are planning for a 3.2% increase in North American unit sales in 2013, to 73 thousand units.

## Asia

### Decline in demand beginning to slow

In 2012, the Asian market (excluding Japan) experienced an economic slowdown from the effects of fiscal tightening in certain emerging markets and the European financial crisis, and total motorcycle demand contracted 3.1%, to 44,100 thousand units.

Yamaha Motor's 2012 unit sales rose in Thailand following the effects of the previous year's flooding, and in India, but overall sales declined as a result of fourth-quarter inventory adjustments implemented in response to lower demand in Indonesia and Vietnam. Unit sales declined 13.7%, to 5,230 thousand units, and net sales fell 10.3%, to ¥533.0 billion.

We anticipate a return to stable economic growth in 2013 and expect a slight increase in motorcycle demand in Asia, edging up 0.4%, to 44,300 thousand units.

Yamaha Motor will continue to aggressively release new models and strengthen our marketing, and we are planning for a 13.6% increase in unit sales, to 5,940 thousand units.



## ASEAN

### After pause, enhancing brand strength to expand scale

The Indonesian economy recorded solid GDP growth of more than 5% in 2012. However, a drop in commodity prices and down payment regulations for credit purchases significantly impacted performance, with total motorcycle demand contracting 9.2%, to 7.27 million units.

Yamaha Motor recorded strong sales of the V-IXION and the BYSON in the sports category, but the Mio J, our flagship model in the increasingly popular automatic transmission (AT) category, failed to fully win over customers and our share of the AT category declined. As a result, our 2012 unit sales decreased 22.7%, to 2,420 thousand units, and net sales fell 19.4%, to ¥264.5 billion.

Given Indonesia's solid economic growth and the importance of two-wheeled vehicles in people's lives, we expect total motorcycle demand in 2013 to grow 4.6%, to 7.60 million units.

To address this growing market, we will introduce large made-in-Japan models, and strengthen our contact with customers by holding Yamaha Motor Shows at 1,000 locations across the country and KIDS

Jupiter Z1



Yamaha Safe Riding Science (YSRS) events nationwide. We will also strengthen our branding through racing activities and with apparel and accessories, and are planning for a 13.5% increase in 2013 unit sales, to 2,750 thousand units.

V-IXION



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To facilitate recovery from the previous year's flood damage, in 2012 the Thai government implemented economic stimulus measures including an automobile subsidy program, and, supported by robust internal demand, Thailand's total motorcycle demand rose 6.1%, to a record 2,130 thousand units.

Yamaha Motor proactively launched new models in 2012, with five FI-equipped models including the Filano, TTX, and Mio 125i, and the powerful, fuel-efficient, FI-equipped Spark 115i in the manual transmission (MT) category. The success of these models led to a 16.1% increase in our 2012 unit sales, to 550 thousand units, resulting in a 4.0% increase in net sales, to ¥74.5 billion.

We see Thailand's economic environment remaining strong in 2013, and are forecasting a 3.3% increase in total demand, to 2.20 million units.

At Yamaha Motor, we will bolster our product strength by introducing an FI option to the main Fino model, and strengthen our customer contact through events including Spark 115i test drive events at 50 locations nationwide, to increase our market presence in areas outside major cities. We are therefore aiming for a 5.5% increase in 2013 unit sales, to 580 thousand units.



**Nozza**

The Vietnamese market saw slower economic growth in 2012 from fiscal tightening imposed by the government since 2011 to rein in inflation, and dampened consumer sentiment led to a 6.6% contraction in total demand, to 3,110 thousand units (excluding Chinese vehicles).

Although Yamaha Motor's sales declined in line with the contraction in total demand, the 135cc Exciter in the sports moped category and the FI-equipped Nozza in the AT category, which targets women, maintained solid sales. In addition, our Sirius volume segment model recorded steady sales, supported by stable sales in rural areas. As a result, we were able to minimize the effect of the decline in total demand, as 2012 unit sales declined 6.6%, to 920 thousand units. Net sales, however, increased 10.2%, to ¥89.3 billion.

In 2013, we see the Vietnamese market recovering from the previous year, and are looking for a 1.0% increase in total demand, to 3.14 million units.

We will launch three new FI-equipped models and step up our area marketing in 2013, and are aiming for a 5.4% increase in unit sales, to 972 thousand units.



**Spark 115i**

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## India

### Entering the scooter market

The Indian market experienced an increasing sense of inflation-driven economic stagnation during 2012, and as a result, growth in total motorcycle demand slowed 5.6%, to 13,810 thousand units.

Given this market environment, Yamaha Motor's sales declined, particularly in higher-priced models. On the other hand, the scooter category continues to grow, and in September 2012 Yamaha Motor launched the CYGNUS RAY as our first model in this category. Sales of this scooter have grown, with young women in southern and western India as the main customer segment.

In light of these conditions, our unit sales growth in 2012 was held to 1.4%, to 350 thousand units, with a 0.4% increase in net sales, to ¥39.8 billion.

The Indian market is expected to benefit from the effects of the government's economic policies and the growth of the middle class in 2013, and we are forecasting a solid 4.3% increase in total motorcycle demand, to 14,400 thousand units.

At Yamaha Motor, we will launch various models of the CYGNUS RAY, and focus our marketing on southern and western India, which account for 70% of the market's scooter demand. By expanding and working through our sales network with proactive promotional campaigns targeting women, we are aiming for a 43.5% increase in unit sales, to 500 thousand vehicles.



CYGNUS RAY

## China

### Sales slowing on lower economic growth

China's economic growth slowed in 2012, as economic weakness in Europe and the United States led to a decline in exports. In addition to a decline in spending for durable goods, tighter limits on license plate issuance by Guangdong Province and the increased popularity of four-wheeled vehicles and electrically powered bicycles had an impact on motorcycle demand, which decreased 10.0%, to 12,630 thousand units.

With a drop-off in purchases of the previously popular Future 100 (100cc scooter) in the scooter category and the newly introduced YB-125-SP, Yamaha Motor's 2012 unit sales declined 19.0%, to 490 thousand units.

The downward trend in total motorcycle demand is seen continuing in 2013, and we expect a 10.3% contraction, to 11,330 thousand units.

Yamaha Motor will aggressively promote sales to our main customer segment of younger rural riders, and we are aiming for a 21.8% increase in unit sales, to 600,000 units.

## Central and South America

### Strength in neighboring countries unable to cover Brazil's slowdown

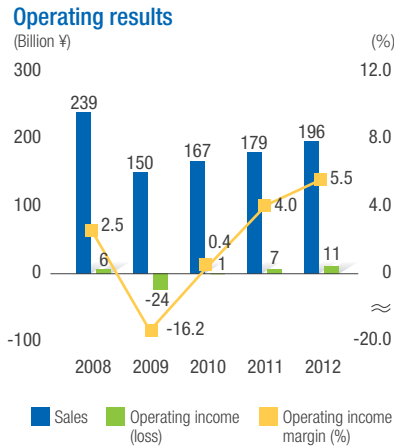
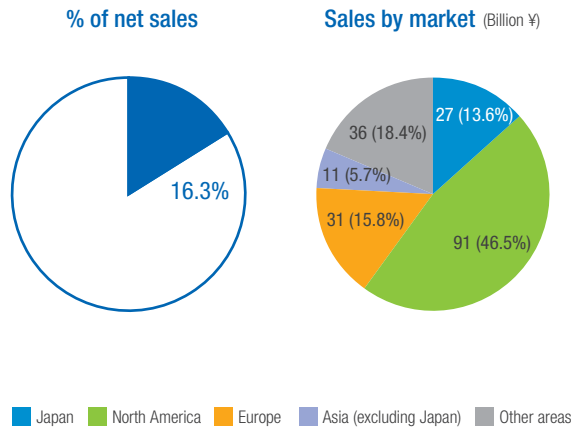
In Central and South America in 2012, Brazil's economy slowed as a result of economic stagnation in Europe and China, causing financial institutions to tighten credit and leading to a 14.7% decline in motorcycle demand, to 1.65 million units. Although demand grew in neighboring countries including Colombia and Mexico, this was insufficient to cover the contraction in Brazil, and as a result, total motorcycle demand in Central and South America declined 9.2%, to 4.05 million units.

In Brazil, Yamaha Motor recorded solid sales of higher priced, 600cc and larger models, but sales declined significantly in the main 125cc street category, where interest rates for consumer finance are high, and our total unit sales declined 32.4%, to 160 thousand units. As a result, Yamaha Motor's total unit sales in Central and South America declined 11.3%, to 432 thousand units.

In 2013, we see credit approval rates improving in Brazil and expect a recovery in the market from the second half. We estimate that Brazil's motorcycle demand will grow 5.3%, to 1.74 million units, and that total demand for Central and South America will increase 12.5%, to 4.56 million units. With new models being introduced, we are forecasting a 25.3% increase in Yamaha Motor's unit sales in Brazil, to 210 thousand units, with 24.7% growth, to 540 thousand units, for Central and South America as a whole.

# Marine Products

Sales of marine products in 2012 rose ¥17.4 billion, or 9.7%, from 2011, to ¥196.3 billion, and accounted for 16.3% of net sales. Operating income grew ¥3.8 billion, or 53.0%, to ¥10.8 billion.



## Outboard Motor Business

### Increasing sales by accurately addressing demand

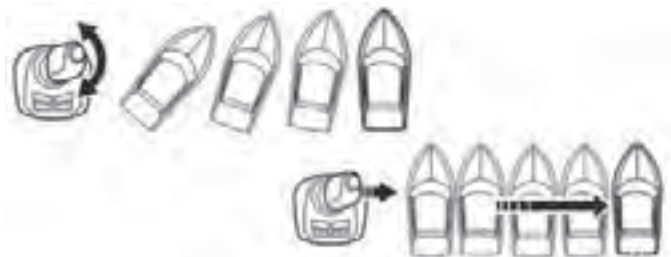
Demand for outboard motors in 2012 rebounded along with the gradual recovery in the U.S. economy, and grew in the Russian market as the middle class expanded in line with stable economic growth. As a result, global demand grew 5.7% from 2011, to 760 thousand units.

Yamaha Motor strove to accurately address demand by strengthening tie-ups with boat builders and pursuing increased sales of medium-sized and large models in developed markets. In emerging markets, we successfully strengthened and expanded our sales channels to attract new customers, and as a result, in 2012 the business recorded a 6.1% increase in unit sales, to 320 thousand units, with a 5.7% increase in net sales, to ¥116.1 billion.

For 2013, we expect protracted weakness in the European economy and a drop in demand related to post-earthquake reconstruction in Japan, but we see a continued recovery in North American demand and market growth in emerging markets, led by Russia. Based on these assumptions, we are projecting a 3.6% increase in total demand, to 790 thousand units. At Yamaha Motor, we will pursue sales growth in each market, and are planning for a 0.7% increase in unit sales, to 320 thousand units.

With regard to products, we began selling the compact, 4-stroke F200F outboard motor, which has the lightest weight in its class, at the beginning of the year. We are also working to stimulate demand by providing new value to boat builders with which we have tie-ups in North America and Europe with the Helm Master, the world's first control system for outboard motor powered boats, which we have jointly developed with Volvo Penta.

### Helm Master





VX Deluxe

## Personal Watercraft Business

### Sales recovering, led by North America

With the gradual recovery of the U.S. economy, total demand for personal watercraft in 2012 grew 6.2%, to 78 thousand units.

At Yamaha Motor, sales of new models in the FX series showed strong growth in all markets, and the VX series achieved solid sales with each model leading its class. With a particularly significant recovery in developed market sales, our total 2012 unit sales grew 36.1%, to 40 thousand units.

Jet propulsion sports boats continued to record solid sales, led by North America, and we have begun increasing production capacity at our facility in Tennessee. As a result, the personal watercraft business recorded a 31.1% increase in net sales in 2012, to ¥37.8 billion.

We expect North American demand to continue to recover in 2013, and are projecting an increase in total demand for personal watercraft. Yamaha Motor will focus on sales promotions and building sales networks to cultivate new customers, and we are aiming for further sales growth.

## Boat Business in Japan

### Preparing to enter the Chinese market

Japanese domestic boat demand, including pleasure boats, grew 47.9% in 2012, to 5,096 units, on continued growth in demand for both utility and fishing boats associated with reconstruction following the Great East Japan Earthquake.

Domestically, Yamaha Motor maintained a solid pace of production and shipments in response to demand from the fishing industry in areas

rebuilding from the earthquake, and in the pleasure boat market, we launched the SRX and YF24 and acquired a market share of more than 20%. Through these efforts, 2012 unit sales in the boat business in Japan rose 79.7%, to 3,351 units, with a 25.0% increase in net sales to ¥9.5 billion.

We estimate that Japanese domestic boat demand will contract 33.8%, to 3,373 units, in 2013 as demand related to earthquake reconstruction ends, and at Yamaha Motor we are forecasting a 48.1% decline in unit sales of Japanese domestic boats, to 1,739 units.

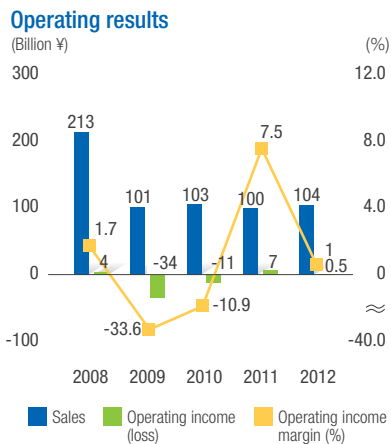
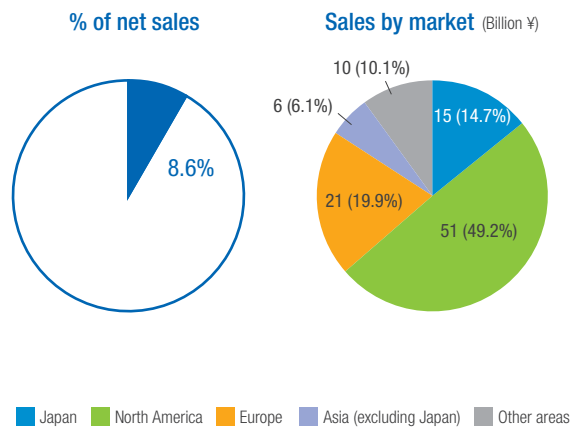
As part of our growth strategy, we have set up a joint venture with Zhangzidao Group Co., Ltd., which is based in Dalian City, China, and are making preparations to enter the 500,000-vessel market for motorized fishing and work boats in China.



YF24

# Power Products

Sales of power products in 2012 rose ¥3.3 billion, or 3.3%, from 2011, to ¥103.6 billion, and accounted for 8.6% of net sales. Operating income declined ¥6.9 billion, or 92.9%, to ¥0.5 billion, reflecting the effect of reversals of accrual for product liability.



## ATV/SSV Business

### Gradual recovery in U.S. demand

Demand for all-terrain vehicles (ATVs) in 2012 saw the first growth in six years (since 2006) in the main U.S. market as consumer sentiment for ATVs improved, reflecting a mild winter and improved earnings at primary industries. Nevertheless, European demand remained weak, and as a result total global demand contracted 0.4%, to 520 thousand units.

Yamaha Motor's global ATV shipments declined 6.3% in 2012, to 70 thousand units.

On the other hand, sales of side-by-side vehicles (SSVs) grew on a strong reception in the U.S. market for a new 2013 model with special edition specifications, but with the decline in ATV sales, total

sales for Yamaha Motor's ATV/SSV business in 2012 declined 4.6%, to ¥40.0 billion.

Although we expect a gradual recovery in U.S. demand in 2013, we see more time required for a recovery in the European market and improved consumer sentiment among customers for the sports models that are Yamaha Motor's strength, and therefore expect total ATV demand to contract 1.0%, to 511 thousand units.

At Yamaha Motor, we are planning for a 9.5% decline in total ATV unit sales, to 64 thousand units, and expect unit sales of SSVs to be flat year-on-year at 6 thousand units.

## Snowmobile Business

### Demand and sales growing in Russia

Although demand for snowmobiles grew in Russia and other parts of Europe in 2012, a decline in the United States because of a warm winter led to a 1.8% decline in total demand, to 136 thousand units.

Although Yamaha Motor's sales grew in Russia, bolstered by the introduction of a utility model, with a decline in North America our unit sales decreased 0.8%, to 21 thousand units, and net sales were 1.4% lower, at ¥14.9 billion.

We see total demand for snowmobiles in 2013 growing 5.9%, to 144 thousand units, on a recovery in the U.S. economy, and are planning for a 32.3% increase at Yamaha Motor, to 28 thousand units.



Grizzly 300

## Golf Car Business

### Sales in Japan and North America rebounding

Total demand for golf cars in 2012 grew 1.4%, to 166 thousand units, on increased demand in Japan, where earthquake reconstruction continues, and in North America and emerging markets.

Yamaha Motor continued to proactively work to increase sales, focusing on Japan and North America, and our 2012 unit sales grew 14.2%, to 54 thousand units, with an 18.0% increase in net sales, to ¥21.3 billion.

With expectations of an economic recovery in the United States, total golf car demand is seen growing 1.1% in 2013, to 168 thousand units, and Yamaha Motor is planning for a 3.4% increase in sales, to 56 thousand units.

## Generator and Multi-Purpose Engines Business

### Accelerating development of fuel-efficient engines and low-priced generators

In response to Japanese demand from increased awareness of disaster preparedness, and with a recovery in the U.S. economy, Yamaha Motor's 2012 unit sales grew 14.8%, to 184 thousand units, with a 12.7% increase in net sales, to ¥19.2 billion.

In 2012, we established an integrated production structure for engines with the commencement of operations at a generator factory in Jiangsu, China, with an annual production capacity of 200 thousand units. Using this structure, we will accelerate our development of fuel-efficient engines and low-priced generators, with the aim of expanding our business through the introduction of new products.



EF1600iS



G30A

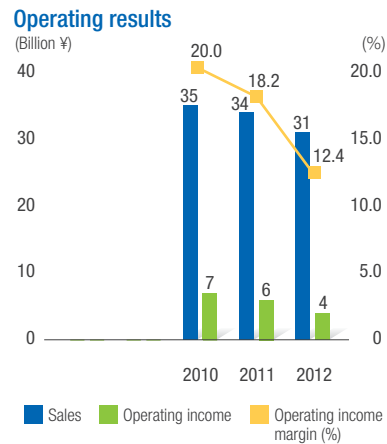
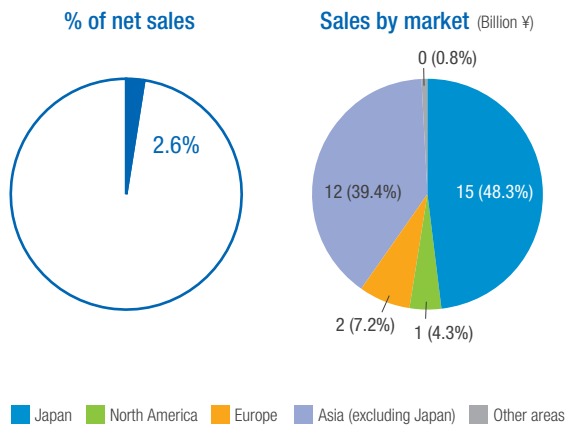
## Rhino 700



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# Industrial Machinery and Robots

Sales of industrial machinery and robots in 2012 declined ¥3.5 billion, or 10.2%, from 2011, to ¥30.8 billion, and accounted for 2.6% of net sales. Operating income declined ¥2.4 billion, or 38.9%, to ¥3.8 billion.



Surface mounters, industrial robots and wheelchairs, which were previously included in the Others segment, are being separately reported as the Industrial Machinery and Robots segment from fiscal 2011. Results for fiscal 2010 have been reclassified to reflect this change.

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## IM Business

### Launching Z:TA high-speed surface mounter

The Intelligent Machinery (IM) business manufactures and sells surface mounters and other types of industrial robots.

Total demand in the surface mounter market contracted 15.0% in 2012, to 15 thousand units, reflecting a decline in domestic demand from the yen's strength and Japan's sluggish economy, combined with restrained capital investment globally from the impact of the economic crisis in Europe.

Yamaha Motor strove to cultivate new customers in 2012 with the release of the Z:TA surface mounter, which boasts one of the industry's highest component mounting speeds. Nevertheless, despite solid sales related to smartphones and tablet devices, sales in overseas markets declined from the second half of the year, and 2012 unit sales declined 6.4%, to 1,900 units. Sales for the overall IM business declined 10.2%, to ¥30.8 billion.

We expect investment in China and Southeast Asia to recover in 2013, and are forecasting 11.8% growth in total demand for surface mounters, to 17 thousand units.

At Yamaha Motor, with a high level of interest in the Z:TA from overseas mass-production users, we will launch a full-scale market offensive and are planning for a 36.8% increase in unit sales, to 2,600 units.



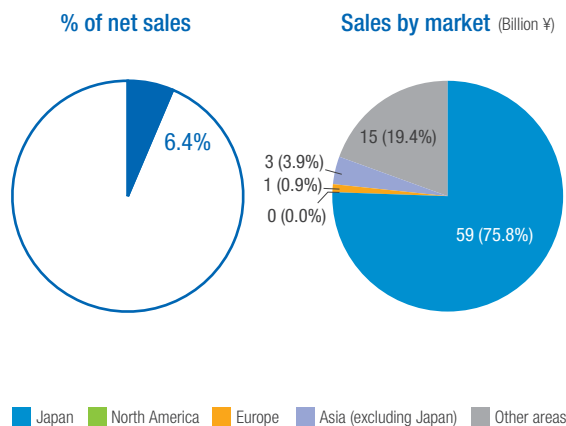
Z:TA



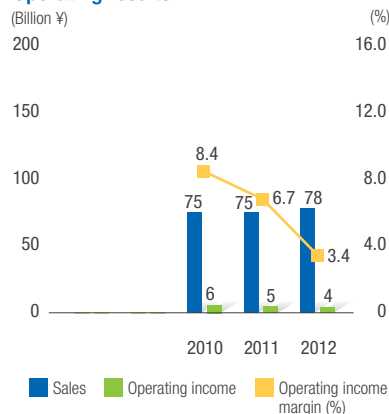
# Other Products

Sales of other products rose ¥3.2 billion, or 4.2%, to ¥78.3 billion, accounting for 6.4% of net sales.

Operating income declined ¥1.4 billion, or 28.2%, to ¥3.6 billion.



## Operating results



Figures for fiscal 2009 and previous years are not comparable because of segment reclassifications, and are therefore not shown.

## PAS Business

### Addressing diverse customer needs leading to stable growth

Japan's total demand for electrically power assisted bicycles declined 8.6% in 2012, to 386 thousand units, in the wake of the previous year's spike related to reconstruction following the Great East Japan Earthquake. Since October, however, demand has been trending higher year on year.

In response to diverse customer needs, Yamaha Motor worked to introduce and promote sales of models equipped with child carriers and models with an appeal to fashion, but with the decline in total demand, domestic shipments of complete PAS electrically power assisted bicycles declined 0.9%, to 104 thousand units, and net sales for the PAS business were 1.6% lower, at ¥15.3 billion.

With manufacturers strengthening their product competitiveness to accelerate their market entry, we see the market for electrically power assisted bicycles maintaining steady growth in 2013, and are forecasting a 6.8% increase in total domestic demand, to 412 thousand units. At Yamaha Motor, we will differentiate our products with superior functionality by introducing new features, and are planning for a 7.0% increase in unit sales of complete PAS bicycles, to 111 thousand units, in 2013.

## Automobile Engines Business

### Rebounding from previous year's earthquake-related decline

Utilizing our engine technologies developed for motorcycles, Yamaha Motor provides high-performance bicycle engines, Performance Damper anti-vibration dampers, and Relative Absorber System (REAS) automotive

suspensions to automakers in Japan and around the world.

Sales of automotive products in 2012 grew 6.5%, to ¥28.8 billion, following the previous year's contraction in automobile production as a result of the Great East Japan Earthquake and flooding in Thailand.

Based on the business development strategy in the new Medium-Term Management Plan, in 2013 the automobile engines business aims to expand Yamaha Motor's business scale and earnings improvement by accelerating our development of high-performance, highly efficient, and environmentally friendly technologies and products.

## Other Businesses

### Accelerating business development in new growth areas

As part of our strategy for developing new businesses under the new Medium-Term Management Plan, Yamaha Motor is pursuing business commercialization in areas in which we have been accelerating research and development.

In 2012, we developed an unmanned helicopter product with high-precision control technologies and a high-performance engine, and worked to develop overseas markets. From 2013, the Unmanned Aerial Vehicle Business Development Section, which handled unmanned helicopters, has been reorganized as the newly established UMS\* Business Development Section, to advance product and business development to include overland and marine unmanned control technologies.

\* UMS: Unmanned System

# Sports Activities

With a philosophy of being a *Kando* Creating Company, the Yamaha Motor Group proactively supports a variety of sports activities across business lines, to enable not only athletes but also their fans to come together and share a fresh sense of excitement.

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## Racing Activities

## Demonstrating Yamaha's global presence

In the pursuit of speed, Yamaha Motor develops and tests advanced technologies, and fosters a spirit of tenacity with regard to achieving difficult goals. Our racing activities enable people around the world to share a sense of excitement, and are an important venue for demonstrating Yamaha Motor's unique spirit of challenge. We have been an active participant in motorcycle racing both home and abroad since our founding.

In 2012, Yamaha Factory Racing's Jorge Lorenzo was crowned champion of MotoGP, the premier road racing class, with six victories and 10 second-place finishes over an 18-race season. In Japan, Yamaha YSP Racing Team's Katsuyuki Nakasuga won the All Japan Road Racing Championship in the JSB1000 class. Nakasuga also finished second at the Valencia GP, a headline event and the final race of the MotoGP season, as a substitute driver. In addition, Kenichi Kuroyama became the second person in history to win all seven races in the All Japan Trial Championship series, reinforcing Yamaha Motor's presence on the world stage.



## Rugby

### Cheering together at Yamaha Stadium

Supported by a spirit of fair play and “One for all, all for one” teamwork, the Yamaha Jubilo rugby football club uses physical strength and honed tactics in the pursuit of victory in Japan’s Top League. As an expression of Yamaha Motor’s corporate culture of using the vitality derived from individual independence to create value that generates excitement, the team is very popular among Group employees. Fans come together to cheer on the team for home matches at Yamaha Stadium, to show their support of the players’ excellent performance.

In February 2013, center Male Sau and fullback Ayumu Goromaru were named to Japan’s national team. Please join us in showing support for Yamaha Jubilo again this year.

## Sports Promotion

### Developing confident, well-rounded individuals

The Yamaha Motor Foundation for Sports (YMFS) promotes sports education and culture to foster a spirit of pursuing challenges, and sports activities as a way of effectively bringing out the best in people. These activities include “sports challenge” subsidy programs designed to develop confident, well-rounded individuals, the distribution of educational materials at sporting events to contribute to the upbringing of children who are healthy in both mind and body, and the establishment of a junior yacht school.

In 2012, subsidies were provided to 26 persons engaged in training, research, and education. The Foundation also distributed educational materials to 182 elementary schools nationwide, held the Junior Yacht School Hayama, and awarded YMFS-Sports Challenge Prizes.

Snapshot

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# CSR SECTION

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## Basic Policies of CSR

Yamaha Motor Group strives to contribute to the sustainable development of society through our business activities based on our corporate philosophy and to always abide by the letter and spirit of domestic and international laws and regulations. We are dedicated to earning the trust of the global community, and we place great value on communicating with all stakeholders. We expect all of our business partners to share our principles and to act in accordance.

### Customers

- We offer new excitement and a more fulfilling life for people all over the world through high-quality products and services that combine safety and innovation.
- We provide practical, helpful information about products and services to customers.
- We make every effort to protect the personal information of our customers and others involved in our business.

### Shareholders and Investors

- We aim to deliver stable, long-term growth to enhance corporate value.
- We disclose appropriate corporate operational results and financial status in a timely manner.

### Employees

- We provide equal employment opportunities to build a diverse and discrimination-free workforce.
- We provide fair working conditions while maintaining and improving a safe and healthy working environment.
- We maintain respect for human rights and never tolerate child labor or forced labor in any form.
- We work toward building success for both our employees and the Company through honest communication and dialogue founded on mutual trust.

### Business Partners

- We respect our suppliers, dealers, and other business partners and aim to build mutual long-term growth founded on mutual trust.
- We maintain an open door to new business partners around the world and choose companies based on comprehensive value, regardless of nationality or size.
- We respect the competition laws of each nation and region and maintain fair business practices.

### The Community

- We honor the culture and customs of every country and community, and we strive as a corporate citizen to act in balance with society.
- We work to contribute to the development of sound communities by providing means of mobility, creating employment opportunities and fulfilling our tax obligations.
- We promote social action programs including personal mental and physical development, environmental preservation and safety activities, as well as supporting private initiatives undertaken by employees.
- We maintain honest and fair relationships with government agencies and public authorities.

### The Environment

- We develop environmental technologies to create products that balance economic needs with environmental well-being.
- We aim to minimize the environmental impacts of our operations and make efficient use of limited natural resources.
- We form wide-ranging partnerships with communities around the world to perform environmental conservation activities.

# Customers



## Aiming to be an engineering, manufacturing, and marketing enterprise that gives customers a sense of *Kando*\*

Engineering, manufacturing, and marketing create the value that is provided to customers. Yamaha Motor always takes a customer perspective as we plan, develop, manufacture, sell, and service products for mobility, without forgetting the importance of “looking outward.” By enhancing the quality, safety, and originality of mobility products, we continue to provide value that exceeds customers’ expectations.

\**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.

### Working to Improve Quality

Quality is improved through a close relationship with the customer and we believe that all employees must continuously work to improve and enhance quality. In order to further our customer-oriented approach and to ensure that the customer’s views are reflected in our engineering, manufacturing, and marketing, the Yamaha Motor Group will continue our quality improvement initiatives so that we can deliver products with an even higher level of customer satisfaction.

### Offering New Excitement

As a member of the Toyota City Low-Carbon Society Verification Promotion Council since April 2012, Yamaha Motor is participating in the Toyota City Low-Carbon Society Verification Project, and preparations for practical field tests are under way. The “Ha:mo” urban transportation system began operating in October 2012, and we have been participating since November with the aim of creating a user-, town-, and community-friendly transportation network.

<http://www.yamaha-motor.co.jp/global/news/2012/1113/toyota-city.html>



## Customer Service

The Yamaha Motor Group operates the Yamaha Technical Academy (YTA) as a common global training program to provide customers around the world with uniformly high-quality Yamaha service. Roughly 30,000 service technicians have completed the course, and are providing services as YTA-certified service staff in all of our markets.

At the Yamaha World Technician GP 2012, held in October, 28 top service technicians from 20 countries, who qualified by winning preliminary competitions, gathered to compete for the title of No. 1 Yamaha motorcycle technician in the world, based on their knowledge, techniques, and customer interaction.



Yamaha Motor Powered Products (YMPC) also launched the Yamaha Golf Car Academy (YGA) as a training program to further enhance the technical skills and customer service of golf car service staff around the world.



## Riding Safety Promotion Activities

In order to more actively promote motorcycle riding safety, the Yamaha Motor Group has been conducting its Yamaha Riding Academy (YRA) courses in locations all around the world and the curriculum integrates and organizes the three elements of promoting safety, promoting motorsports, and promoting products. Our activities for the promotion of riding safety are based on curricula developed to reflect the social, transportation, and user requirements of each specific region. Our initiatives focus on Yamaha motorcycles but also include the product areas of all-terrain vehicles (ATVs), personal watercraft (PWC), and snowmobiles. We are promoting such initiatives particularly in rapidly growing markets, such as those in the ASEAN countries, Central and South America, the Middle East, Russia and Africa, where the lack of riding safety instruction and rider awareness education has become an acute social problem.

### Topics

Yamaha Motor's 2012 TMAX, a European market sporty commuter model powered by a 530cc engine with CVT, won the internationally renowned red dot design award in the "product design 2012" category. Since its launch in 2000, the TMAX has been highly regarded in the European markets as a sporty commuter model. The 2012 European model TMAX underwent a full model change, with enhanced engine and drive train performance, bringing the running performance to an even higher level. A new exterior design was also introduced to achieve a more aggressive look while maintaining the TMAX's distinctive design character, based on visually linking the front and rear wheels.



# Employees



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## Creating an organization to facilitate co-ownership of value from a global perspective

The Yamaha Motor Group strives to create workplaces that respect diversity, with the aim of achieving an organizational structure based on sharing ideas and the same high ambitions and spirit, cooperation, and joy in our work among the Company and its employees from a global perspective.

### Developing Human Resources

#### Developing Human Resources for Global Leadership

Yamaha Motor Co., Ltd. set up a committee to discuss and share business challenges with top managements of Group companies and is currently pursuing aggressive initiatives to nurture personnel for positions with global responsibility in the worldwide Yamaha Motor Group, by promoting talented employees at overseas Group companies to the top management positions and accelerating overseas work experiences among Japanese employees, in line with the globally growing business.

The first module of the “Global Executive Program (GEP)” was held in August 2012 as a training for the next generation of Yamaha Motor Group executives. It will link the stages for Global Human Resources around the world.



First module of GEP, August 2012



## Supporting Work-Life Balance

### Aiming for a Workplace Environment that Fosters Autonomous Creativity

The Yamaha Motor Group defines its relationship with employees as a business partnership, and the Company's role as providing an attractive workplace for autonomous individuals. We aim to create workplaces that maintain a diversity of working styles and a positive work-life balance by supporting career advancement plans based on mutual assumptions, providing programs for child and nursing care leave, etc. We are also expanding the options for employees so that they can work in ways that suit their individual circumstances. The percentage of employees taking paid leave was 77.2%\* in 2012.

\*The percentage is calculated as the ratio of the actual leave taken during the year to the annual paid leave due for all regular employees.

## Workplace Safety and Health

### Creating a Workplace Environment that Offers Peace of Mind and Comfort

Led by its Central Safety and Health Committee, Yamaha Motor is promoting the establishment of safer working environments globally. Risk assessment is performed in accordance with the Occupational Safety and Health Management System (OSHMS) to detect potential dangers or harmful conditions at workplaces, and measures are taken to prevent occupational accidents. Through position-specific education and training, such as safety manager training programs and skill improvement programs for supervisors, as well as holding occupational safety and health meetings, we are focused on developing human resources that can support occupational safety.

Since 2008, Yamaha Motor has introduced OSHMS at its group

### Occupational Safety and Health Meetings Enhance Worker Safety and Health in the Workplace

Yamaha Motor promotes Group certification based on our Occupational Safety and Health Management System at Group companies around the world. In addition, occupational safety and health meetings are held regularly to introduce Group companies' safety and health activities, to enhance workplace safety and peace of mind at all Group companies.

The U.S. manufacturing subsidiary YMMC introduces its safety and health activities at an occupational safety and health meeting in August 2012.



companies and as of the end of 2012, eight domestic companies and nine overseas companies have acquired group certification.

## Workplaces Thriving on Diversity

Based on our fundamental belief that "all corporate activity originates first of all with and for people," the Yamaha Motor Group has clearly defined its stance on human rights in its Code of Ethics.

In accordance with our policy of "operating workplaces where the disabled can work together with the able-bodied," Yamaha Motor Co., Ltd. has established the Disabled Employment Promotion Committee, and is working to improve the workplace environment through measures such as having analyses of organizational work and other tasks conducted by committee members assigned to each division. As of December 31, 2012, the Company employed 78 severely disabled persons and 63 mildly disabled persons, thus achieving a disabled employment rate of 1.96% (141 persons in total). Furthermore, in order to provide multi-faceted support for workplaces where people with disabilities work, the Company is also putting a great deal of effort into measures for improving communication, such as offering sign language and note-taking classes, etc.



Sign language classroom

## Supporting Employees in Maintaining a Healthy Mind and Body

Yamaha Motor promotes a wide range of initiatives for helping employees maintain and improve their emotional and physical health.

We are committed to creating healthy and vital workplaces for the prevention of and recovery from lifestyle-related diseases. For instance, we make efforts for endurance improvement and obesity prevention through exercise habits, such as by hosting walk rally events and holding the Walk, Walk Campaign twice a year. In partnership with the health insurance association, we have also been providing antismoking products to interested employees to help them in their efforts to quit smoking. The Company's smoking rate has declined from 32.2% in 2011 to 31.1%.

In terms of support for mental/emotional health, we have continued to engage in efforts such as health guidance given by occupational health physicians, mental/emotional health seminars for new managers and supervisors, and support for expatriates and mid-career recruits.

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# Shareholders and Investors



In order to ensure accountability by providing shareholders and investors with appropriate, accurate, and timely information, Yamaha Motor has established a specialized division which engages in IR activities inside as well as outside Japan.

In 2012, in addition to announcing financial results and holding meetings for shareholders at the end of each quarter, the division visited investors in the U.S. and U.K. and disclosed IR information through its website. The division also runs a section of the website for individual investors. Furthermore, as one more part of actively disclosing information, there was a tour of the marine engine production facility as well as a briefing on our marine products business for analysts and journalists in June.

## Information for Shareholders and Investors is Available on the Websites Below

### Disclosure Policy

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

### Dividend Policy

<http://www.yamaha-motor.co.jp/global/ir/shareholder/dividend/index.html>

### For Investors (index page)

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



IR website

# Business Partners



## A Global Procurement and Sales Network based on a Spirit of Cooperation and Fairness

Yamaha Motor products are created through collaboration with numerous suppliers in Japan and other countries. As our procurement and sales structures expand with our increasingly global business, the Yamaha Motor Group is establishing cooperative relationships with suppliers and dealers in Japan and around the world based on a spirit of mutual trust and mutual benefit. For this reason, we strive to conduct fair business in compliance with the competition laws of all countries and regions while working to create partnerships that aim for mutual, sustainable growth.

## Activities in Supply Chains

The Yamaha Motor Group regards its relationship with the supply chain not just as conducting procurement, but as procurement that emphasizes the idea of incorporating both cost and quality into our engineering, manufacturing, and marketing. An example of these activities is the implementation of “theoretical-value-based production” with our suppliers. This does not simply mean demanding cost reductions, but instead involves analyzing the absolute value of engineering, manufacturing, and marketing together with our suppliers and working together to find more ways to improve cost competitiveness.

We have trained some of our employees to serve as “theoretical-value instructors” in order to promote the implementation of “theoretical-

value-based production” at our suppliers inside and outside Japan as an initiative to strengthen our cost competitiveness in concert with them. In addition, we are promoting fair and clean procurement activities globally through training programs covering our Green Procurement Guidelines (detailing how to reduce our environmental impact and ensure the efficient use of resources and energy) and CSR Guidelines for Suppliers (which cover areas related to safety, quality, and compliance).

## Activities at Dealerships

As our contact point with customers around the world, dealerships play an important role in conveying Yamaha’s “next *Kando*.” By strengthening relationships with dealers through regularly held dealer meetings and activities to promote safe driving and support local communities, the Yamaha Motor Group is building a sales network that provides common value.

In Japan, dealers mainly in Yamaha Sports Plaza (YSP), an official Yamaha sports bike dealer system, and Yamaha Motorcycle Sales Japan Co., Ltd. play an important role in building ties with local communities and society by cooperating in a range of measures including motorcycle infrastructure development, motorcycle etiquette training, motorcycle recycling, tree planting and other environmental campaigns, as well as fundraising for seeing-eye dog training.

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# The Community



The Yamaha Motor Group operates in locations around the world, and our business activities help support those local communities. Our products also play a role in enriching the lives of people around the world. We recognize the importance of maintaining a sustainable relationship through which the Company and local communities can coexist and mutually prosper, and to achieve this, we place great importance on maintaining and enhancing a relationship of trust through daily communication with stakeholders in those communities.

The Yamaha Motor Group carries out activities to fulfill its corporate social responsibility in four help areas—developing future leaders, environmental conservation, improving traffic safety, and community issues—in which we utilize the knowledge and experience we have gained through our business. In 2012, 63 companies in the Yamaha Motor Group (23 domestic, 40 overseas) participated in CSR activities in support of local communities around the world.

## Important Areas of Activities Contributing to Society

Key Themes	Global Issues			Local Issues
	Developing Future Leaders	Environmental Conservation	Improving Traffic Safety	Community Issues
Activities	<ul style="list-style-type: none"> <li>Promoting mental/emotional and physical health through sports</li> <li>Promoting creativity through engineering, manufacturing, and marketing</li> </ul>	<ul style="list-style-type: none"> <li>Environmental education for local communities</li> <li>Respecting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Providing traffic safety education to the community</li> <li>Raising awareness</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the community with Yamaha Motor's products, human resources, and know-how</li> </ul>

### Kids' Yamaha Riding Academy in India

Against a backdrop of rapid growth of automobiles and motorcycles with insufficient traffic infrastructure, India has needs in the area of traffic safety education, and we have been holding Kids' YRA events to teach children how to avoid traffic accidents. During 2012, we held 44 events in which 3,657 children participated, mainly in Delhi and Mumbai.



## Global Afforestation Activities to Preserve the Environment

The Yamaha Motor Group is engaged in afforestation activities in cooperation with local governments in Japan and where we have local entities around the world.



In Thailand, 209 persons participated in a YETH\*<sup>1</sup> event in May 2012 to plant 200 mangrove saplings in Srinakhon Khuoen Khan Park outside Bangkok. This tree-planting activity will contribute to the preservation of the environment, with the saplings being cared for by a local forestry organization and the local government as they grow.

In China, 32 young employees of ZYS\*<sup>2</sup> participated in an event sponsored by the Zhuzhou city government in March 2012 and planted 47 camphor trees.

\*<sup>1</sup> Yamaha Motor Electronics Thailand Co., Ltd.

\*<sup>2</sup> Zhuzhou Yamaha Motor Shock-absorber Co., Ltd.

## Pavilion for First-Hand Work Experience at Kidzania in Mexico

KidZania is a network of workplace-themed entertainment centers that is popular with children in Japan and around the world. A Yamaha Workshop was created in October 2012 at



KidZania Cuicuilco in Mexico, where KidZania originated. This Yamaha Motor Workshop is the world's first KidZania on traffic safety, and aims to reduce traffic accidents by teaching children about traffic safety from

infancy. The Yamaha Workshop is supported by our local company YMMEX,\* and offers courses in traffic safety and mini-bike license acquisition, and courses in motorcycle maintenance that involve using real tools and cover five items each. Roughly 15,000 children participated in the motorcycle maintenance courses from October through late December.

\* Yamaha Motor de Mexico, S.A. de C.V.

## OMDO's Clean Water Activities

Overseas Market Development Operations (OMDO) liaison offices are providing clean water and helping to improve sanitation in developing countries. A clean water facility fitted with solar power generation equipment was donated to a village outside the city of Saint-Louis in Senegal in 2011.

The facility is currently operated by a water management committee of local citizens. OMDO's activity provides the village with light as well as water, and allows the villagers to charge their mobile phones, proving very popular in the village.

Elsewhere in Africa, a clean water facility equipped with a solar power generator was built with the help from the Japanese government's official development assistance in Diawling National Park in Mauritania, in December 2012.

In Asia, 20 local NGOs and companies including Group company YIMM\* worked together to build facilities in a village near the city of Pontianak in Indonesia in 2012.

\* PT. Yamaha Indonesia Motor Manufacturing



Photograph by Shinichi Kuno/JICA

## 40,000 People's V Campaign Encourages Volunteerism in Group Employees

We initiated the "40,000 People's V Campaign" in 2004 with the objective of raising awareness among employees about volunteering and also providing the required impetus for employees to participate in such activities. The aim is for all employees to volunteer at least once each year so that total participation in social contribution programs for the entire Group reaches 40,000 people. In 2012, participation reached 40,105; thus, the target of "40,000 people a year" was met for the fifth consecutive year.

During 2012, Group employees participated in a project, started in 2010, to revitalize Okinawa's beautiful coral reefs by planting coral in the water around Manzamo, under the guidance of the Onna-Son Fishery Cooperative. In addition, the Fun Engine Lab volunteer group of current and former employees held "Make Children Smile! Support Tohoku Project 2012" to continue their work from 2011 in the area damaged by the Great East Japan Earthquake. The Group held workshops in the town of Ongawa and the city of Sendai in Miyagi Prefecture to teach more than 250 participants how to make model wind-powered cars.

# The Environment



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## Strive to harmonize with the environment for sustainable social development

The Yamaha Motor Group aims to be a company that fulfills its corporate social responsibility by striving to maintain harmony with the environment and society based on the Environmental Plan 2020, formulated in 2010.

### Plan for Environmental Activities

#### Yamaha Motor Group Environmental Plan 2020

	Action Areas	Priority Actions	2020 Targets
Eco Products	Raise environmental attractiveness through product development from the perspectives of the environment and customers	In the Eco Products area, implement the Frontier 2020 Groupwide long-term vision	
		<ul style="list-style-type: none"> <li>• Reduce risks from environmentally hazardous substances</li> <li>• Implement green procurement</li> </ul>	Identify environmentally hazardous substances and support the use of alternatives
Eco Operations	Environmental preservation through global business activities that aim to minimize environmental impact	Reduce emissions of greenhouse gases	Reduce CO <sub>2</sub> emissions per unit of sales by 1% (annual average)
		<ul style="list-style-type: none"> <li>• Implement the 3 Rs through the 3 Es</li> <li>• Reduce water consumption</li> </ul> (3 Es: Easy to make, Easy to repair, Easy to disassemble) (3 Rs: Reduce, Reuse, Recycle)	Support the effective use and recycling of limited resources
Eco Management	Environmental management through reinforcement of Group environmental governance systems	Create and operate Groupwide environmental management systems	Link Groupwide operations with local activities
Eco Mind	Environmental contributions through diverse initiatives that seek to create a sustainable environment	Change attitudes through continuous environmental education	Have all Group employees actively undertake environmental measures with a high awareness of targets
		<ul style="list-style-type: none"> <li>• Improve sensory environments (odors, noise, etc.)</li> <li>• Communicate with local communities</li> <li>• Preserve ecosystems</li> </ul>	Be trusted and respected as a corporate citizen by local communities
		Proactively disclose information from an environmental perspective	Well received by the community as an environmentally advanced company

## Organizational Structures for Promoting Environmental Management

Within the Yamaha Motor Group, the Environment Committee is positioned as a central organization in the implementation of domestic and overseas environmental initiatives and receives counsel from Chief General Managers who are responsible for those initiatives. The Committee deliberates on policies and visions for the future concerning environmental initiatives, medium- and long-term environmental policies, strategic investment proposals relating to environmental preservation, environmental monitoring topics and responses to issues, and other key issues relating to environmental management.

## Activities to Identify and Reduce Both Direct and Indirect Greenhouse Gas Emissions

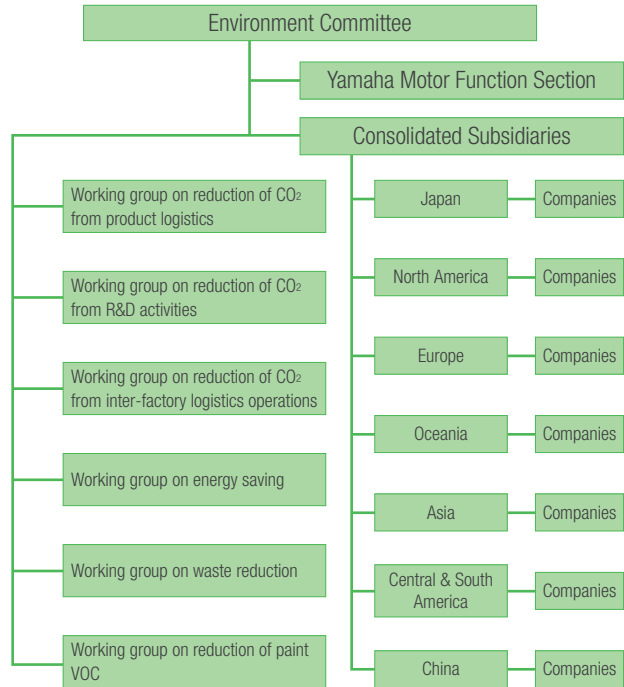
The Yamaha Motor Group is endeavoring to identify greenhouse gas emissions resulting both directly (e.g., from the burning of fuel at factories) and indirectly (e.g., from electricity use at factories and offices) from its corporate activities. The total amount of direct and indirect emissions in 2012 increased slightly from 2011, reflecting increased production volumes. After identifying the amount of emissions by region, each factory and business office takes measures including the installation of energy-saving equipment to further reduce the amount of emissions.

Yamaha Motor Manufacturing West Java (YMMWJ) in Indonesia uses a cogeneration system in which the heat from the exhaust of gas engine generators is used to create steam, and in 2012 this reduced the amount of fuel used by LPG boilers by roughly 60% from the previous year. The three generators operate using a highly efficient "3 by 1" system (three generators and one waste heat recovery boiler), contributing to a stable supply of electricity and a reduction of CO<sub>2</sub> emissions.

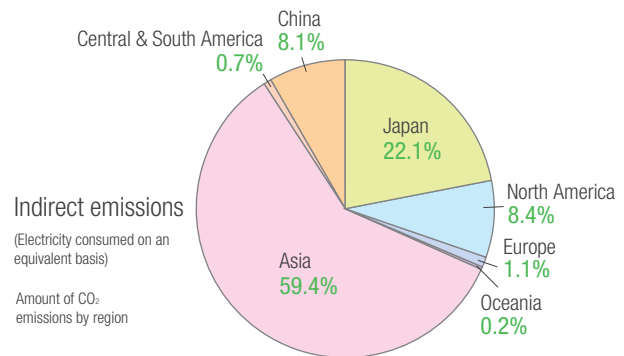
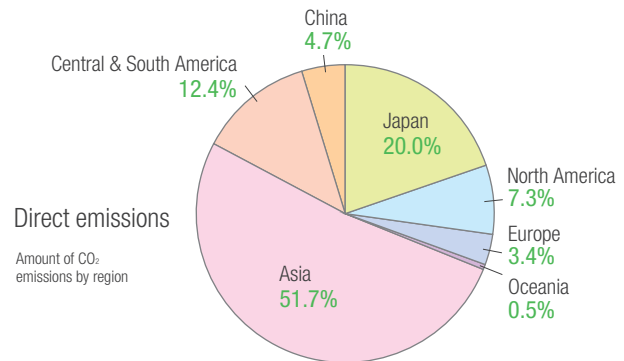


Gas engine generators at YMMWJ  
 [Specifications] Gas engine generators  
 Three generators with maximum output of 2,735kW  
 [Steam used for] resin coating, metal coating, die casting  
 [Reduction of CO<sub>2</sub> emissions by LPG fuel reductions] 400t-CO<sub>2</sub>/year  
 \* YMMWJ: PT. Yamaha Motor Manufacturing West Java

## The Yamaha Motor Group Organizational Structure for Environmental Planning and Promotion



(As of April 1, 2013)



## CO<sub>2</sub> Emissions at the Yamaha Motor Group

As a manufacturer of motorcycles and other transportation machinery, the Yamaha Motor Group is undertaking a number of measures to reduce greenhouse gas emissions, which it considers the most critical environmental issue facing the world today, throughout the entire life cycle of its products, from development through to manufacturing, use, and final disposal. We set 1% reduction of CO<sub>2</sub> emissions per unit of sales each year as the group's common goal.

We will be working to efficiently reduce greenhouse gas emissions via such means as checking the status of programs targeting the reduction of energy consumption by domestic and overseas Group companies, and providing assistance to those needing to advance their programs.

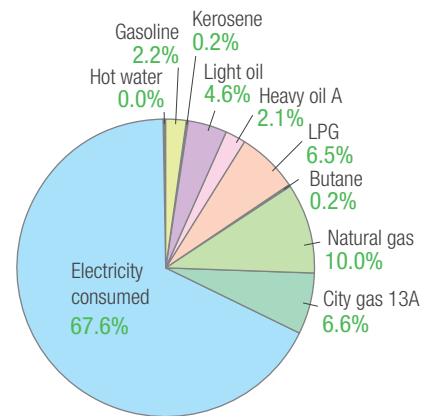
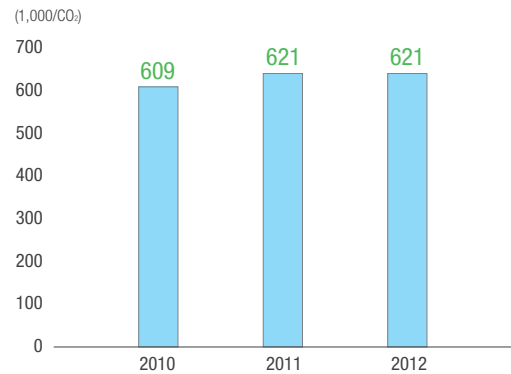
The Yamaha Motor Group's CO<sub>2</sub> emissions in 2012 totaled 621 thousand tons. Going forward, we will work to reduce greenhouse gas emissions effectively, by monitoring efforts to reduce energy usage at Group companies in Japan and overseas, and by providing support to Group companies.

## Energy Input at the Yamaha Motor Group

The Yamaha Motor Group endeavors to identify the amount of energy input by type of energy, as a step toward efficiently and effectively conserving energy. The total amount of energy input in 2012 was 11.65 million GJ, with electricity accounting for approximately 68% (7.88 million GJ).

We are systematically implementing various measures to reduce the amount of energy used, including the installation of equipment that makes it possible to analyze and reduce electricity consumption, the introduction of equipment that monitors usage amounts, and the installation of energy-saving equipment at factories, as well as LED lighting in offices.

## Yamaha Motor Group CO<sub>2</sub> Emissions



Reducing electricity consumption by replacing from fluorescent light bulbs to LED



**Topics**

**F200F Compact, 4-Stroke Outboard Motor is Lightest in its Class\***

Yamaha Motor launched the F200F, a 200-horsepower, 4-stroke outboard motor that incorporates a lightweight, compact design to achieve the lightest weight in its class,\* on March 1, 2013.

The F200F uses a newly developed direct action in-line 4 power unit with a displacement of 2,785cc. The lightweight, compact design achieves major reductions of roughly 60kg in weight and 85mm in width compared with Yamaha Motor's previous V6 200-horsepower outboard motor (the F200C). This makes it possible to use the motor on an even wider range of boat types.

In terms of environmental features, the F200F has received the highest rating of three stars by the California Air Resource Board (CARB), which is considered to have the world's strictest air quality standards.



\* Based on Yamaha Motor data, compared with other 200-horsepower, 4-stroke outboard motors (as of February 2013)

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**Environmental ISO Certification: Beginning to Unify 41 Companies Around the World**

Yamaha Motor began work in April 2012 to receive unified certification of the ISO 14001 environmental management system installed at Group companies in Japan and around the world.

Currently, 41 Yamaha Motor Group companies in Japan, Europe, North and South America, ASEAN countries, China, Taiwan, and India have installed the system and have been individually inspected by certification bodies. By unifying this globally at one certification body, we expect to enhance corporate governance through centralized management, raise the level of our environmental activities, and significantly reduce costs through greater efficiency.



Unified certification registration form

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# Corporate Governance

## Basic Corporate Governance Policies

Yamaha Motor Co., Ltd. (the “Company”) recognizes that corporate governance is an important tool to ensure disciplined management and maximize long-term corporate value. Based on this realization, the Company has been striving to speed up management decision-making; make the accountability system clearer; develop a transparent system of Director selection and remuneration; and establish an internal control system. Because it is one of its most important management issues, the Company also plans to implement other measures to strengthen and solidify corporate governance. At the same time, the Company is enhancing Investor Relations services, in order to build on the relationship of trust with its shareholders and investors.

## Summary of Corporate Governance and Reasons for Adopting the System

### 1) Reasons for adopting current system

The Company maintains an Audit & Supervisory Board Member system, and most of the Company’s Directors are full-time Directors with considerable knowledge of business matters. The Company draws on the supervisory function of outside executives through appointment and had three (3) Outside Directors in addition to two (2) Outside Audit & Supervisory Board Members as of March 27, 2013. The Company also emphasizes efforts to strengthen corporate governance, underpinned by an Executive Officer system, the Executive Personnel Committee and an internal auditing system.

### 2) Summary of current system

#### Directors and the Board of Directors and Executive Officers

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

The Company’s Articles of Incorporation stipulate that the number of Directors shall not be more than fifteen (15). As of March 27, 2013, there were ten (10) Directors, three (3) of whom are Outside Directors. The Board of Directors will in principle meet once every month, and whenever else it may

be necessary.

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

As of March 27, 2013, there were twenty-three (23) Executive Officers, and seven (7) Directors concurrently serving as Executive Officers. A Management Committee comprising Executive Officers with specific posts has been formed to deliberate matters of business execution, speeding up the Company’s decision-making process.

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

#### Executive Personnel Committee

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

#### Audit & Supervisory Board Members and the Audit & Supervisory Board

As of March 27, 2013, the number of Audit & Supervisory Board Members stood at four (4), of whom two (2) are Outside Audit & Supervisory Board Members. Audit & Supervisory Board Members attend Board of Directors, Management Committee and other important meetings, in addition to executing audits, receiving business execution reports from Directors, perusing important documents in the decision-making process, and conducting audits at the Company’s subsidiaries.

In support of these audit services performed by Audit & Supervisory Board Members, the Company has established the Audit & Supervisory Board Members’ Office, with staff exclusively dedicated to assisting auditors.

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### Internal Auditing

The Integrated Auditing Division established an Internal Control Auditing Division (consisting of twenty-five (25) staff members as of March 27, 2013) under the direct control of the President and Chief Executive Officer. The Division audits, based on annual audit plans, the appropriateness, reasonableness, and efficiency of business execution at the Company and each group company, and submits evaluations and makes proposals.

### Communication among Outside Directors, Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), Accounting Auditor, Internal Auditing Division and Internal Control Division

Outside Directors assess the current status of the group and identify issues of interest through regular receipt of internal audit reports from the Integrated Auditing Division. Opinions

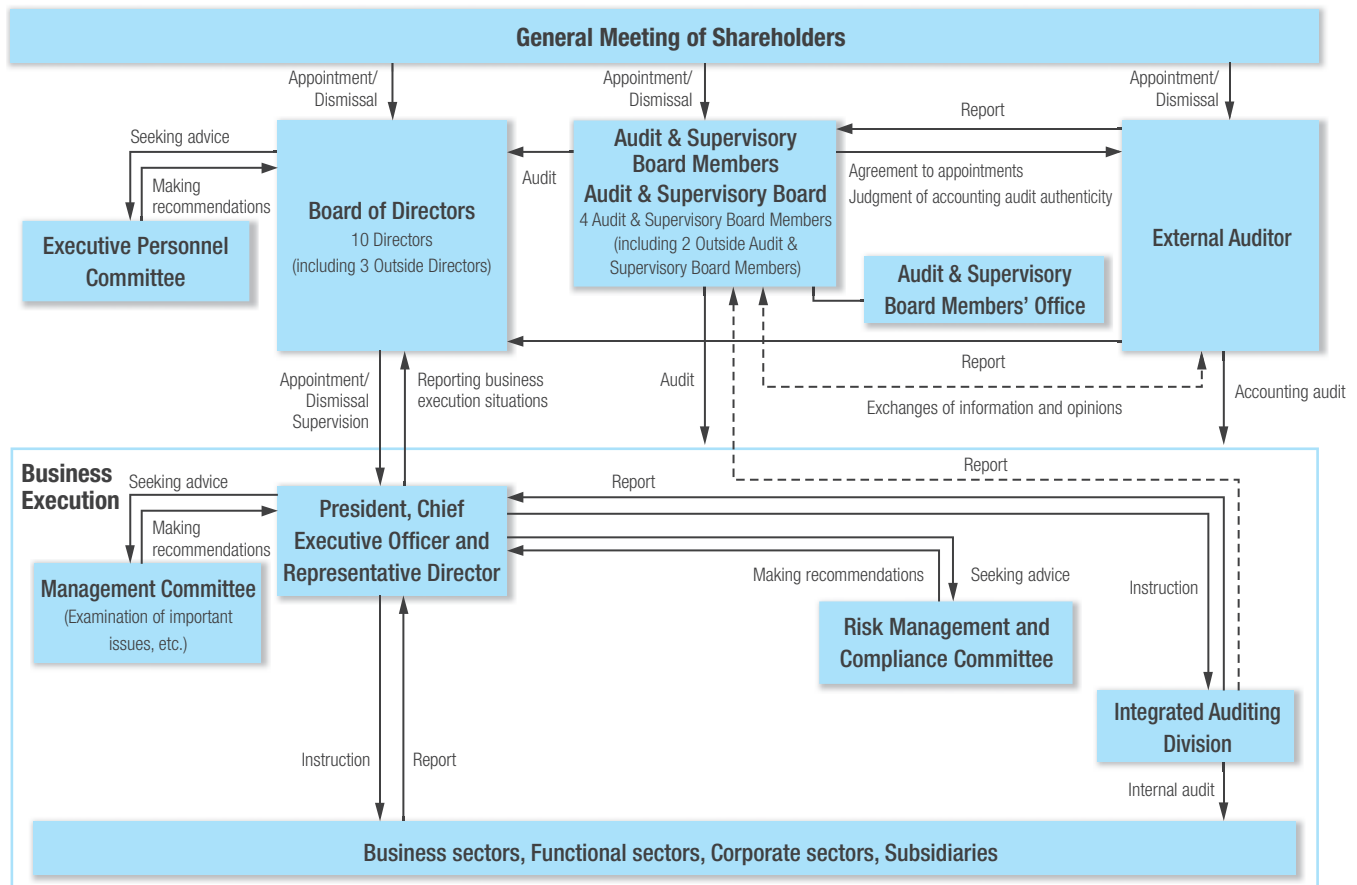
are voiced at Board of Directors' meetings when necessary.

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

The internal control division offers reports, when necessary, to the Internal Auditing Division, Audit & Supervisory Board Members and the Accounting Auditor on the status of internal control measures, specifically their establishment and application.

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### Yamaha Motor's Corporate Governance System and Internal Control System (As of March 27, 2013)



## Outside Directors and Outside Audit & Supervisory Board Members

### 1) Function and role of Outside Directors and Outside Audit & Supervisory Board Members in achieving proper corporate governance

The Company had three (3) Outside Directors and two (2) Outside Audit & Supervisory Board Members as of March 27, 2013. These executives offer advice and supervision from an independent and objective perspective regarding management policies and strategies and decisions on

executive personnel and their remuneration. The Company does not have specifically designated standards or policies regarding independence for the appointment of Outside Directors and Outside Audit & Supervisory Board Members, but makes reference to the criteria for independence stipulated by the Tokyo Stock Exchange to ensure that Outside Directors and Outside Audit & Supervisory Board Members have a high degree of independence, with no possibility of conflicts of interest with general shareholders.

### 2) Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Positions	Names	Reasons for Appointment
Outside Directors	Masamitsu Sakurai	Having acquired ample experience and broad-based insights through the management of global corporations, Mr. Sakurai will utilize this background to provide advice and supervision from an independent perspective. Mr. Sakurai meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors, and is being nominated as an Independent Director. The Tokyo Stock Exchange was duly notified of his nomination.
	Mitsuru Umemura	As President and Representative Director of major shareholder Yamaha Corporation, Mr. Umemura provides advice and oversight as a corporate executive, to effectively ensure that the Company's management maximizes shareholder value. Mr. Umemura serves concurrently as President and Representative Director of Yamaha Corporation, and there are sales transactions between Yamaha Corporation and the Company. In addition, Hiroyuki Yanagi, President, Chief Executive Officer and Representative Director of the Company, serves as an Outside Director of Yamaha Corporation.
	Tamotsu Adachi	Mr. Adachi brings a wealth of experience and expertise in international business, strategic planning, and investing to the Company's management. Mr. Adachi meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors, and is being nominated as an Independent Director. The Tokyo Stock Exchange was duly notified of his nomination.
Outside Audit & Supervisory Board Members	Tetsuo Kawawa	As a lawyer, Mr. Kawawa has ample specialized knowledge in corporate law that can be applied to the Company's auditing activities. Mr. Kawawa meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors, and is being nominated as an Independent Director. The Tokyo Stock Exchange was duly notified of his nomination.
	Isao Endo	As a corporate executive, Mr. Endo has rich business experience and wide-ranging insights that can be applied to the Company's auditing activities. Mr. Endo meets the requirements for independence stipulated by the Tokyo Stock Exchange for independent directors, and is being nominated as an Independent Director. The Tokyo Stock Exchange was duly notified of his nomination.

### 3) Vested interests of the Outside Directors and Outside Audit & Supervisory Board Members at Yamaha Motor Co., Ltd.

Outside Director Mitsuru Umemura is President and Representative Director of Yamaha Corporation, which holds

12.19% of the Company's shares, as of December 31, 2012.

Outside Directors Masamitsu Sakurai and Tamotsu Adachi and Outside Audit & Supervisory Board Members Tetsuo Kawawa and Isao Endo have no special interests in the Company other than Company shareholdings.

## Overview of Agreements that Limit Liabilities for Damages

The Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members only when they acted with good will and the liability did not arise because they committed serious negligence in executing their duties.

## Remuneration and Other Compensation for Directors and Audit & Supervisory Board Members

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

The Company's Directors' Remuneration Plan comprises basic compensation (monthly salary) in a fixed amount, Directors' bonuses, reflecting the short-term performance of the Company overall, compensation linked to each Director's individual performance, and a stock compensation plan reflecting the medium- to long-term performance of the Company overall.

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

### 2) Directors' remuneration

Remuneration and other compensation for the Company's Directors and Audit & Supervisory Board Members in fiscal 2012 are as follows.

(Millions of yen)

Classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (12)	209	20	29	39	299
Outside Directors (3)	(28)	—	—	—	(28)
Audit & Supervisory Board Members (4)	77	—	—	—	77
Outside Audit & Supervisory Board Members (2)	(18)	—	—	—	(18)
Total	287	20	29	39	377

**Notes** 1. The directors' bonuses under "Compensation linked to performance" represent the amount posted as accrued bonuses for Directors for the fiscal year under review. It was resolved by the 78th Ordinary General Meeting of Shareholders held on March 26, 2013, that the total amount of the directors' bonuses be ¥9 million within the range of the accrued bonuses for Directors.

2. The numbers above include amounts for two Directors who retired, effective from the closing of the 77th Ordinary General Meeting of Shareholders held on March 23, 2012.

3. In addition to the remuneration presented above, ¥99 million—equivalent to employee salaries—was paid to four Directors concurrently serving as employees.

### 3) No names are listed because no Director or Audit & Supervisory Board Member received more than ¥100 million in aggregate remuneration and other compensation.

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

1. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own shares, in accordance with the provisions of Paragraph 2 of Article 165 of the Company Law. This is to ensure that the Company can acquire its own shares through market transactions or other methods and implement a flexible capital policy response to changes in the management environment.
2. The Company's Articles of Incorporation stipulate that in accordance with the provisions of Paragraph 1 of Article 426 of the Company Law, the Company may, by a resolution of the Board of Directors, exempt its Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) 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 Audit & Supervisory Board Members can successfully fulfill their expected roles.
3. The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date, in accordance with the provisions of Paragraph 5 of Article 454 of the Company Law. This allows the Company flexibility in returning profits to shareholders.

## Special Resolution Requirement for General Meeting of Shareholders

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

This relaxes the number of required votes for special

resolutions at any General Meeting of Shareholders, enabling shareholder meetings to progress smoothly.

## Improving Investor Relations (IR)

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

## State of Audit

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

Kazuhiro Fujita

*Designated Limited Liability and Engagement Partner*

Takahiro Takiguchi

*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 twelve (12) certified public accountants and twenty (20) other assistants.

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

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

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### 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. Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the performance of the Directors' duties.
3. The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
4. The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

### 2) Disposition of documentation and other information concerning the performance of Directors' duties

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

### 3) Rules relating to risk control against loss

1. A Risk Management and Compliance Committee shall be established to formulate and promote measures for integrated risk control.
2. Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
3. The necessary in-house rules are in place and are carefully observed to ensure integrated control of individual departmental risk management activities.

4. If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the Emergency Response Manual, with the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

### 4) Systems to ensure efficient execution of Directors' duties

1. The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening the Board of Directors Rules, Decision-making Rules and other important rules. This will allow these officers to execute their responsibilities more efficiently.
2. Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other relevant committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
3. After the Medium-Term Management Plan and the budget for the fiscal year are formulated, management control systems such as "management by objectives" shall be established to achieve the plan's goals and targets.

### 5) Systems to ensure employee compliance with laws, regulations and the Company's Articles of Incorporation

1. A Risk Management and Compliance Committee shall be established to deliberate and offer opinions concerning compliance measures.
2. The Company shall enhance its Code of Ethics, and provide ethics and compliance training appropriate to each position in the Company.
3. An internal reporting system shall be established to directly inform top executive management concerning any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company.
4. The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. It shall reinforce this commitment in its Code of Ethics.
5. The Company shall form such organizations and develop such rules as necessary to ensure that the Company and its subsidiaries maintain appropriate financial information, and prepare and release reliable financial statements.

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**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 an Audit & Supervisory Board Member; overseas subsidiaries shall design their organizations in accordance with local law.
4. At least one Director of each subsidiary shall concurrently serve as a Director, Executive Officer or employee of another company in the group.
5. The section with oversight for financial information offers guidance and training to subsidiaries to ensure that they handle financial information appropriately.
6. The section with oversight for risk management provides subsidiaries with guidance and training on risk management practices.
7. The section supervising compliance shall provide subsidiaries with guidance and education on compliance.

**7) Employee to assist Audit & Supervisory Board Members**

An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.

**8) Employee assisting Audit & Supervisory Board Members' independence from Directors**

1. Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.
2. No employee assisting Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.

**9) Rules concerning Directors and employees reporting to the Audit & Supervisory Board**

Directors and employees shall report on the following matters to the Audit & Supervisory Board 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 Audit & Supervisory Board Members**

1. The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
2. Audit & Supervisory Board Members 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 Audit & Supervisory Board Members in advance.
4. The minutes of the Management Committee meetings and any other meetings that the Audit & Supervisory Board may specify, and Decision-making Forms shall be made available for Audit & Supervisory Board Members' perusal.
5. Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

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## Equity Holdings

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

69 companies    ¥20,496 million

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

## Fiscal 2011

Companies	Number of shares (shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	7,290	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	1,285	To maintain a stable business relationship
Sumitomo Metal Industries, Ltd.	8,400,000	1,176	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	1,016	To maintain a stable business relationship
KOITO MANUFACTURING CO., LTD.	913,000	986	To maintain a stable business relationship
Mizuho Financial Group, Inc.	2,288,340	671	To maintain a stable business relationship as a financial institution with which the Company has transactions
The Shizuoka Bank, Ltd.	825,706	669	To maintain a stable business relationship as a financial institution with which the Company has transactions
Enshu Limited	6,457,395	574	To maintain a stable business relationship
Imasen Electric Industrial Co., Ltd.	613,750	528	To maintain a stable business relationship
Akebono Brake Industry Co., Ltd.	1,347,800	447	To maintain a stable business relationship
EXEDY Corporation	105,000	233	To maintain a stable business relationship
JTEKT CORPORATION	236,000	178	To maintain a stable business relationship
STANLEY ELECTRIC CO., LTD.	100,000	113	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	99	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	49	To maintain a stable business relationship
MIKUNI CORPORATION	300,794	43	To maintain a stable business relationship
Mitsubishi UFJ Financial Group, Inc.	113,200	37	To maintain a stable business relationship as a financial institution with which the Company has transactions
Sumitomo Mitsui Trust Holdings, Inc.	149,000	33	To maintain a stable business relationship as a financial institution with which the Company has transactions
TOBA, INC.	10,000	15	To maintain a stable business relationship
Nomura Holdings, Inc.	20,600	4	To maintain a stable business relationship as a financial institution with which the Company has transactions
JEUGIA Corporation	33,000	3	To maintain a stable business relationship
Fuji Heavy Industries Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Canon Inc.	100	0	To collect information such as the method of providing information to shareholders
Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	100	0	To collect information such as the method of providing information to shareholders
Honda Motor Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders
MITSUI & CO., LTD.	100	0	To collect information such as the method of providing information to shareholders

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## Fiscal 2012

	Companies	Number of shares (shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Snapshot	Yamaha Corporation	10,326,701	9,376	To perpetuate a business relationship as companies utilizing a common brand
	Toyota Motor Corporation	501,210	2,007	To maintain a stable business relationship
Interview with the President	NIPPON STEEL & SUMITOMO METAL CORPORATION	6,174,000	1,296	To maintain a stable business relationship
	KOITO MANUFACTURING CO., LTD.	913,000	1,139	To maintain a stable business relationship
Special Features	Nippon Seiki Co., Ltd.	1,217,502	1,133	To maintain a stable business relationship
	Mizuho Financial Group, Inc.	2,288,340	739	To maintain a stable business relationship as a financial institution with which the Company has transactions
Overview of Operations	Enshu Limited	6,457,395	710	To maintain a stable business relationship
	The Shizuoka Bank, Ltd.	825,706	694	To maintain a stable business relationship as a financial institution with which the Company has transactions
CSR Section	NGK SPARK PLUG CO., LTD.	545,000	621	To maintain a stable business relationship
	Imasen Electric Industrial Co., Ltd.	613,750	619	To maintain a stable business relationship
Corporate Information	Akebono Brake Industry Co., Ltd.	1,347,800	541	To maintain a stable business relationship
	EXEDY Corporation	105,000	198	To maintain a stable business relationship
Financial Section	JTEKT CORPORATION	236,000	192	To maintain a stable business relationship
	Sumitomo Mitsui Financial Group, Inc.	46,355	144	To maintain a stable business relationship as a financial institution with which the Company has transactions
	STANLEY ELECTRIC CO., LTD.	100,000	122	To maintain a stable business relationship
	Ahresty Corporation	134,722	64	To maintain a stable business relationship
	MIKUNI CORPORATION	300,794	53	To maintain a stable business relationship
	Mitsubishi UFJ Financial Group, Inc.	113,200	52	To maintain a stable business relationship as a financial institution with which the Company has transactions
	Sumitomo Mitsui Trust Holdings, Inc.	149,000	44	To maintain a stable business relationship as a financial institution with which the Company has transactions
	TOBA, INC.	10,000	17	To maintain a stable business relationship
	Nomura Holdings, Inc.	20,600	10	To maintain a stable business relationship as a financial institution with which the Company has transactions
	JEUGIA Corporation	33,000	4	To maintain a stable business relationship
	Fuji Heavy Industries Ltd.	1,000	1	To collect information such as the method of providing information to shareholders
	Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
	Canon Inc.	100	0	To collect information such as the method of providing information to shareholders
	Honda Motor Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	100	0	To collect information such as the method of providing information to shareholders	
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders	
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders	
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders	

### 3) Pure investment equity holdings

No related items.

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

The revisions this fiscal year of the Plan are based on the content of opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008, and other considerations. The following were the points reviewed to further protect the interests of the shareholders such as by securing the swift operation of the Plan. As part of the Plan, the Corporate Value Committee is composed of four Outside Directors and Outside Audit & Supervisory Board Members whose independence is secured, and arbitrariness is excluded from the operation of the Plan.

1. To swiftly operate the Plan and avoid unnecessary prolonging of the period for the Company to respond to the Takeover Proposal beyond a reasonable time period, in addition to clearly specifying the provisions that enable the Company to request to the party making the Takeover Proposal the provision of information, the maximum limit of the Information Provision Request Period was basically set at 60 business days calculated from the day the Board of Directors made the first information provision request to the proposer and it was made our Basic Policy that the period of examination and discussion by the Corporate Value Committee shall start upon the expiration of the Information Provision Request Period even in cases where necessary information has not been adequately provided.
2. Provisions clearly specifying that the Corporate Value Committee's period for examination and discussion shall not be extended without reasonable cause, were set forth.

3. The Corporate Value Committee is required to issue an Advisory Resolution if a Takeover Proposal satisfies all of the requirements listed in items 1) to 7) of main clause II-2. In the Plan, moreover, it was set forth that, even if a Takeover Proposal does not satisfy some of the requirements, in cases where it is found reasonable in light of the protection and increase of the Company's corporate value and the shareholders' common interests, an Advisory Resolution shall be issued.
4. By withdrawing reference to "interests of stakeholders" and "fundamental value" in the judgment guidelines for ascertaining whether or not to issue an Advisory Resolution for the Takeover Proposal, and other measures, the amended provisions were set forth to prevent a broad interpretation of what interests should be protected, rather than determining whether the Takeover Proposal serves to protect and increase the Company's corporate value and the shareholders' common interests, by referring to interests of stakeholders other than shareholders.
5. Provisions clearly specifying that when an Advisory Resolution has been issued by the Corporate Value Committee, the Board of Directors must "promptly" adopt a Confirmation Resolution unless there are no special grounds to rule that adopting such a Confirmation Resolution obviously violates the Director's duty of care, were set forth.
6. Provisions clearly mentioning that "delivery of cash shall not be made" to a Specific Acquirer and Related Parties as the price of forcible acquisition of stock acquisition rights, were set forth.

Please refer to the following URL for more information.  
<http://www.yamaha-motor.co.jp/global/news/2012/0323/prevent.html>

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# Directors, Audit & Supervisory Board Members, and Executive Officers

As of April 30, 2013

## Board of Directors



### A President and Representative Director Hiroiyuki Yanagi

April 1978: Joined the Company  
 April 2000: General Manager of Soude Factory, Production Control Division, MC Operations and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company  
 April 2003: President of MBK Industrie  
 February 2004: Managing Director of Yamaha Motor India Pvt. Ltd. (presently India Yamaha Motor Pvt. Ltd.)  
 January 2006: Senior General Manager of China Business Operation of the Company  
 January 2007: Senior General Manager of SyS Operations, MC Headquarters  
 March 2007: Executive Officer of the Company and Senior General Manager of SyS Operations, MC Headquarters  
 January 2009: Executive Officer of the Company and Executive General Manager of Manufacturing Center  
 March 2009: Senior Executive Officer of the Company and Chief General Manager of Manufacturing Center  
 November 2009: Senior Executive Officer of the Company and Senior General Manager of MC Business Section, MC Operations  
 March 2010: President, Chief Executive Officer and Representative Director  
 June 2011: Director of Yamaha Corporation (to present)  
 January 2012: President, Chief Executive Officer and Representative Director of the Company and Chief General Manager of Motorcycle Business Operations (to present)

### C Director Kozo Shinozaki

April 1978: Joined the Company  
 April 1999: Vice President of Siam Yamaha Co., Ltd. (presently Thailand Yamaha Motor Co., Ltd.)  
 April 2007: General Manager of Finance & Accounting Division of the Company  
 January 2009: Senior General Manager of Finance & Accounting Control, Global Corporate Administrative Center and General Manager of Finance & Accounting Division, Global Corporate Administrative Center  
 January 2010: Senior General Manager of Finance & Accounting Section and General Manager of Finance & Accounting Section  
 February 2010: Senior General Manager of Finance & Accounting Section  
 March 2010: Senior Executive Officer and Director of the Company, Senior General Manager of Finance & Accounting Section  
 January 2011: Senior Executive Officer and Director of the Company, Senior General Manager of Corporate Planning & Finance Section and General Manager of Finance & Accounting Division, Corporate Planning & Finance Section  
 February 2011: Senior Executive Officer and Director of the Company, Senior General Manager of Corporate Planning & Finance Section  
 January 2013: Senior Executive Officer and Director of the Company, Executive General Manager of Corporate Planning & Finance Center  
 March 2013: Managing Executive Officer and Director of the Company, Chief General Manager of Corporate Planning & Finance Center (to present)

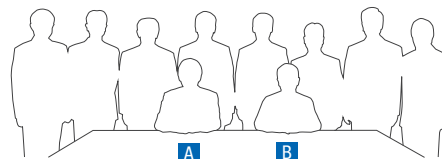
### B Representative Director Takaaki Kimura

April 1976: Joined the Company  
 June 1999: General Manager of R&D Division, AM Operations of the Company  
 April 2002: Senior General Manager of AM Operations  
 June 2003: Executive Officer of the Company, Senior General Manager of AM Operations  
 March 2005: Director of the Company, Senior General Manager of AM Operations  
 March 2007: Senior Executive Officer and Director of the Company, Senior General Manager of AM Operations  
 January 2009: Senior Executive Officer and Director of the Company, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 November 2009: Managing Executive Officer and Representative Director of the Company, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 March 2010: Senior Managing Executive Officer and Representative Director of the Company, Chief General Manager of Marine Business Operations and Executive General Manager of WV Business Unit, Marine Business Operations  
 January 2011: Senior Managing Executive Officer and Representative Director of the Company, Chief General Manager of Marine Business Operations  
 January 2012: Senior Managing Executive Officer and Representative Director of the Company, Chief General Manager of Technology Center and Chief General Manager of Marine Business Operations  
 April 2013: Senior Managing Executive Officer and Representative Director of Yamaha Motor Co., Ltd., Chief General Manager of Technology Center, Chief General Manager of Design Center, and Chief General Manager of Marine Business Operations (to present)

### D Director Nobuya Hideshima

April 1978: Joined the Company  
 May 1999: General Manager of Production Control Department, Production Control Division, MC Operations of the Company  
 May 2001: General Manager of GSYS Planning Department, GSYS Management Division, GEM Center, MC Operations and General Manager of GSYS Production Control Department, GSYS Management Division, GEM Center, MC Operations  
 April 2003: President of Yamaha Motor Manufacturing Corporation of America  
 January 2006: General Manager of 3rd SyS, SyS Operations, MC Headquarters  
 January 2008: Senior General Manager of Procurement Operations, MC Headquarters  
 January 2009: Executive General Manager of Procurement Center  
 March 2009: Executive Officer of the Company, Executive General Manager of Procurement Center  
 March 2010: Senior Executive Officer of the Company, Chief General Manager of Procurement Center  
 March 2011: Senior Executive Officer and Director of Yamaha Motor Co., Ltd., Chief General Manager of Procurement Center  
 March 2013: Managing Executive Officer and Director of the Company, Chief General Manager of Procurement Center (to present)

J G E D C F H I



### E Director Masahiro Takizawa

April 1978: Joined the Company  
 June 1985: Graduated from the University of Pittsburgh Graduate School of Engineering, Department of Management Science and Engineering  
 April 2000: General Manager of Business Planning Department, CV Operations of the Company  
 October 2002: Senior General Manager of China Business Operations, General Manager of Business Planning Department, MC Operations and General Manager of China Business Strategy Department, China Business Operations, MC Operations  
 February 2004: President of MBK Industrie  
 July 2007: General Manager of Corporate Planning Division of the Company  
 January 2009: Senior General Manager of Corporate Planning Control, Global Corporate Administrative Center and General Manager of Corporate Planning Division, Global Corporate Administrative Center  
 March 2009: Executive Officer of the Company, Senior General Manager of Corporate Planning Control, Global Corporate Administrative Center and General Manager of Corporate Planning Division, Global Corporate Administrative Center  
 December 2009: Executive Officer of the Company, General Manager of Corporate Planning Division  
 March 2010: Senior Executive Officer of the Company, Senior General Manager of Corporate Planning Section and General Manager of Corporate Planning Division, Corporate Planning Section  
 January 2011: Senior Executive Officer of the Company, Chief General Manager of Business Development Operations  
 March 2011: Senior Executive Officer and Director of the Company, Chief General Manager of Business Development Operations  
 March 2013: Managing Executive Officer and Director of the Company, Chief General Manager of Business Development Operations (to present)

**F** Director  
**Hiroyuki Suzuki**

April 1978: Joined the Company  
 May 1997: Director of PT. Yamaha Indonesia Motor Manufacturing  
 September 2003: Vice President of PT. Yamaha Indonesia Motor Manufacturing  
 January 2006: General Manager of 2nd SyS, SyS Operations, MC Headquarters of the Company  
 January 2008: Senior General Manager of Quality Assurance Operations, MC Headquarters  
 March 2008: Executive Officer of the Company, Senior General Manager of Quality Assurance Operations, MC Headquarters  
 November 2009: Executive Officer of the Company, Executive General Manager of Manufacturing Center  
 March 2010: Senior Executive Officer and Director of the Company, Chief General Manager of Manufacturing Center  
 November 2010: Senior Executive Officer and Director of the Company, Managing Director of India Yamaha Motor Pvt. Ltd. (to present)

**G** Director  
**Yoshiaki Hashimoto**

April 1977: Joined the Company  
 November 2001: General Manager of North American Business Division, SCM Center, MC Operations of the Company  
 April 2004: General Manager of Sales & Marketing Division, RV Division, MC Operations  
 July 2006: General Manager of RV Sales & Marketing Division, RV Company  
 January 2007: General Manager of Human Resources Development Division  
 January 2009: Senior General Manager of General Affairs Control, Global Corporate Administrative Center and General Manager of Human Resources Development Division, Global Corporate Administrative Center  
 March 2009: Executive Officer of the Company, Senior General Manager of General Affairs Control, Global Corporate Administrative Center and General Manager of Human Resources Development Division, Global Corporate Administrative Center  
 January 2010: Executive Officer of the Company, Senior General Manager of General Affairs Section and General Manager of Human Resources Development Division, General Affairs Section  
 February 2010: Executive Officer of the Company, Senior General Manager of Human Resources & General Affairs Section  
 March 2010: Senior Executive Officer of the Company, Senior General Manager of Human Resources & General Affairs Section  
 March 2012: Senior Executive Officer and Director of the Company, Senior General Manager of Human Resources & General Affairs Section  
 March 2013: Senior Executive Officer and Director of the Company, Chief General Manager of Human Resources & General Affairs Center (to present)

MC: Motorcycle  
 SyS: System Supplier  
 AM: Automotive  
 WV: Water Vehicle  
 GEM: Global Engineering & Manufacturing  
 GSyS: Global System Supplier  
 CV: Commuter Vehicle  
 SCM: Supply Chain Management  
 RV: Recreational Vehicle

**H** Director (Outside)  
**Masamitsu Sakurai**

April 1966: Joined the Ricoh Company, Ltd.  
 June 1992: Director of Ricoh Company, Ltd.  
 June 1994: Managing Director of Ricoh Company, Ltd.  
 April 1996: President and Representative Director of Ricoh Company, Ltd.  
 June 2005: Chairman of the Board, President and Chief Executive Officer of Ricoh Company, Ltd.  
 July 2006: Director of Coca-Cola West Holdings Co., Ltd. (presently Coca-Cola West Co., Ltd.) (to present)  
 April 2007: Chairman of the Board and Representative Director of Ricoh Company, Ltd.  
 April 2007: Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)  
 April 2008: Chairman of the Board of Directors of The New Technology Development Foundation (to present)  
 June 2008: Director of OMRON Corporation (to present)  
 March 2011: Director of the Company (to present)  
 April 2011: Chairman of the Board and Director, Chairman of Ricoh Company, Ltd.  
 April 2013: Executive Advisor to Ricoh Company, Ltd. (to present)

**I** Director (Outside)  
**Mitsuru Umemura**

April 1975: Joined Nippon Gakki Co., Ltd. (presently Yamaha Corporation)  
 April 2000: President and Director of Yamaha Corporation of America  
 February 2001: Executive Officer of Yamaha Corporation  
 May 2003: Executive Officer of Yamaha Corporation and General Manager of Musical Instruments Group of Yamaha Corporation  
 June 2003: Senior Executive Officer of Yamaha Corporation  
 June 2006: Managing Director of Yamaha Corporation (to present)  
 June 2007: President and Representative Director of Yamaha Corporation (to present)  
 March 2011: Director of Yamaha Motor Co., Ltd. (to present)

**J** Director (Outside)  
**Tamotsu Adachi**

April 1977: Joined Mitsubishi Corporation  
 January 1988: Joined McKinsey & Company, Inc. Japan  
 June 1995: Partner of McKinsey & Company, Inc. Japan  
 March 1997: Managing Director of Business Development Department, GE Capital Japan  
 March 1999: President and CEO of Japan Lease Auto Co.  
 December 2000: President and CEO of GE Fleet Services Co.  
 May 2003: Managing Director and Japan Representative of Carlyle Japan LLC  
 June 2003: Director of Benesse Corporation (currently Benesse Holdings, Inc.)  
 November 2007: Managing Director and Co-Representative of Carlyle Japan LLC (to present)  
 June 2009: Director of Benesse Corporation (currently Benesse Holdings, Inc.: to present)  
 March 2013: Director of the Company (to present)

**Audit & Supervisory Board Members**



Standing Audit & Supervisory Board Member  
**Yutaka Kume**

April 1978: Joined the Company  
 April 2000: General Manager of Finance & Accounting Division, Administrative Operations of the Company  
 July 2006: General Manager of Finance & Accounting Division of the Company  
 May 2007: President of Yamaha Motor do Brasil Ltda.  
 June 2010: Corporate Auditor of Yamaha Corporation  
 March 2011: Audit & Supervisory Board Member of the Company (to present)



Standing Audit & Supervisory Board Member  
**Shigeki Hirasawa**

December 1981: Joined the Company  
 July 2006: General Manager of Legal & Intellectual Property Division of the Company  
 February 2008: Senior Vice President of Yamaha Motor Europe N.V.  
 March 2011: Audit & Supervisory Board Member of the Company (to present)



Audit & Supervisory Board Member (Outside)  
**Tetsuo Kawawa**

April 1975: Registered as an attorney (Tokyo Bar Association: to present)  
 August 2002: Member of the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice  
 September 2002: Member of the Chief of the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations (to present)  
 June 2007: Corporate Auditor of Nishin Seifun Group Inc. (to present)  
 March 2009: Audit & Supervisory Board Member (Outside) of the Company (to present)



Audit & Supervisory Board Member (Outside)  
**Isao Endo**

April 1979: Joined the Mitsubishi Electric Corporation  
 July 1987: Joined Boston Consulting Group  
 October 1988: Joined Andersen Consulting (currently Accenture)  
 September 1997: Partner of Booz Allen Hamilton (currently Booz & Company)  
 May 2000: Managing partner of Roland Berger Japan  
 April 2006: Chairman of Roland Berger Japan (to present)  
 April 2006: Professor, Graduate School of Commerce, Waseda University (to present)  
 May 2011: Director of Ryohin Keikaku Co., Ltd. (to present)  
 March 2013: Audit & Supervisory Board Member (Outside) of the Company (to present)

## Executive Officers

President and  
Chief Executive Officer

### Hiroyuki Yanagi

Chief General Manager of Motorcycle Business Operations

Senior Managing Executive  
Officer

### Takaaki Kimura

Chief General Manager of Technology Center,  
Chief General Manager of Design Center, and  
Chief General Manager of Marine Business Operations

Managing Executive Officer

### Kozo Shinozaki

Chief General Manager of Corporate Planning  
& Finance Center

Managing Executive Officer

### Nobuya Hideshima

Chief General Manager of Procurement Center

Managing Executive Officer

### Masahiro Takizawa

Chief General Manager of Business  
Development Operations

Senior Executive Officer

### Hiroyuki Suzuki

Managing Director of India Yamaha Motor  
Pvt. Ltd.

Senior Executive Officer

### Yoshiaki Hashimoto

Chief General Manager of Human  
Resources & General Affairs Center

Senior Executive Officer

### Kunihiko Miwa

Executive General Manager of 2nd Business  
Unit, Motorcycle Business Operations

Senior Executive Officer

### Katsuaki Watanabe

Executive General Manager of 1st Business Unit,  
Motorcycle Business Operations and Chief  
General Manager of Manufacturing Center

Senior Executive Officer

### Hajime Yamaji

President of Yamaha Motor Europe N. V.

Senior Executive Officer

### Ryouichi Sumioka

Deputy Chief General Manager of Corporate Planning & Finance  
Center

Senior Executive Officer

### Toshizumi Kato

President of Yamaha Motor Corporation, U.S.A.

Senior Executive Officer

### Yoichiro Kojima

President of PT. Yamaha Indonesia Motor  
Manufacturing and President of PT. Yamaha  
Motor Manufacturing West Java

Executive Officer

### Hiroshi Yoshii

Senior General Manager of Manufacturing  
Technology Section, Technology Center

Executive Officer

### Takahiko Goan

Executive General Manager of Overseas Market  
Development Operation Business Unit

Executive Officer

### Masato Adachi

Executive General Manager of Boat Business  
Unit, Marine Business Operations

Executive Officer

### Masanori Kobayashi

Chief General Manager of Product Assurance &  
Safety Promotion Center, General Manager of  
Safety Promotion & Traffic System Division,  
Product Assurance & Safety Promotion Center  
and General Manager of Communications-Linked  
BIKES Promotion Division, Technology Center

Executive Officer

### Tsuneji Suzuki

President and Representative Director of  
Yamaha Motor Powered Products Co., Ltd.

Executive Officer

### Hiroaki Fujita

Deputy Chief General Manager of Business  
Development Operations, Executive General  
Manager of IM\* Business Unit, Business  
Development Operations, General Manager of  
Quality Assurance Division, IM\* Business Unit,  
Business Development Operations and President  
and Representative Director of i-PULSE Co., Ltd.

Executive Officer

### Masaru Ono

General Director of Yamaha Motor  
Vietnam Co., Ltd.

Executive Officer

### Katsuhito Yamaji

Deputy Chief General Manager of Manufacturing  
Center and Senior General Manager of Engine  
Manufacturing Section, Manufacturing Center

Executive Officer

### Masaki Asano

Managing Director of Yamaha Motor India  
Sales Pvt. Ltd.

\*IM: Intelligent Machinery



## Comments from an Outside Director



Outside Director  
**Masamitsu Sakurai**

I believe one of the reasons I was asked to serve as an Outside Director of Yamaha Motor is that my background is with a company that is also engaged in *Monozukuri* (engineering, manufacturing, and marketing). Since its founding, Ricoh, where I serve as Executive Advisor, has cultivated technologies in a variety of areas through product development. Utilizing such technological assets, we are constantly pursuing new technological innovation and development from the “customer’s perspective” to create new values. As an Outside Director from a *Monozukuri* company in another field, I see my function as that of an advisor who utilizes this experience to enable Yamaha Motor to achieve sustainable growth.

Given the difficult economic environment globally, what are today’s companies looking for? I believe they are looking for “responsible strength,” meaning able to compete at a global level along with the integrity to be trusted by society. Putting aside whether a company as an entity is good or bad, companies have distinct cultures that they have developed over many years. The nature of this culture is not spelled out in a manual, but nevertheless the culture becomes a de facto standard for all employees to follow, influencing their value judgments—and is particularly deeply ingrained in the senior levels of management. There is nothing of which we have less awareness, but is more difficult to change, than culture. For a culture to progress in

response to changes in the environment, it is important for managers to set an example through leadership, with timely action and a strong sense of responsibility to drive growth and development. It is also important that the management structure be sensitive to change. It is essential for managers to verify whether results are being generated as envisioned, and whether management’s actions are contributing to improved earnings or are acting as a safety measure. Given the flexibility and respect shown to the Outside Directors including myself at meetings of the Board of Directors and the Management Research Committee, I consider Yamaha Motor to be a company with very effective corporate governance.

For a *Monozukuri* enterprise to successfully compete in the future, it must determine how to provide customers with even greater added value. With a diverse range of products, Yamaha Motor is able to combine various fields and technologies, and has the potential to change the way people live. I expect the company to be even more innovative in the future.

The experience that I have is based on my own successes and failures. I hope to use this experience to help to enhance Yamaha Motor’s corporate value, as a *Kando* Creating Company that brings joy, surprise, inspiration, richness, and happiness to people around the world.

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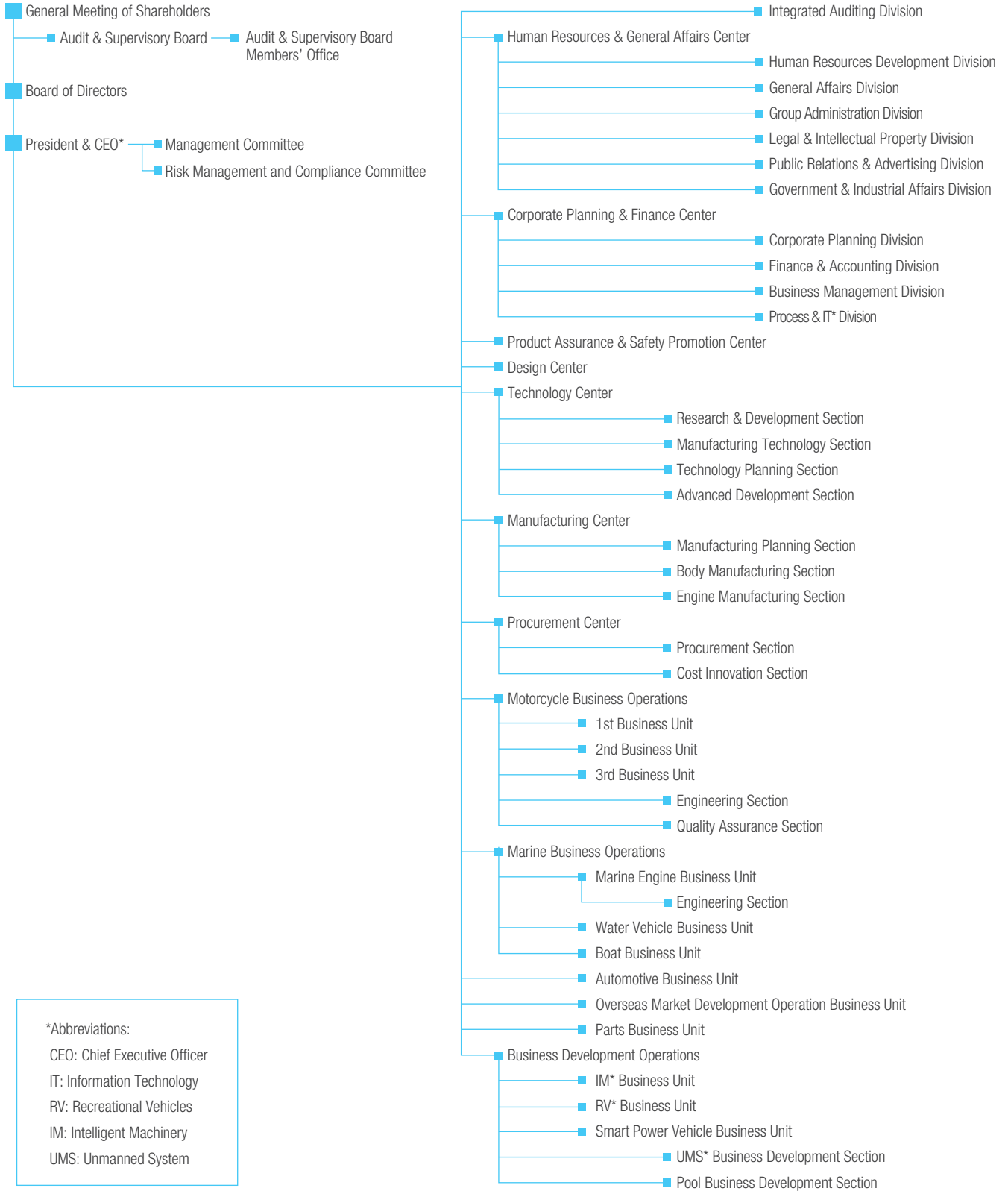
CSR Section

Corporate  
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# Organization

Yamaha Motor Co., Ltd., as of January 1, 2013



\*Abbreviations:  
 CEO: Chief Executive Officer  
 IT: Information Technology  
 RV: Recreational Vehicles  
 IM: Intelligent Machinery  
 UMS: Unmanned System

# Risk Factors

Of the matters related to business and accounting conditions, etc., which are stated in the securities report, the following risks are considered to have the potential to significantly affect investor judgments about the group. Forward-looking statements in this section are based on the information available to the group as of the submission date of the securities report (March 27, 2013).

## Risks Related to Business Operations

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

### Economic Conditions

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

### Market Competition

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

successfully market the products it does develop with the resources invested.

## Currency Fluctuations

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

## Business Operations in Overseas Markets

The group does business in many nations and regions around the globe. On a consolidated basis, the ratio of overseas sales to net sales for the fiscal year ended December 31, 2012 stood at 87.4%. Particularly in the motorcycle business, sluggish sales in developed nations make the group increasingly dependent on sales and profits in Asian and other emerging markets. In the more strategically important of these markets, the group may forecast growth in demand or anticipate developments that will strongly impact neighboring nations and regions. In these situations, the group may need to make large strategic investments long before any profit can be expected. If factors that could

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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 Certain Suppliers for Procurement of 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 a stable 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. The group's sales could 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, 2012 was lower than the book value after the revaluation by ¥7.4 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, strikes, demonstrations 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 could adversely affect the group's business performance.

### Environmental and Other Regulations

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

### Protection of Intellectual Properties

The group protects its many patent rights, trademark rights and other intellectual properties, which help differentiate the group's products from others, through legal measures and procedures. However, in some nations and regions where the group operates, complete protection of intellectual property rights may not be possible, or intellectual property

rights may only be protected on a limited basis. In such nations and regions, the group may not be able to exercise its intellectual property rights to effectively prohibit the production of similar products.

### Nankai Trough Megaquake (Including 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 Nankai Trough Megaquake (including 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 compensation 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.

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# History of the Yamaha Motor Group

## 1955

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

## 1956

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

## 1957

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

## 1958

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

## 1960

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

## 1961

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

## 1962

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

## 1963

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

## 1964

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

## 1965

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

## 1966

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

## 1967

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

## 1968

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

## 1969

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

## 1970

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

## 1971

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

## 1972

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

## 1973

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

## 1974

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

## 1975

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

## 1976

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

## 1977

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

## 1978

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

## 1979

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

## 1980

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

## 1981

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

## 1982

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

## 1983

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

## 1984

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

## 1985

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

## 1986

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

## 1987

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

## 1988

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

## 1989

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

## 1990

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

## 1991

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

## 1992

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

## 1993

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

## 1994

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

## 1995

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

## 1996

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

## 1997

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

## 1998

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

## 1999

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

## 2000

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

## 2001

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

## 2002

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

## 2003

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

## 2004

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

## 2005

- Initiated new three-year Medium-Term Management Plan, NEXT50-Phase II
- 50th anniversary
- Won manufacturer, team and rider titles at the MotoGP
- Won the manufacturer and rider titles in the MX1 class of the Motocross WGP, repeating the 2003 success
- OOO Yamaha Motor CIS (YMCIS) established in Russia
- Completed the Life Science Laboratory, an R&D center for the biotechnology business

## 2006

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

## 2007

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

## 2008

- Launched the long-term vision "Frontier 2020" and initiated Phase I of the vision, the new Medium-Term Management Plan

- Yamaha Motor Cambodia Co., Ltd. (YMKH), a joint venture company for the manufacture and sale of motorcycles, founded
- India Yamaha Private Limited (IYM) founded jointly with Mitsui & Co., Ltd. for the manufacture of motorcycles
- Global Training Center opened in Indonesia
- Yamaha Riding Academy established in Thailand to promote motorcycle riding safety
- Won the manufacturer, team and rider titles at the MotoGP, repeating the triple crown performance of 2005

## 2009

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

## 2010

- Yamaha Motor withdrew from life science business

## 2011

- Consolidation of Iwata South Factory's engine assembly lines with Main Factory's motorcycle assembly plant completed
- IM business established YIME in Europe and YIMA in the United States
- Commenced increased production of utility boats to support reconstruction efforts in eastern Japan
- Tie-up with Toyota Motor Corporation in Communications-linked, Next-generation Vehicles to build a "new mobility society"

## 2012

- Design Center established
- ASEAN Integrated Development Center (Thailand) and India Procurement Center established
- Began supplying electrically power assisted bicycle drive units on OEM basis in Europe
- Yamaha Motor founder Genichi Kawakami inducted into the Japan Automotive Hall of Fame

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# Principal Subsidiaries and Affiliates

As of December 31, 2013

## Consolidated Subsidiaries

Company	Location	Principal business lines
<b>Japan</b>		
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 and motorcycle frames
④ Yamaha Motor Electronics Co., Ltd.	Mori-machi, Shizuoka	Manufacture and marketing of motorcycle electric parts
<b>U.S.A.</b>		
⑤ Yamaha Motor Corporation, U.S.A. (YMUS)	Los Angeles, California	Regional headquarters for North America (importing and marketing of Yamaha Motor products)
⑥ Yamaha Motor Manufacturing Corporation of America (YMMC)	Atlanta, Georgia	Manufacture and development of golf cars, personal watercraft and all-terrain vehicles
⑦ Skeeter Products, Inc.	Dallas, Texas	Manufacture and marketing of FRP boats and aluminum boats
⑧ Precision Propeller Industries, Inc. (PPI)	Indianapolis, Indiana	Manufacture and marketing of outboard motor propellers
⑨ Tennessee Water Craft, Inc.	Knoxville, Tennessee	Manufacture of jet boats
⑩ Yamaha Golf-Car Company (YGC)	Atlanta, Georgia	Marketing of golf cars
⑪ Yamaha Motor Distribution Latin America Inc. (YDLA)	Miami, Florida	Exporting and importing of spare parts and accessories for Central and South America and the Caribbean
<b>Canada</b>		
⑫ Yamaha Motor Canada Limited (YMCA)	Toronto	Importing and marketing of Yamaha Motor products
<b>The Netherlands</b>		
⑬ Yamaha Motor Europe N.V. (YMENV)	Amsterdam	Regional headquarters for Europe (importing and marketing of Yamaha Motor products, and marketing, product planning, and finance within Europe)
⑭ Yamaha Motor Netherland B.V. (YMNL)	Amsterdam	Marketing of Yamaha Motor products
⑮ Yamaha Motor Middle Europe B.V. (YMME)	Amsterdam	Management of sales companies and branches in Germany and the United Kingdom
<b>France</b>		
⑯ Yamaha Motor France S.A. (YMF)	Paris	Marketing of Yamaha Motor products
⑰ MBK Industrie (MBK)	Saint Quentin	Manufacture and marketing of scooters, outboard motors and MBK-brand bicycles
<b>Italy</b>		
⑱ Yamaha Motor Italia S.p.A. (YMIT)	Milan	Manufacture of Yamaha Motor products
⑲ Motori Minarelli S.p.A.	Bologna	Manufacture of motorcycle engines
⑳ Yamaha Motor Research & Development Europe S.r.l. (YMRE)	Milan	Research and development of motorcycles
<b>Spain</b>		
㉑ Yamaha Motor España S.A. (YMES)	Barcelona	Manufacturing of motorcycles
㉒ Yamaha Motor España Marketing S.L. (YMESM)	Barcelona	Marketing of Yamaha Motor products
<b>Portugal</b>		
㉓ Yamaha Motor Portugal S.A. (YMP)	Lisbon	Marketing of Yamaha Motor products
<b>United Kingdom</b>		
㉔ Yamaha Motor (UK) Limited (YMUUK)	London	Marketing of Yamaha Motor products
<b>Germany</b>		
㉕ Yamaha Motor Deutschland GmbH. (YMG)	Düsseldorf	Marketing of Yamaha Motor products
<b>Sweden</b>		
㉖ Yamaha Motor Scandinavia AB (YMS)	Stockholm	Marketing of Yamaha Motor products
<b>Russia</b>		
㉗ OOO Yamaha Motor CIS (YMCIS)	Moscow	Importing and marketing of Yamaha Motor products
<b>Australia</b>		
㉘ Yamaha Motor Australia Pty Limited (YMA)	Sydney	Importing and marketing of Yamaha Motor products
<b>New Zealand</b>		
㉙ Yamaha Motor New Zealand Limited (YMNZ)	Auckland	Importing and marketing of Yamaha Motor products



Company	Location	Principal business lines
<b>Brazil</b>		
30 Yamaha Motor do Brasil Ltda. (YMDB)	São Paulo	Importing and marketing of Yamaha Motor products
31 Yamaha Motor da Amazonia Ltda. (YMDA)	Manaus	Manufacture and marketing of motorcycles and outboard motors
<b>Colombia</b>		
32 Industria Colombiana de Motocicletas Yamaha S.A. (INCOLMOTOS)	Medellin	Assembly and marketing of motorcycles, and sales of spare parts
<b>Argentina</b>		
33 Yamaha Motor Argentina S.A. (YMARG)	Buenos Aires	Importing and marketing of Yamaha Motor products
<b>Mexico</b>		
34 Yamaha Motor de Mexico, S.A. de C.V. (YMMEX)	Mexico City	Importing and marketing of Yamaha Motor products
<b>Peru</b>		
35 Yamaha Motor del Perú S.A. (YMDP)	Lima	Marketing of motorcycles
<b>Indonesia</b>		
36 PT. Yamaha Indonesia Motor Manufacturing (YIMM)	Jakarta	Manufacture and 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
<b>Singapore</b>		
40 Yamaha Motor Asia Pte. Ltd. (YMAP)	Singapore	Financing center for Asia production bases
41 Yamaha Motor Distribution Singapore Pte. Ltd. (YDS)	Singapore	Exporting and importing of parts and accessories for Yamaha Motor products
<b>Vietnam</b>		
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
<b>Thailand</b>		
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 (development of motorcycles, operation of ancillary businesses, and intermediation of three-country trade)
<b>The Philippines</b>		
46 Yamaha Motor Philippines, Inc. (YMPH)	Batangas	Manufacture and marketing of motorcycles
<b>Taiwan</b>		
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 and parts for those products
49 Yamaha Motor R&D Taiwan Co., Ltd. (YMRT)	Taipei	Research and development of motorcycles
<b>India</b>		
50 India Yamaha Motor Pvt. Ltd. (IYM)	Delhi	Manufacture, marketing and export of motorcycles
51 Yamaha Motor India Sales Pvt. Ltd.	Chennai	Marketing of motorcycles
<b>China</b>		
52 Yamaha Motor Commercial Trading (Shanghai) Co. Ltd. (YMCT)	Shanghai	Exporting, importing, and marketing of Yamaha Motor products, and exporting of parts
53 Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. (YMSM)	Shanghai	Marketing and after-sales service of Yamaha Motor products
54 Zhuzhou Yamaha Motor Shockabsorber Co., Ltd. (ZYS)	Zhuzhou, Hunan	Manufacture of motorcycle suspensions
55 Yamaha Motor R&D Shanghai Co., Ltd. (YMRS)	Shanghai	Research and development of Yamaha Motor Products

**Other consolidated subsidiaries: 54 companies**

**Total consolidated subsidiaries: 109 companies**

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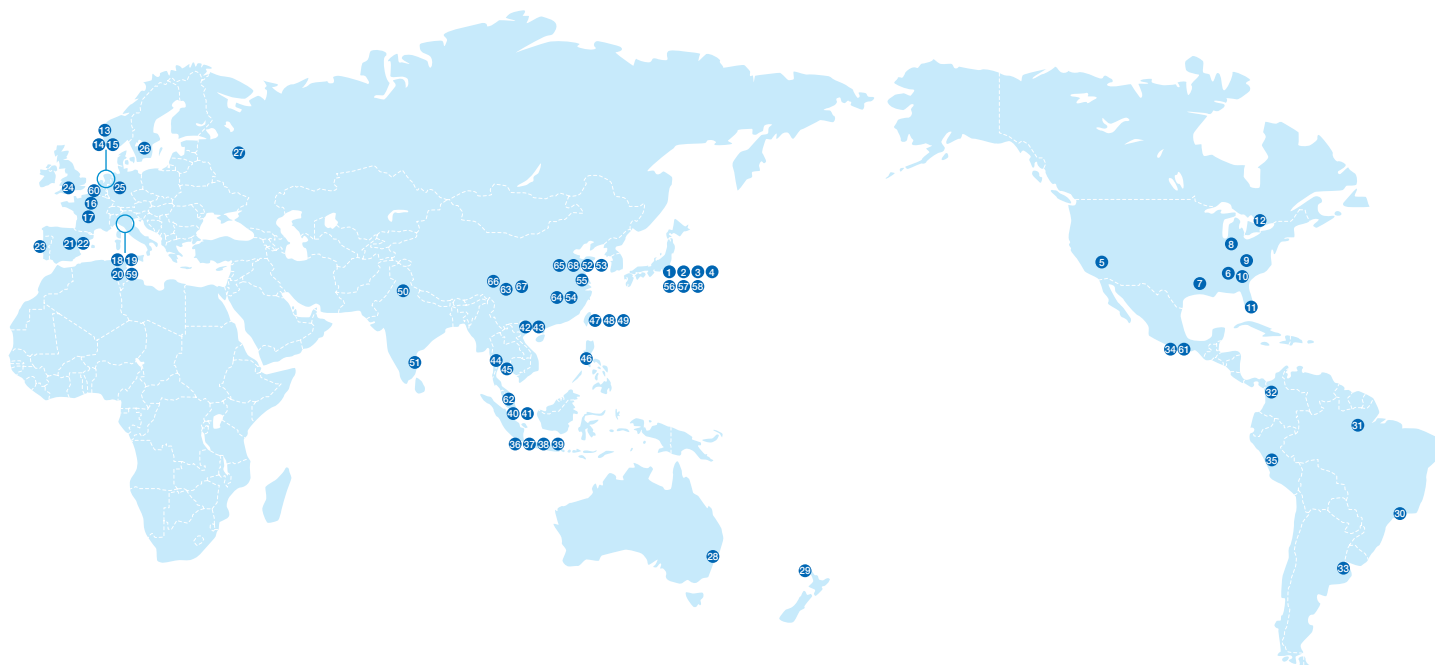
Financial Section

### Subsidiaries and Affiliates Accounted for by the Equity Method

Company	Location	Principal business lines
<b>Japan</b>		
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
<b>Italy</b>		
59 Yamaha Motor Racing S.r.l. (YMR)	Milan	Coordination and management of operations related to MotoGP and machine development testing
<b>Belgium</b>		
60 D'leteren Sport S.A.	Brussels	Marketing of Yamaha Motor products
<b>Mexico</b>		
61 Industria Mexicana de Equipo Marino, S.A. de C.V. (IMEMSA)	Mexico City	Manufacture and marketing of FRP boats; importing and marketing of other Yamaha Motor products
<b>Malaysia</b>		
62 Hong Leong Yamaha Motor Sdn. Bhd. (HLYM)	Kuala Lumpur	Manufacture and marketing of motorcycles
<b>China</b>		
63 Chongqing Jianshe-Yamaha Motor Co., Ltd. (CJYM)	Chongqing, Sichuan	Manufacture of motorcycles
64 Zhuzhou Jianshe Yamaha Motor Co., Ltd. (ZJYM)	Zhuzhou, Hunan	Manufacture of motorcycles
65 Jiangsu Linhai Yamaha Motor Co., Ltd. (LYM)	Taizhou, Jiangsu	Manufacture and marketing of motorcycle engines
66 Sichuan Huachuan Yamaha Motor Parts Manufacturing Co., Ltd. (SHY)	Chengdu, Sichuan	Manufacture and marketing of electrical components for motorcycles
67 Chongqing Pingshan TK Carburetor Co., Ltd. (PTK)	Chongqing, Sichuan	Manufacture and marketing of motorcycle carburetors
68 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: 15 companies**

**Total subsidiaries and affiliates accounted for by the equity method: 28 companies**



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# Management Discussion and Analysis of Operations

## Overview

During the fiscal year ended December 31, 2012 (fiscal 2012), the overall impression of the global economy was of growing signs of a slowdown from April onwards in particular, and there was no obvious improvement seen in the latter half of the year.

The United States saw a recovery trend in individual consumption with improvement in employment and housing market, however, no firm progress in economic recovery was observed. In Europe, as the debt crisis continues, the employment environment was severe and individual consumption stagnated. In emerging nations in Asia, Central and South America and other regions, a trend leaned toward an economic slowdown with the effect of the European economic crisis and financial restraint, and the consumer market, which had been showing continued rapid growth, slowed down for the moment. In Japan, reconstruction demand propped up the economy during the first half of the year, but in the latter half, economic conditions became weak due to factors such as persistent yen appreciation and a decrease in exports due to the economic slowdown worldwide. At the end of the year, however, a trend toward yen depreciation and a rise in stock prices was observed.

In the Company's main markets, there was a mild recovery in demand for motorcycles, outboard motors, and all-terrain vehicles (ATVs) in the United States. Demand for motorcycles continued to decline in Europe, while in emerging nations in Asia, Central and South America, and other regions, demand for motorcycles, which had been growing, saw a decline and leveled off since then. On the other hand, Russia saw increased demand for outboard motors and snowmobiles, and in Japan, demand rose for generators, fishing boats and utility boats due in part to reconstruction demand.

## Sales and Operating Income

In operating performance, consolidated net sales for fiscal 2012 decreased 5.4% year on year to ¥1,207.7 billion. The marine products business, power products business, and automotive engines business saw a year-on-year increase, while the motorcycle business was down year on year due to a decline in demand in Europe, and a decline in demand and product inventory adjustments in Indonesia and Brazil. Furthermore, the impact of the exchange rate was negative ¥45.0 billion as a result of yen appreciation.

Operating income decreased 65.2% year on year to ¥18.6 billion. This is mainly attributable to a decrease in motorcycle sales in Europe and emerging nations, and the impact of yen appreciation, combined with the effects of reversal of provision for product liabilities (¥13.4 billion in the previous fiscal year, ¥2.4 billion in fiscal 2012), and an increase in development expenses aimed at future growth, which offset factors contributing to a rise in income such as cost reductions, falling cost of raw materials, and other expense reductions.

## Sales Performance by Business Segment

### Motorcycles

Net sales of the motorcycles business overall decreased by 10.0% from the previous fiscal year, to ¥798.7 billion, and operating loss amounted to ¥0.2 billion (operating income of ¥27.6 billion for the previous fiscal year).

Shipment units in developed countries decreased overall, with increases in the United States outweighed by decreases in Europe. Among the emerging nations, India and Thailand that was affected by flooding in the previous year showed increases, while Indonesia, Vietnam and Brazil showed decreases as a result of reduced demand and inventory adjustments leading to a decrease overall. Global shipment units decreased by 12.8% from the previous fiscal year (6.98 million units), to 6.09 million units.

Snapshot

Interview with the President

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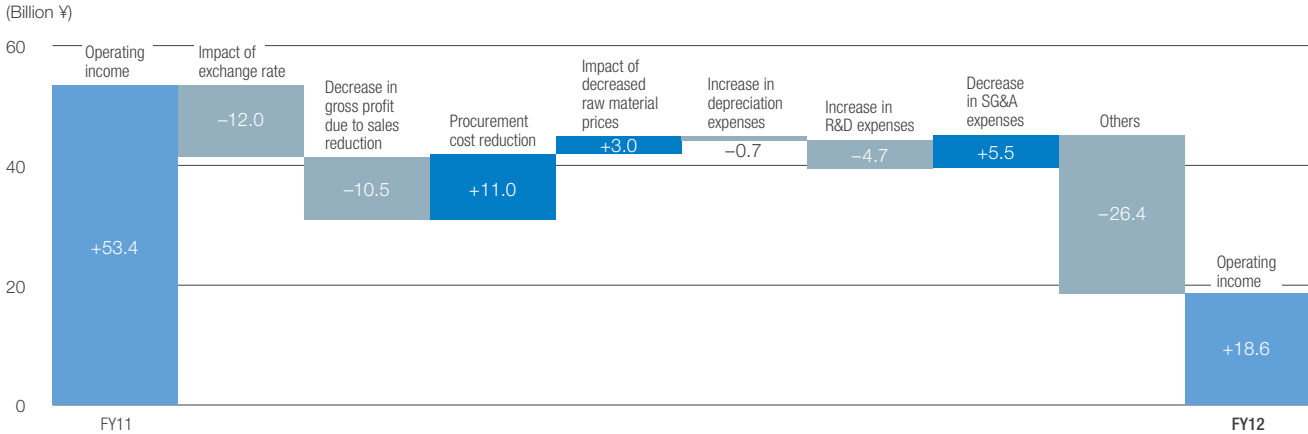
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## Factors Impacting Operating Income



### Marine Products

Net sales of marine products business overall increased by 9.7% from the previous fiscal year, to ¥196.3 billion, and operating income was increased by 53.0% from the previous fiscal year, to ¥10.8 billion. Due to a recovery in demand in the United States, shipment units of outboard motors, personal watercraft, and sports boats were strong. Also, shipment units of outboard motors in emerging nations such as Russia increased. In Japan, reconstruction demand has contributed to increases in shipment units of fishing boats, utility boats and outboard motors.

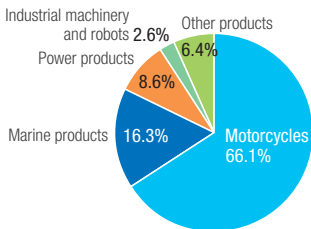
### Power Products

Net sales of power products business overall increased by 3.3% from the previous fiscal year, to ¥103.6 billion. Operating income decreased by 92.9% from the previous fiscal year, to ¥0.5 billion, due to factors such as reversal of provision for product liabilities (¥13.4 billion in the previous fiscal year, ¥2.4 billion in fiscal 2012).

Shipment units of golf cars increased, but ATVs decreased. Furthermore, shipment units of generators increased in the United States and Japan due to increased demand and new customer acquisition.

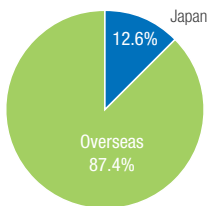
### Percentage of sales by product segment

(Year ended December 31, 2012)



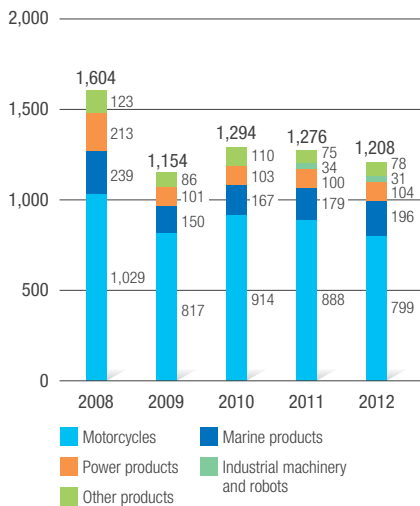
### Percentage of sales by market

(Year ended December 31, 2012)



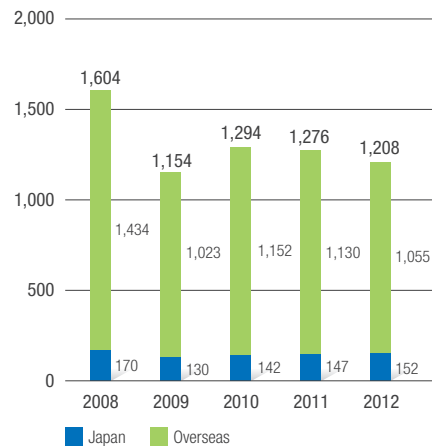
### Sales by product segment

(Billion ¥)



### Sales by market

(Billion ¥)



Note "Industrial machinery and robots," which was previously included in the "Other products" segment, is being reported in a separate segment effective from fiscal 2011.

### Industrial Machinery and Robots

Net sales of industrial machinery and robots business overall decreased by 10.2% from the previous fiscal year, to ¥30.8 billion, and operating income decreased by 38.9% from the previous fiscal year, to ¥3.8 billion.

Although demand related to smartphones and tablet devices was strong, amid a worldwide trend toward capital investment restraint, shipment units of surface mounters declined overall.

### Others

Net sales of other products business overall increased by 4.2% from the previous fiscal year, to ¥78.3 billion, and operating income decreased by 28.2% from the previous fiscal year, to ¥3.6 billion.

Shipment units of automobile engines increased from the previous fiscal year, when they were adversely affected by the earthquake. Shipment units of electrically power assisted bicycles decreased from the previous fiscal year, when there was a strong demand after the earthquake disaster, but the demand is increasing in general.

## Sales Performance and Operating Income by Geographical Segment <sup>Note 1</sup>

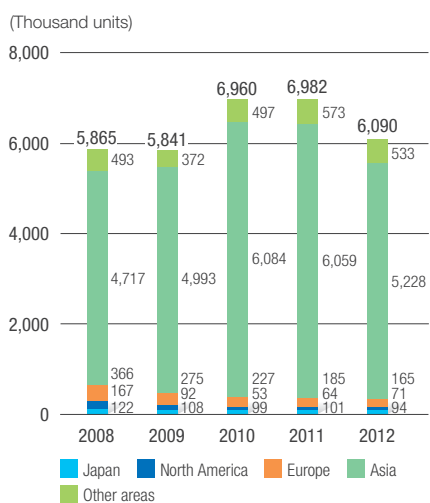
### Japan

Despite decreased shipments of motorcycles for Europe and the negative impact of yen appreciation, net sales in Japan increased 2.4% from the previous year to ¥532.6 billion, and operating loss was ¥8.8 billion, compared to operating loss of ¥14.1 billion for the previous year, reflecting increased production and shipments of outboard motors and motorcycles for the U.S. market and increased shipments of automobile engines, generators, and other products.

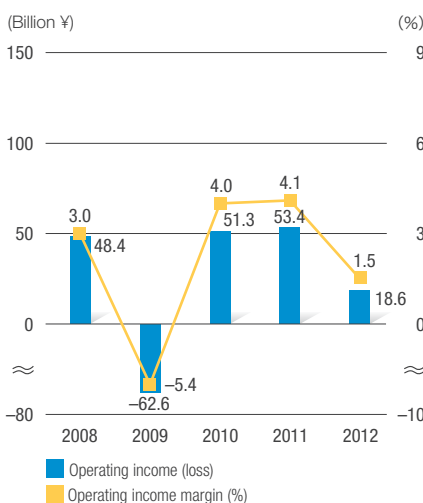
### North America

Net sales in North America increased 15.9% from the previous year to ¥205.7 billion, reflecting higher sales of marine products such as outboard motors and personal watercraft, for which there was a clear demand recovery trend in the U.S., as well as higher sales of motorcycles and golf cars, despite a decrease in shipments of ATVs. Operating income decreased 10.1% to ¥6.9 billion as a result of factors including the negative impact of yen appreciation as well as the impact of reversal of provision for product liabilities.

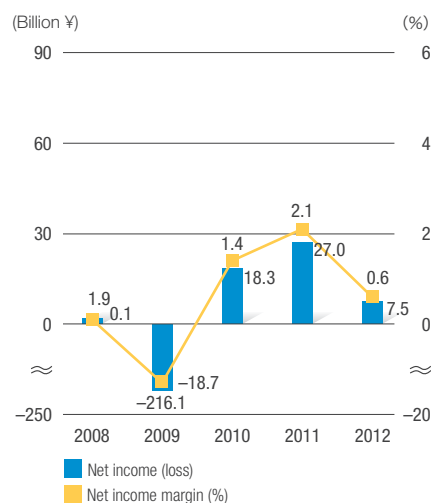
Motorcycle unit sales



Operating income (loss) and operating income margin



Net income (loss) and net income margin



## Europe

Net sales in Europe decreased 10.4% from the previous year to ¥135.5 billion, owing to decreased shipments of motorcycles and outboard motors in Europe overall, despite increased shipments of outboard motors and snowmobiles in Russia. Operating loss was ¥4.7 billion, compared to operating loss of ¥3.6 billion for the previous year.

## Asia

Net sales in Asia (excluding Japan) decreased 8.6% from the previous year to ¥596.0 billion, and operating income decreased 55.9% to ¥21.4 billion, on lower shipments of motorcycles in Indonesia and Vietnam, which offset higher shipments in Thailand and India.

## Other Areas

Net sales in other areas decreased 15.0% from the previous year to ¥135.1 billion, and operating income decreased 63.8% to ¥5.2 billion, due to decreased shipments of motorcycles in Brazil and other Central and South American nations.

**Note 1** Sales amounts by geographical segment include intersegment sales.

## Income and Expenses

### Cost of Sales, Gross Profit and SG&A Expenses

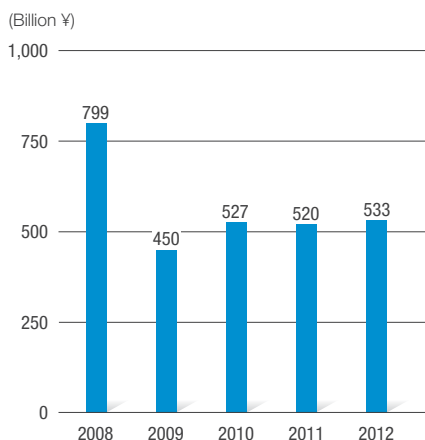
Cost of sales for fiscal 2012 decreased 2.8% from fiscal 2011 to ¥972.6 billion, representing 80.5% of net sales.

Gross profit decreased 14.8%, to ¥235.1 billion. This was primarily because the positive effects of cost reductions and lower raw material prices were unable to absorb the negative impact of a decline in motorcycle sales in Europe and emerging markets, the strong yen, and increased development expenses for future growth. The gross profit margin declined 2.2 percentage points, to 19.5%.

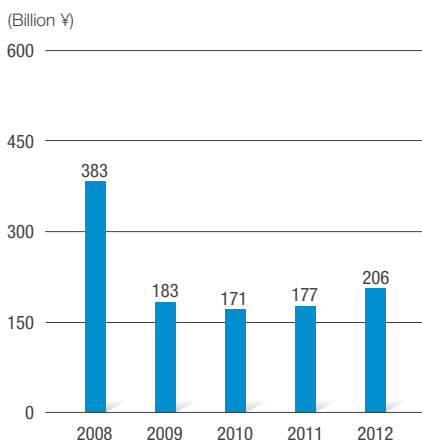
Selling, general and administrative expenses decreased 2.8%, to ¥216.5 billion. This was mainly due to reversal of provision for product liabilities (¥2.4 billion in 2012, compared with ¥13.4 billion in 2011). Selling, general and administrative expenses as a percentage of net sales were 17.9%, marking a 0.5 percentage point increase from the previous year. R&D expenses included in selling, general and administrative expenses and manufacturing costs for fiscal 2012 increased ¥4.7 billion from fiscal 2011 to ¥69.7 billion.

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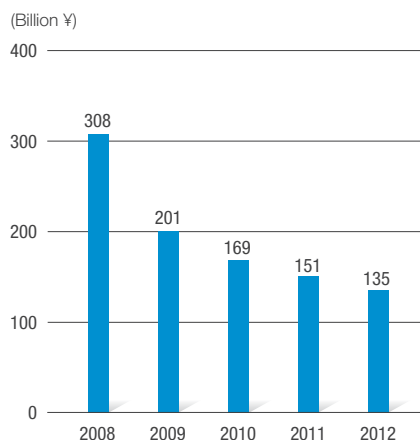
Sales by geographical segment <sup>Note 1</sup>  
— Japan



Sales by geographical segment <sup>Note 1</sup>  
— North America



Sales by geographical segment <sup>Note 1</sup>  
— Europe



### R&D Expenses

Under the corporate philosophy of being a *Kando* Creating Company, the group is aggressively engaged in R&D activities in various technological fields, including small engine, FRP processing, control, component, environmental and advanced safety technologies, in order to provide customers worldwide with “high-quality, high-performance, lightweight and compact” products.

To create products that precisely meet the needs of customers around the world, we have built an R&D structure that is organized around the headquarters, carrying out research and development in close cooperation with group companies in Japan and overseas.

The ASEAN Integrated Development Center, which will strengthen the motorcycle development and parts procurement functions previously performed by our Thai subsidiary, was established and commenced operations in 2012. This Center will function as an integrated development center, incorporating manufacturing, purchasing, and technology, to develop products that meet the needs of customers in local markets.

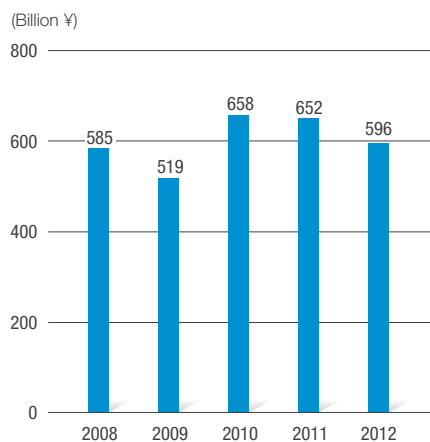
R&D expenses for fiscal 2012 amounted to ¥69.7 billion. R&D expenses stood at ¥44.3 billion in the motorcycle business; ¥8.0 billion in the marine products business; ¥7.8 billion in the power products business; ¥4.1 billion in the industrial machinery and robots businesses; and ¥5.5 billion in the other products business.

### Operating Income

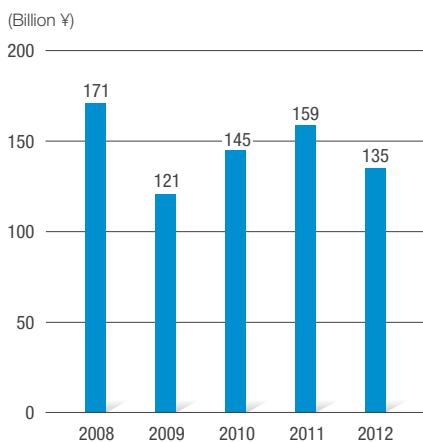
The Company posted operating income in fiscal 2012, decreasing 65.2% from fiscal 2011 to ¥18.6 billion. As a result, the operating income ratio was 1.5%, down 2.7 percentage points.

The motorcycle business recorded an operating loss of ¥0.2 billion in 2012, compared with a ¥27.6 billion profit in 2011. In developed countries, despite increased shipments in the United States, the decline in Europe led to an overall decrease. Emerging countries saw increased shipments in Thailand, following the previous year’s flood-related decrease, and in India, but overall shipments declined from the effects of lower demand and inventory adjustments in

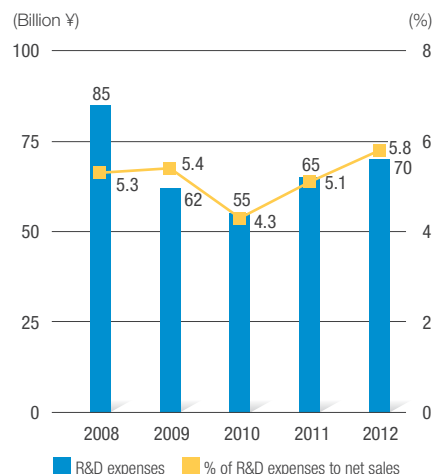
Sales by geographical segment <sup>Note 1</sup>  
—Asia



Sales by geographical segment <sup>Note 1</sup>  
—Other areas



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





Indonesia, Vietnam, and Brazil. As a result, total shipments for the year declined.

The marine products business posted operating income of ¥10.8 billion, a 53.0% increase from the previous year, as shipments increased on a rebound in demand for outboard motors and personal watercraft in the United States.

In the power products business, although shipments of golf cars and generators increased, operating income declined 92.9% from the previous year, to ¥0.5 billion, from the effect of reversal of provision for product liabilities (¥2.4 billion in 2012, compared with ¥13.4 billion in 2011).

The industrial machinery and robots business recorded operating income of ¥3.8 billion, for a 38.9% decline, reflecting a global trend of restrained capital investment.

The other products business posted operating income of ¥3.6 billion, a 28.2% decline. Although shipments of automobile engines rose, a decline in shipments of electrically power assisted bicycles resulted in lower overall profit.

### Non-Operating Income and Expenses

Net non-operating income was positive in the amount of ¥8.7 billion, which was ¥1.4 billion less than in the previous year. The decline was primarily due to a decrease of ¥2.4 billion in interest income.

### Extraordinary Income and Loss

Extraordinary income totaled ¥0.7 billion, which was a ¥0.4 billion increase from the previous year as a result of a ¥0.5 billion gain on change in equity.

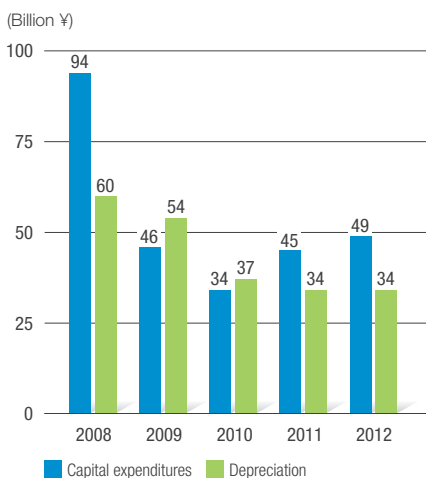
Extraordinary loss were ¥2.1 billion, which was a ¥0.5 billion decline from the previous year. The main extraordinary loss were ¥1.1 billion in impairment loss and a ¥0.8 billion loss on disposal of noncurrent assets.

### Income before Income Taxes

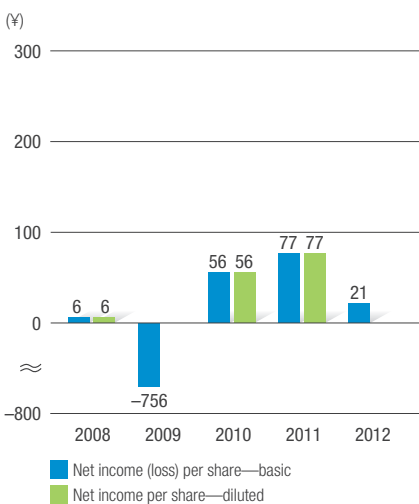
Income before income taxes for fiscal 2012 decreased 57.8% from the previous year to ¥25.8 billion.

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### Capital expenditures and depreciation

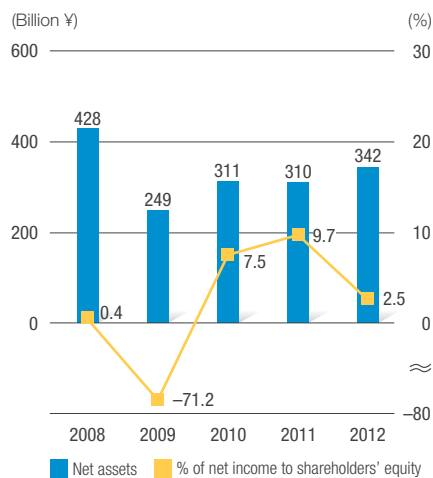


### Net income (loss) per share



**Note** Net income per share—diluted for fiscal 2009 is not listed, since the Company registered a net loss per share for the period.  
 Net income per share—diluted for the fiscal year ended December 31, 2012 is not stated as there were no potential shares with dilutive effect.

### Net assets and % of net income to shareholders' equity



### Income Taxes

In fiscal 2012, income taxes decreased ¥12.9 billion from fiscal 2011 to ¥14.0 billion.

### Minority Interests in Income

Minority interests in income—including interests owned by minority shareholders in PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Taiwan Co., Ltd., Yamaha Motor Vietnam Co., Ltd., Industria Colombiana de Motocicletas Yamaha S.A. and others—decreased 41.3% from fiscal 2011 to ¥4.3 billion.

### Net Income

Net income for fiscal 2012 decreased 72.2% from the previous year to ¥7.5 billion. Basic net income per share decreased ¥55.78 from ¥77.23 for fiscal 2011 to ¥21.45 in fiscal 2012.

### Capital Resources and Liquidity

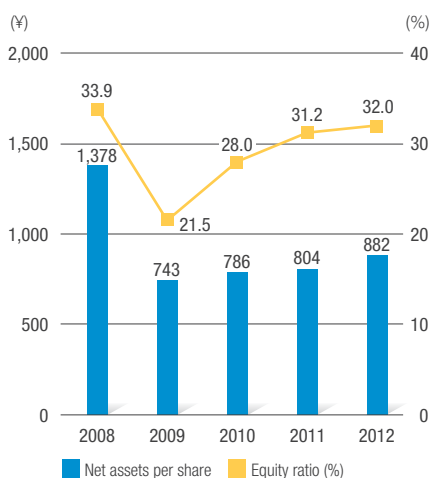
#### Assets, Liabilities and Total Net Assets

Total assets at the end of the fiscal year ended December 31, 2012 increased by ¥61.9 billion from the end of the previous fiscal year to ¥962.3 billion. The increase is attributable to increase of ¥25.6 billion in current assets and ¥36.3 billion in noncurrent assets, reflecting factors including the impact of yen depreciation.

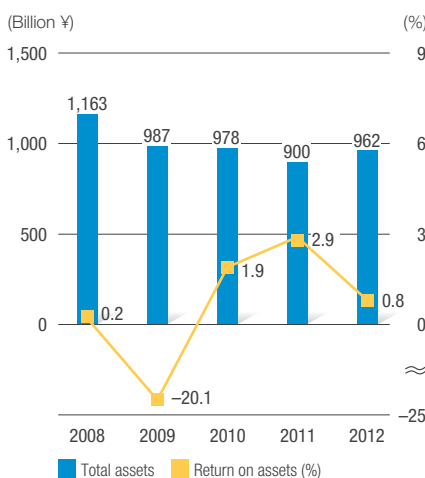
Total liabilities increased by ¥30.3 billion to ¥620.8 billion, reflecting such factors as an increase in short-term loans payable.

Total net assets increased ¥31.6 billion to ¥341.6 billion, reflecting such factors as net income of ¥7.5 billion, dividends paid of ¥7.2 billion, and a change in foreign currency translation adjustment of ¥23.6 billion due to yen depreciation. The shareholders' equity ratio as of December 31, 2012 was 32.0% (an improvement of 0.8

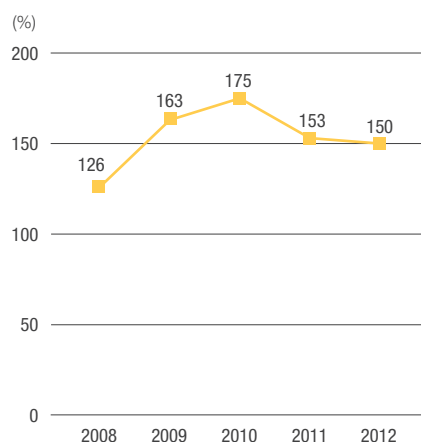
Net assets per share and equity ratio <sup>Note 2</sup>



Total assets and return on assets



Current ratio



percentage point from the end of the previous fiscal year). The gross debt/equity ratio was 1.1 times, compared with a gross debt/equity ratio of 1.0 times at the end of the previous fiscal year.

**Note 2 Equity ratio:** (Shareholders' equity + Accumulated other comprehensive income)/Total assets x 100 (%)

### Capital Expenditures

Capital expenditures for fiscal 2012 totaled ¥48.8 billion, centering on investments in manufacturing equipment and facilities for the production of new models and production capacity enhancements—primarily for the motorcycle and marine products businesses—as well as investments in research and development operations.

By business segment, capital expenditures for the motorcycle business totaled ¥36.4 billion. This included investments to increase production capacity in India and to produce new models in the ASEAN region overseas while

in Japan most investments went into the realignment of our production structure.

The marine products business made capital expenditures totaling ¥5.8 billion, primarily for R&D facilities and equipment and for the realignment of the domestic production structure.

Capital expenditure at the power products business was ¥4.0 billion, mainly for facilities and equipment for the production of all-terrain vehicles.

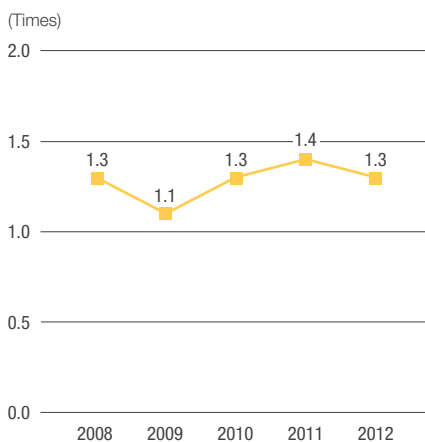
The industrial machinery and robots business invested ¥0.6 billion, primarily for the production of new models.

At the other products business, capital expenditures totaled ¥2.0 billion and were mostly for automobile engine R&D facilities and equipment.

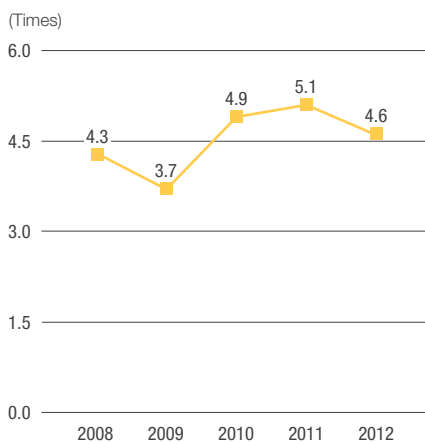
The entire amount of the expenditures discussed above was funded by internal resources. During fiscal 2012, there was no disposal or sale of important facilities or similar assets.

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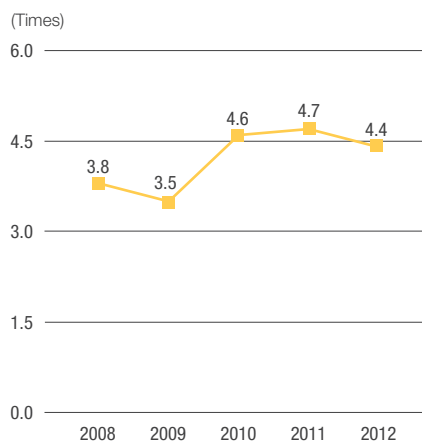
### Total asset turnover



### Property, plant and equipment turnover



### Inventory turnover



### Cash Flows

Net cash used in operating activities during the fiscal year under review was ¥2.4 billion (¥33.3 billion in net cash provided during the previous fiscal year), reflecting factors including an increase of ¥26.4 billion in working capital (an increase of ¥4.6 billion during the previous fiscal year) due to decrease of trade payables as a result of production adjustment to bring inventory to an appropriate level and income before income taxes of ¥25.8 billion (¥61.2 billion during the previous fiscal year).

Net cash used in investing activities during the fiscal year under review was ¥51.1 billion (¥46.5 billion in net cash used during the previous fiscal year), mainly as a result of factors including the purchase of motorcycle manufacturing facilities for future growth in emerging nations.

Net cash provided by financing activities during the fiscal year under review was ¥15.8 billion (¥51.9 billion in net cash used during the previous fiscal year), due to factors including financing by means of short-term loans accompanying an increase in working capital.

As a result of the activities discussed above, free cash flows for the fiscal year under review were a negative ¥53.5

billion. Interest-bearing debt at the end of the fiscal year was ¥327.0 billion, and cash and cash equivalents totaled ¥106.5 billion. Interest-bearing debt includes ¥133.5 billion in borrowings for sales finance.

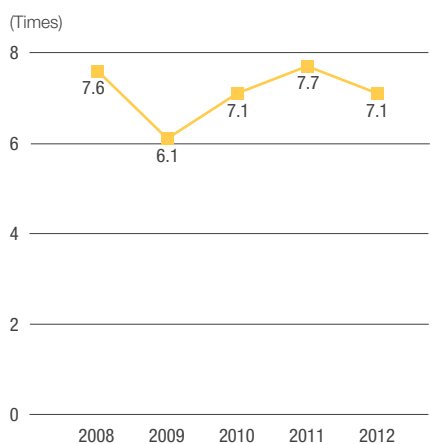
### Demand for Funds

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

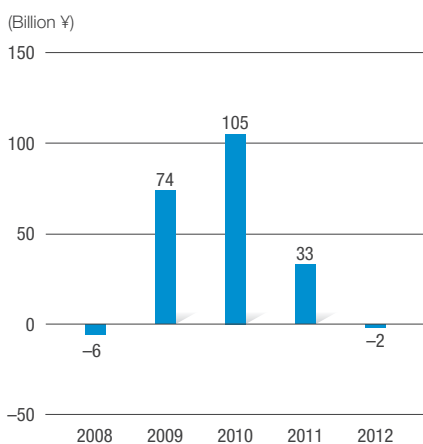
Domestic capital investment totaled ¥13.7 billion, and was used primarily for producing new motorcycle and marine product models, research and development, and the realignment of the domestic production structure. Capital investment overseas totaled ¥35.1 billion, mostly to increase production capacity in India and to produce new models in the ASEAN region.

As a result, total capital expenditures in fiscal 2012 amounted to ¥48.8 billion.

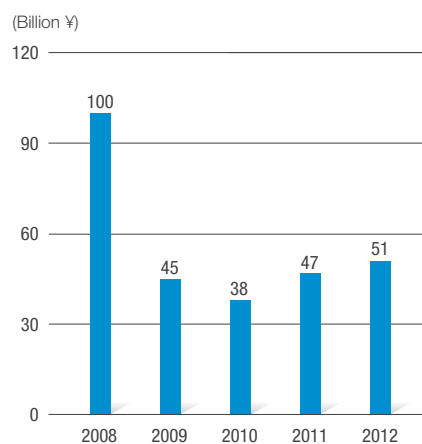
Account receivable turnover



Cash provided by (used in) operating activities



Cash used in investing activities



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## Cash Dividends

Recognizing that shareholders' interests represent one of the Company'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 aims to maintain a balance between proactive investment for growth, and returns to shareholders and the repayment of borrowings, and provide shareholder returns that reflect comprehensive consideration of the business environment, including trends in business performance and retained earnings, while maintaining a minimum dividend payout ratio of 20% of consolidated net income.

The year-end dividend for fiscal 2012 was determined to be ¥5 per share. Added to the interim dividend (¥5 per share), this gives a total dividend for the year of ¥10 per share.

## Fund Procurement Conditions

Group companies acquire short-term loans payable denominated in local currencies to use as working capital.

Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

The annual amounts of interest-bearing debt to be repaid are as follows:

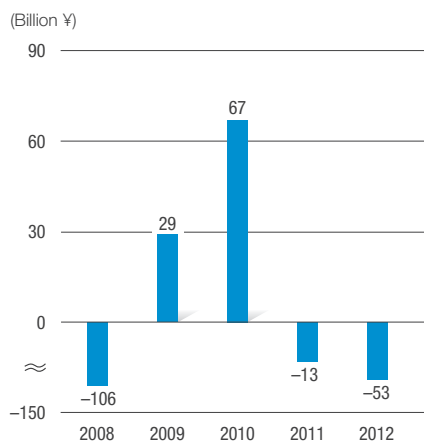
	(Billion ¥)						
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	102.5	102.5	—	—	—	—	—
Long-term loans payable	224.5	58.2	68.5	68.1	19.2	10.5	—

**Note** Long-term loans payable includes current portion of long-term loans payable.

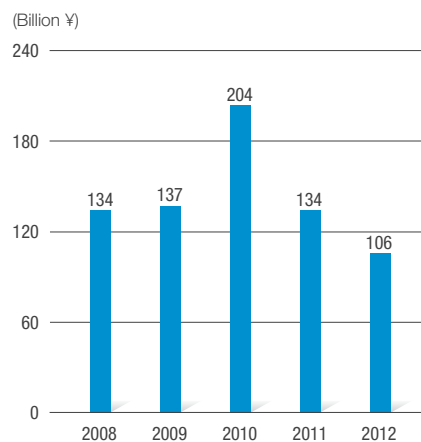
## Share Performance

Price per share decreased from ¥974 at December 31, 2011 to ¥949 at December 31, 2012. The number of shares outstanding, excluding treasury stock, decreased from 349,095,241 shares at December 31, 2011 to 349,092,483 shares at December 31, 2012. As a result, the market capitalization of the Company decreased from ¥340.0 billion at December 31, 2011 to ¥331.3 billion at December 31, 2012.

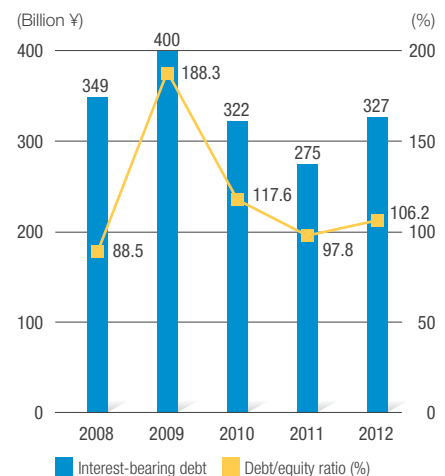
### Free cash flows



### Cash and cash equivalents at the end of the year



### Interest-bearing debt and debt/equity ratio



### Forecast for Fiscal 2013

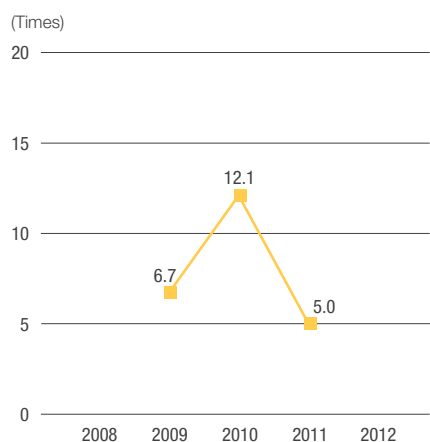
Demand for motorcycles and outboard motors is expected to recover gradually in the U.S., and a return to growth in demand for motorcycles is expected in emerging nations in Asia and Central and South America, and other regions. In response to the commercial environment imposed by the extremely strong yen, the Yamaha Motor Group has been implementing initiatives to expand the Group's scale of operations and increase profitability by improving overall business competitiveness during the fiscal year ended December 31, 2012. Based on these improvements, in fiscal 2013, the Group will seek business recovery and a return to profitability in developed countries, and business scale and earning power recovery in emerging nations by aggressively introducing new models and enhancing cost reduction measures, such as platform strategies.

The Company forecasts the following for its consolidated financial results for the fiscal year ending December 31, 2013: a sales increase, owing to higher sales of motorcycles in emerging nations and outboard motors in the U.S., and a profit increase, as positive factors including the sales

increase, higher profits due to cost reductions, and yen depreciation enable the absorption of factors including an increase in selling, general and administrative expenses and R&D expenses in preparation for future growth.

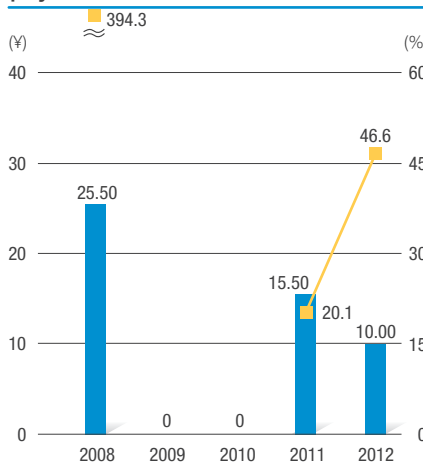
The forecast is based on the assumption that the exchange rates are ¥87 against the U.S. dollar (a depreciation of ¥7 from the previous year) and ¥115 against the euro (a depreciation of ¥12 from the previous year).

#### Interest coverage



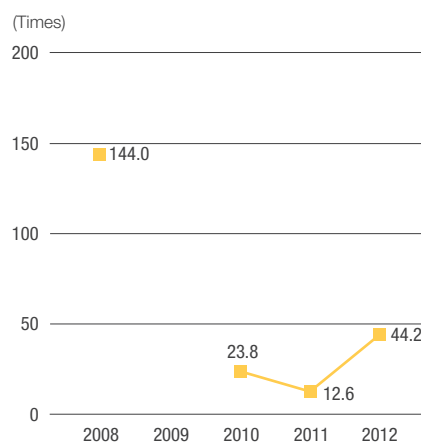
**Note** Interest coverages for fiscal 2008 and fiscal 2012 are not listed, due to the negative status of cash flows from operating activities during the periods.

#### Cash dividends per share and payout ratio



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

#### Price/earnings ratio



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

## Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries

Years ended December 31, 2008, 2009, 2010, 2011 and 2012

	Millions of yen				
	2008	2009	2010	2011	2012
<b>For the year ended</b>					
Net sales	¥1,603,881	¥1,153,642	¥1,294,131	¥1,276,159	¥1,207,675
Sales by market:					
Japan	170,208	130,437	142,378	146,503	152,283
Overseas	1,433,672	1,023,205	1,151,752	1,129,656	1,055,391
Sales by product:					
Motorcycles	1,028,809	817,058	914,211	887,556	798,676
Marine products	238,814	150,113	167,141	178,929	196,320
Power products	213,259	100,577	102,968	100,257	103,588
Industrial machinery and robots	—	—	34,758	34,326	30,813
Other products	122,997	85,893	75,051	75,089	78,276
Cost of sales	1,226,775	951,350	998,565	1,000,113	972,607
Operating income (loss)	48,382	(62,580)	51,308	53,405	18,598
Ordinary income (loss)	58,872	(68,340)	66,142	63,495	27,267
Net income (loss)	1,851	(216,148)	18,300	26,960	7,489
Capital expenditures	94,391	46,035	33,939	45,049	48,788
Depreciation expenses	59,606	53,701	36,594	33,578	34,278
<b>At the year end</b>					
Total assets	¥1,163,173	¥ 987,077	¥ 978,343	¥ 900,420	¥ 962,329
Net assets	428,483	249,266	310,809	309,914	341,561

	Yen				
<b>Per share amounts</b>					
Net income (loss)—basic	¥ 6.47	¥ (755.92)	¥ 55.50	¥ 77.23	¥ 21.45
Net income—diluted	6.47	—	55.50	77.23	—
Cash dividends	25.50	0.00	0.00	15.50	10.00
Number of employees	49,761	49,994	52,184	54,677	53,958

**Note** Figures for the fiscal year ended December 31, 2009 and previous fiscal years are as per the previous segment classifications.

# Financial Data by Market

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

## Motorcycle unit sales by market

	Thousand units 2011	Thousand units 2012	% change 2012/2011
Japan	101	94	(6.7)%
North America	64	71	10.3
Europe	185	165	(11.1)
Asia <sup>Note</sup>	6,059	5,228	(13.7)
Other areas	573	533	(7.0)
Total	6,982	6,090	(12.8)

**Note** Excluding Japan

## Sales by market

	Motorcycle			Marine products			Power products		
	Millions of yen 2011	Millions of yen 2012	% change 2012/2011	Millions of yen 2011	Millions of yen 2012	% change 2012/2011	Millions of yen 2011	Millions of yen 2012	% change 2012/2011
Japan	¥ 37,047	¥ 36,104	(2.5)%	¥ 23,483	¥ 26,723	13.8%	¥ 13,261	¥ 15,270	15.2%
North America	35,602	41,632	16.9	74,972	91,298	21.8	49,298	50,965	3.4
Europe	91,150	79,187	(13.1)	36,031	31,007	(13.9)	19,866	20,651	4.0
Asia <sup>Note</sup>	594,147	533,049	(10.3)	11,583	11,096	(4.2)	5,777	6,268	8.5
Other areas	129,607	108,702	(16.1)	32,858	36,194	10.2	12,053	10,432	(13.5)
Total	¥887,556	¥798,676	(10.0)%	¥178,929	¥196,320	9.7%	¥100,257	¥103,588	3.3%

	Industrial machinery and robots			Others		
	Millions of yen 2011	Millions of yen 2012	% change 2012/2011	Millions of yen 2011	Millions of yen 2012	% change 2012/2011
Japan	¥15,779	¥14,879	(5.7)%	¥56,931	¥59,306	4.2%
North America	1,458	1,327	(9.0)	27	2	(92.5)
Europe	3,060	2,231	(27.1)	637	732	14.9
Asia <sup>Note</sup>	13,819	12,152	(12.1)	2,893	3,088	6.7
Other areas	208	223	6.9	14,600	15,147	3.7
Total	¥34,326	¥30,813	(10.2)%	¥75,089	¥78,276	4.2%

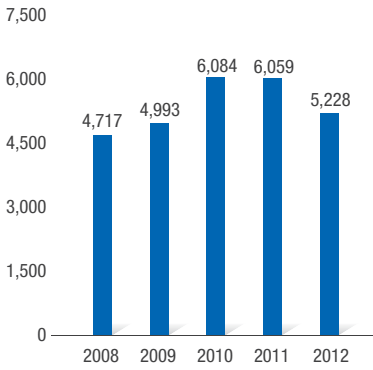
**Note** Excluding Japan



## Motorcycle unit sales

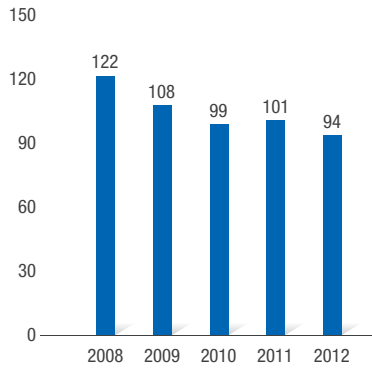
### Asia

(Thousand units)



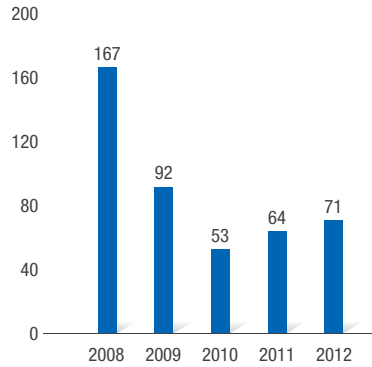
### Japan

(Thousand units)



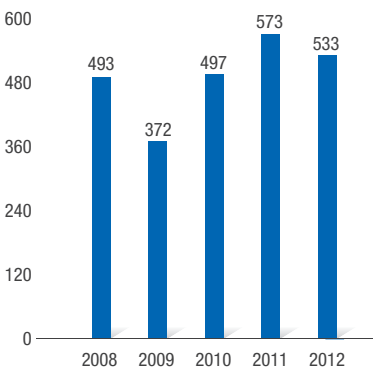
### North America

(Thousand units)



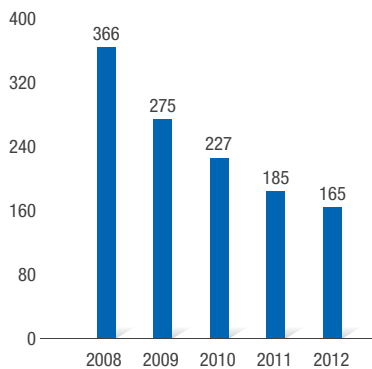
### Other areas

(Thousand units)



### Europe

(Thousand units)



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# Consolidated Balance Sheets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
December 31, 2011 and 2012

		Millions of yen	
		2011	2012
<b>ASSETS</b>			
<b>Current assets:</b>			
Snapshot	Cash and deposits	¥133,707	¥106,462
Interview with the President	Notes and accounts receivable—trade	166,531	192,143
Special Features	Merchandise and finished goods	134,215	153,109
Overview of Operations	Work-in-process	39,971	40,438
CSR Section	Raw materials and supplies	39,372	39,880
Corporate Information	Other	53,705	61,838
	Allowance for doubtful accounts	(6,297)	(7,074)
	<b>Total current assets</b>	<b>561,205</b>	<b>586,797</b>
<b>Noncurrent assets:</b>			
Financial Section	Property, plant and equipment:		
	Buildings and structures, net	75,072	77,076
	Machinery, equipment and vehicles, net	65,140	78,851
	Land	75,726	78,613
	Construction in progress	17,936	21,449
	Other, net	14,554	16,951
	<b>Total property, plant and equipment</b>	<b>248,430</b>	<b>272,942</b>
	Intangible assets	3,469	3,940
	Investments and other assets:		
	Investment securities	35,549	41,010
	Long-term loans receivable	36,017	40,560
	Other	17,344	18,532
	Allowance for doubtful accounts	(1,596)	(1,454)
	<b>Total investments and other assets</b>	<b>87,314</b>	<b>98,648</b>
	<b>Total noncurrent assets</b>	<b>339,214</b>	<b>375,531</b>
	<b>Total assets</b>	<b>¥900,420</b>	<b>¥962,329</b>

Millions of yen

	2011	2012
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	¥ 121,974	¥ 114,344
Short-term loans payable	42,919	102,476
Current portion of long-term loans payable	69,398	58,158
Income taxes payable	2,853	3,236
Provision for bonuses	9,292	9,230
Provision for product warranties	25,112	19,952
Other provisions	1,137	1,102
Other	93,727	82,651
Total current liabilities	366,415	391,153
<b>Noncurrent liabilities:</b>		
Long-term loans payable	162,403	166,340
Deferred tax liabilities for land revaluation	6,143	6,107
Provision for retirement benefits	39,611	44,098
Provision for product liabilities	6,261	3,539
Other provisions	1,329	315
Other	8,341	9,212
Total noncurrent liabilities	224,090	229,614
<b>Total liabilities</b>	<b>590,505</b>	<b>620,767</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	85,666	85,666
Capital surplus	74,582	74,582
Retained earnings	249,478	249,724
Treasury stock	(683)	(686)
Total shareholders' equity	409,044	409,287
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(1,470)	1,843
Revaluation reserve for land	11,050	10,982
Foreign currency translation adjustment	(137,860)	(114,255)
Total accumulated other comprehensive income	(128,280)	(101,429)
<b>Subscription rights to shares</b>	<b>109</b>	<b>109</b>
<b>Minority interests</b>	<b>29,042</b>	<b>33,595</b>
<b>Total net assets</b>	<b>309,914</b>	<b>341,561</b>
<b>Total liabilities and net assets</b>	<b>¥ 900,420</b>	<b>¥ 962,329</b>

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# Consolidated Statements of Income

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

	Millions of yen	
	2011	2012
<b>Net sales</b>	¥1,276,159	¥1,207,675
<b>Cost of sales</b>	1,000,113	972,607
<b>Gross profit</b>	276,046	235,068
<b>Selling, general and administrative expenses</b>	222,640	216,470
<b>Operating income</b>	53,405	18,598
<b>Non-operating income:</b>		
Interest income	8,324	5,935
Dividends income	525	433
Equity in earnings of affiliates	3,218	1,598
Gain on revaluation of sales finance assets	344	574
Sales finance-related income	1,549	3,120
Other	9,859	8,470
Total non-operating income	23,821	20,133
<b>Non-operating expenses:</b>		
Interest expenses	6,814	6,687
Foreign exchange losses	3,138	1,304
Other	3,779	3,471
Total non-operating expenses	13,732	11,464
<b>Ordinary income</b>	63,495	27,267
<b>Extraordinary income:</b>		
Gain on sales of noncurrent assets	323	244
Gain on change in equity	—	460
Total extraordinary income	323	705
<b>Extraordinary loss:</b>		
Loss on sales of noncurrent assets	149	192
Loss on disposal of noncurrent assets	735	811
Impairment loss	776	1,127
Loss on sales of investment securities	81	9
Loss on adjustment for changes of accounting standard for asset retirement obligations	552	—
Loss on disaster	316	—
Total extraordinary losses	2,610	2,141
<b>Income before income taxes</b>	61,207	25,831
<b>Income taxes:</b>		
Current	26,477	15,986
Deferred	396	(1,971)
Total income taxes	26,873	14,015
<b>Income before minority interests</b>	34,333	11,815
<b>Minority interests in income</b>	7,372	4,326
<b>Net income</b>	¥ 26,960	¥ 7,489

# Consolidated Statements of Comprehensive Income

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

	Millions of yen	
	2011	2012
<b>Income before minority interests</b>	¥ 34,333	¥11,815
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(4,186)	3,311
Revaluation reserve for land	865	—
Foreign currency translation adjustment	(21,968)	26,122
Share of other comprehensive income of associates accounted for using equity method	(386)	1,480
Total other comprehensive income	(25,675)	30,913
<b>Comprehensive income</b>	¥ 8,658	¥42,729
Attributable to:		
Owners of the parent	¥ 6,752	¥34,470
Minority interests	1,905	8,259

# Consolidated Statements of Changes in Net Assets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

	Millions of yen	
	2011	2012
<b>Shareholders' equity</b>		
Capital stock:		
Balance at the beginning of current period	¥ 85,666	¥ 85,666
Balance at the end of current period	85,666	85,666
Capital surplus:		
Balance at the beginning of current period	98,147	74,582
Changes in items during the period:		
Deficit disposition	(23,565)	—
Disposal of treasury stock	0	(0)
Total of changes in items during the period	(23,565)	(0)
Balance at the end of current period	74,582	74,582
Retained earnings:		
Balance at the beginning of current period	199,190	249,478
Changes in items during the period:		
Deficit disposition	23,565	—
Reversal of revaluation reserve for land	1	67
Dividends from surplus	—	(7,157)
Net income	26,960	7,489
Increase of consolidated subsidiaries	(251)	100
Decrease in subsidiaries and affiliates accounted for by the equity method	11	(255)
Total of changes in items during the period	50,288	245
Balance at the end of current period	249,478	249,724
Treasury stock:		
Balance at the beginning of current period	(681)	(683)
Changes in items during the period:		
Acquisition of treasury stock	(2)	(2)
Disposal of treasury stock	0	0
Total of changes in items during the period	(2)	(2)
Balance at the end of current period	¥ (683)	¥ (686)

Snapshot

Interview with the President

Special Features

Overview of Operations

CSR Section

Corporate Information

Financial Section

## Consolidated Statements of Changes in Net Assets

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

		Millions of yen	
		2011	2012
Total shareholders' equity:			
	Balance at the beginning of current period	¥ 382,323	¥ 409,044
Changes in items during the period:			
Snapshot	Deficit disposition	0	—
	Reversal of revaluation reserve for land	1	67
Interview with the President	Dividends from surplus	—	(7,157)
	Net income	26,960	7,489
Special Features	Increase of consolidated subsidiaries	(251)	100
Overview of Operations	Decrease in subsidiaries and affiliates accounted for by the equity method	11	(255)
	Acquisition of treasury stock	(2)	(2)
	Disposal of treasury stock	0	0
CSR Section	Total of changes in items during the period	26,720	242
Corporate Information	Balance at the end of current period	409,044	409,287
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities:			
	Balance at the beginning of current period	2,719	(1,470)
Changes in items during the period:			
	Net changes of items other than shareholders' equity	(4,190)	3,313
	Total of changes in items during the period	(4,190)	3,313
	Balance at the end of current period	(1,470)	1,843
Revaluation reserve for land:			
	Balance at the beginning of current period	10,186	11,050
Changes in items during the period:			
	Net changes of items other than shareholders' equity	863	(67)
	Total of changes in items during the period	863	(67)
	Balance at the end of current period	11,050	10,982
Foreign currency translation adjustment:			
	Balance at the beginning of current period	(120,977)	(137,860)
Changes in items during the period:			
	Net changes of items other than shareholders' equity	(16,883)	23,605
	Total of changes in items during the period	(16,883)	23,605
	Balance at the end of current period	¥(137,860)	¥(114,255)

Millions of yen

	2011	2012
Total accumulated other comprehensive income:		
Balance at the beginning of current period	¥(108,070)	¥(128,280)
Changes in items during the period:		
Net changes of items other than shareholders' equity	(20,209)	26,851
Total of changes in items during the period	(20,209)	26,851
Balance at the end of current period	(128,280)	(101,429)
<b>Subscription rights to shares</b>		
Balance at the beginning of current period	102	109
Changes in items during the period:		
Net changes of items other than shareholders' equity	6	—
Total of changes in items during the period	6	—
Balance at the end of current period	109	109
<b>Minority interests</b>		
Balance at the beginning of current period	36,454	29,042
Changes in items during the period:		
Net changes of items other than shareholders' equity	(7,412)	4,552
Total of changes in items during the period	(7,412)	4,552
Balance at the end of current period	29,042	33,595
<b>Total net assets</b>		
Balance at the beginning of current period	310,809	309,914
Changes in items during the period:		
Reversal of revaluation reserve for land	1	67
Dividends from surplus	—	(7,157)
Net income	26,960	7,489
Increase of consolidated subsidiaries	(251)	100
Decrease in subsidiaries and affiliates accounted for by the equity method	11	(255)
Acquisition of treasury stock	(2)	(2)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	(27,615)	31,404
Total of changes in items during the period	(895)	31,647
Balance at the end of current period	¥ 309,914	¥ 341,561

Snapshot  
Interview with the President  
Special Features  
Overview of Operations  
CSR Section  
Corporate Information  
Financial Section

# Consolidated Statements of Cash Flows

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2011 and 2012

		Millions of yen	
		2011	2012
<b>Net cash provided by (used in) operating activities:</b>			
	Income before income taxes	¥ 61,207	¥ 25,831
	Depreciation and amortization	33,578	34,278
	Impairment loss	776	1,127
Snapshot	Increase (decrease) in allowance for doubtful accounts	(466)	(520)
	Increase (decrease) in provision for retirement benefits	4,840	3,277
Interview with the President	Increase (decrease) in provision for product liabilities	(14,429)	(2,790)
	Interest and dividends income	(8,850)	(6,369)
	Interest expenses	6,814	6,687
Special Features	Equity in losses (earnings) of affiliates	(3,218)	(1,598)
	Loss (gain) on sales of property, plant and equipment and intangible assets	(174)	(51)
Overview of Operations	Loss (gain) on disposal of property, plant and equipment and intangible assets	735	811
	Loss (gain) on sales of investment securities	81	9
	Loss on adjustment for changes of accounting standard for asset retirement obligations	552	—
CSR Section	Loss (gain) on change in equity	—	(460)
	Decrease (increase) in notes and accounts receivable–trade	958	(7,016)
Corporate Information	Decrease (increase) in inventories	(11,229)	(1,135)
	Increase (decrease) in notes and accounts payable–trade	5,665	(18,235)
	Other	(14,264)	(12,840)
Financial Section	Subtotal	62,578	21,002
	Interest and dividends income received	10,321	7,995
	Interest expenses paid	(6,691)	(6,999)
	Income taxes refund (paid)	(32,879)	(24,383)
	Net cash provided by (used in) operating activities	33,328	(2,385)
<b>Net cash provided by (used in) investing activities:</b>			
	Payments into time deposits	(1,400)	(351)
	Proceeds from withdrawal of time deposits	3,084	508
	Purchase of property, plant and equipment and intangible assets	(42,550)	(47,560)
	Proceeds from sales of property, plant and equipment and intangible assets	1,234	1,638
	Purchase of investment securities	(3,628)	(1,149)
	Proceeds from sales of investment securities	8	—
	Payments for long-term loans receivable	(4,940)	(10,302)
	Collections of long-term loans receivable	2,646	6,741
	Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(3,029)
	Other	(970)	2,423
	Net cash provided by (used in) investing activities	(46,517)	(51,081)
<b>Net cash provided by (used in) financing activities:</b>			
	Increase (decrease) in short-term loans payable	10,335	52,462
	Proceeds from long-term loans payable	21,469	89,505
	Repayment of long-term loans payable	(78,274)	(111,633)
	Cash dividends paid	—	(7,157)
	Cash dividends paid to minority shareholders	(4,924)	(7,033)
	Decrease (increase) in treasury stock	(2)	(2)
	Other	(530)	(379)
	Net cash provided by (used in) financing activities	(51,927)	15,761
	<b>Effect of exchange rate change on cash and cash equivalents</b>	(5,266)	10,096
	<b>Net increase (decrease) in cash and cash equivalents</b>	(70,382)	(27,608)
	<b>Cash and cash equivalents at beginning of period</b>	203,878	133,593
	<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	97	548
	<b>Cash and cash equivalents at end of period</b>	¥133,593	¥ 106,532



# Investor Information

As of December 31, 2012

## Yamaha Motor Co., Ltd.

### Headquarters

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

### Date of Establishment

July 1, 1955

### Major Consolidated Subsidiaries

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

### Capital Stock

Authorized: 900,000,000 shares  
 Issued: 349,757,784 shares  
 Number of Shareholders: 32,873

### Principal Shareholders

Yamaha Corporation	12.21%
State Street Bank and Trust Company	9.67
Japan Trustee Services Bank, Ltd. (trust account)	3.58
Toyota Motor Corporation	3.58
Mizuho Bank, Ltd.	3.13
The Master Trust Bank of Japan, Ltd. (trust account)	2.52
Mitsui & Co., Ltd.	2.46
The Bank of New York, Treaty JASDEC Account	1.97
The Shizuoka Bank, Ltd.	1.95
Japan Trustee Services Bank, Ltd. (trust account 9)	1.94

### 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.

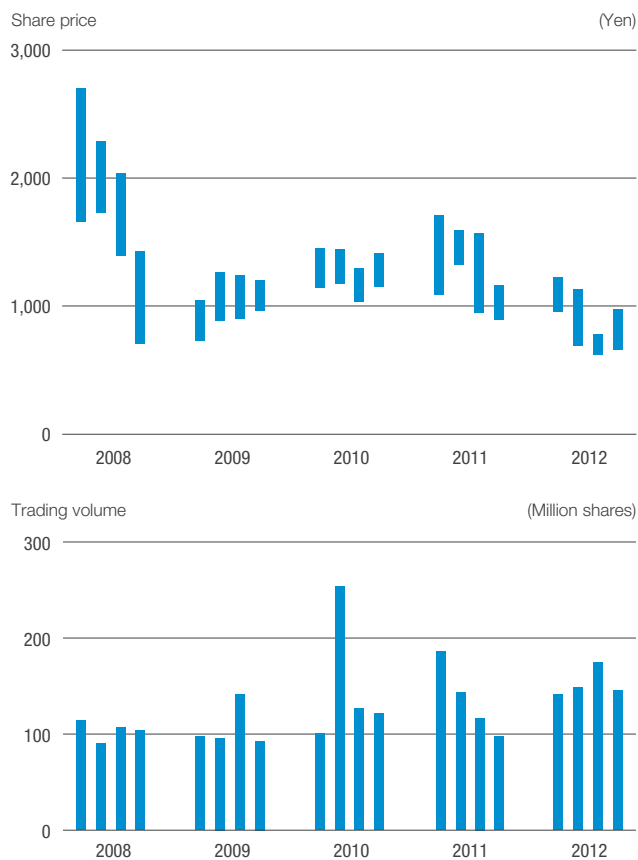
### Transfer Agent for Capital Stock

Sumitomo Mitsui Trust Bank, Limited  
 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233,  
 Japan

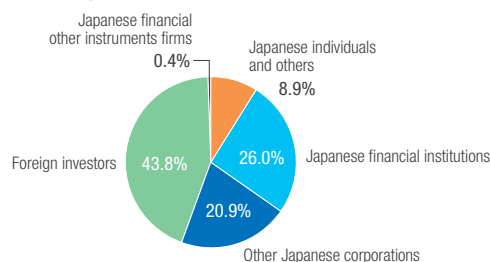
### Auditor

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.  
 Corporate Planning 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>



**YAMAHA MOTOR CO., LTD.**

2500 SHINGAI, IWATA, SHIZUOKA, JAPAN

[www.yamaha-motor.co.jp](http://www.yamaha-motor.co.jp)