

Consolidated Financial Results for the Fiscal Year Ended December 31, 2009

(January 1, 2009 through December 31, 2009)

February 12, 2010

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange First Section

Code number:

7272

URL:

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

Representative:

Tsuneji Togami, President, Chief Executive Officer and Representative Director

Contact:

Kozo Shinozaki, Senior General Manager, Finance & Accounting Section
Phone: +81-538-32-1103

Date of the Ordinary General Meeting of Shareholders (scheduled):

March 25, 2010

Beginning of payment of year-end dividend (scheduled):

—

Filing of securities report (scheduled):

March 26, 2010

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2009

(January 1, 2009 through December 31, 2009)

(1) Consolidated operating results

* % represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2009	1,153,642	(28.1)	(62,580)	—	(68,340)	—	(216,148)	—
Fiscal year ended December 31, 2008	1,603,881	(8.7)	48,382	(61.9)	58,872	(58.0)	1,851	(97.4)

	Net income per share — basic	Net income per share — diluted	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2009	(755.92)	—	(71.2)	(6.4)	(5.4)
Fiscal year ended December 31, 2008	6.47	6.47	0.4	4.9	3.0

Reference: Equity in earnings of affiliates

Fiscal year ended December 31, 2009: ¥1,911 million

Fiscal year ended December 31, 2008: ¥2,358 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2009	987,077	249,266	21.5	743.04
As of December 31, 2008	1,163,173	428,483	33.9	1,377.81

Reference: Shareholders' equity

As of December 31, 2009: ¥212,397 million

As of December 31, 2008: ¥394,568 million

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2009	74,096	(45,285)	(32,022)	137,219
Fiscal year ended December 31, 2008	(6,446)	(99,543)	163,179	134,364

2. Cash Dividends

Record date	Cash dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2008	—	20.50	—	5.00	25.50	7,302	394.3	1.6
Fiscal year ended December 31, 2009	—	0.00	—	0.00	0.00	0	—	0.0
Fiscal year ending December 31, 2010 (forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast Consolidated Financial Results for the Fiscal Year Ending December 31, 2010

(January 1, 2010 through December 31, 2010)

* % represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter ending June 30, 2010	625,000	7.9	2,000	—	2,000	—	(2,500)	—	(8.74)
Fiscal year ending December 31, 2010	1,250,000	8.4	10,000	—	10,000	—	0	—	0.00

4. Other Information

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting from changes in scope of consolidation): Yes

Excluded: one company (Yamaha Marine Co., Ltd.)

Note: For further information, please refer to Section 2, "Overview of Group Companies" on page 10.

(2) Changes in accounting principles, procedures, presentation methods and other items for the consolidated financial statements for the fiscal year (Changes in notes to consolidated financial statements for the fiscal year)

① Changes arising from revision of accounting principles: Yes

② Changes arising from other factors: Yes

Note: For further information, please refer to sub-section (6), "Basis of presenting consolidated financial statements" on page 21 and sub-section (7), "Changes in notes to consolidated financial statements" on page 22, in Section 4 "Consolidated Financial Statements".

(3) Number of shares outstanding (Common stock)

① Number of shares outstanding at the end of the period, including treasury stock:

Fiscal year ended December 31, 2009: 286,507,784 shares

Fiscal year ended December 31, 2008: 286,507,784 shares

② Number of treasury stocks at the end of the period:

Fiscal year ended December 31, 2009: 658,149 shares

Fiscal year ended December 31, 2008: 134,458 shares

Note: Please refer to "Per share information" on page 34 for the number of shares used to compute net income per share.

Notice regarding forward-looking statements

Forward-looking statements including the forecast for the fiscal year ending December 31, 2010 presented in this document are based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (the “Company”) in light of the information currently available, and may differ significantly from actual financial results, due to various risks, uncertainties and other factors, including changes in business conditions surrounding the Yamaha Motor Group, changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Company’s operations, please see the Securities Report (filed on March 26, 2009).

Please refer to the “Forecast for the fiscal year ending December 31, 2010 (January 1, 2010 through December 31, 2010)” in sub-section (1), “Analysis of operating performance,” of Section 1, “Operating Performance” section on pages 7 to 8 for forward-looking statements.

With regard to amounts stated in 100 million yen units in this document, amounts less than ¥100 million are rounded off.

1. Operating Performance

(Sales breakdown by business and market)

Amounts less than one million yen are omitted.

	Amount: millions of yen			Volume: thousand units		
	Fiscal year ended December 31, 2008 (January 1—December 31, 2008)			Fiscal year ended December 31, 2009 (January 1—December 31, 2009)		
	Volume	Amount	%	Volume	Amount	%
Net sales:						
Japan	—	170,208	10.6	—	130,437	11.3
Overseas:						
North America	—	347,977	21.7	—	166,330	14.4
Europe	—	312,877	19.5	—	201,950	17.5
Asia	—	549,223	34.2	—	500,442	43.4
Other areas	—	223,594	14.0	—	154,481	13.4
Sub-total	—	1,433,672	89.4	—	1,023,205	88.7
Total	—	1,603,881	100.0	—	1,153,642	100.0
Motorcycles:						
Japan	122	43,423	4.2	108	38,015	4.7
Overseas:						
North America	167	107,123	10.4	92	57,979	7.1
Europe	366	215,012	20.9	275	143,723	17.6
Asia	4,717	520,143	50.6	4,993	478,966	58.6
Other areas	493	143,105	13.9	372	98,371	12.0
Sub-total	5,742	985,386	95.8	5,733	779,042	95.3
Total	5,865	1,028,809	64.1	5,841	817,058	70.8
Marine products:						
Japan	—	30,971	13.0	—	23,701	15.8
Overseas:						
North America	—	98,706	41.3	—	55,279	36.8
Europe	—	54,100	22.7	—	33,776	22.5
Asia	—	9,262	3.9	—	6,637	4.4
Other areas	—	45,773	19.1	—	30,716	20.5
Sub-total	—	207,843	87.0	—	126,411	84.2
Total	—	238,814	14.9	—	150,113	13.0
Power products:						
Japan	—	10,011	4.7	—	8,880	8.8
Overseas:						
North America	—	141,027	66.1	—	52,389	52.1
Europe	—	32,039	15.0	—	20,553	20.4
Asia	—	6,120	2.9	—	4,321	4.3
Other areas	—	24,060	11.3	—	14,432	14.4
Sub-total	—	203,248	95.3	—	91,697	91.2
Total	—	213,259	13.3	—	100,577	8.7
Other products:						
Japan	—	85,802	69.8	—	59,839	69.7
Overseas:						
North America	—	1,120	0.9	—	680	0.8
Europe	—	11,724	9.5	—	3,895	4.5
Asia	—	13,695	11.1	—	10,517	12.2
Other areas	—	10,654	8.7	—	10,960	12.8
Sub-total	—	37,195	30.2	—	26,054	30.3
Total	—	122,997	7.7	—	85,893	7.5

(1) Analysis of operating performance

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

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

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

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

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

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

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

Consequent to the operations highlighted above, consolidated net sales, operating loss and ordinary loss in fiscal 2009 amounted to ¥1,153.6 billion, ¥62.6 billion and ¥68.3 billion, respectively.

Consolidated net loss totaled ¥216.1 billion. This was mainly attributable to extraordinary losses such as an impairment loss on fixed assets and the expenses incurred by early retirement of employees in Japan, Europe and the United States. These were registered as business structure improvement expenses in order to accelerate structural reform at businesses in developed nations.

Operating performance by segment

① Business segment

[Motorcycles]

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

Consequently, total motorcycle sales decreased 20.6% from the previous year, to ¥817.1 billion, and operating loss amounted to ¥4.2 billion.

[Marine products]

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

These declines, coupled with the negative impact of the stronger yen and production cutbacks — designed to curtail market stocks — sent marine product sales down 37.1%, to ¥150.1 billion, with an operating loss of ¥24.3 billion.

[Power products]

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

Decreased sales in the United States, the stronger yen, and production cutbacks designed to curtail market stocks, coupled with provision for product liabilities and other negative factors, reduced power product sales by 52.8%, to ¥100.6 billion, with an operating loss of ¥33.8 billion.

[Other products]

Demand for electrical power assisted bicycles increased in Japan, reflecting growing concerns for health and the environmental awareness. Thanks to the introduction of models in compliance with new standards, and the release of models designed to accommodate two small children, sales of electrical power assisted bicycles expanded steadily. However, sales of automobile engines and surface mounters decreased, due to declined demand amid the recession.

In total, sales in this segment dropped 30.2%, to ¥85.9 billion, and operating loss amounted to ¥0.4 billion.

② Geographical segment

[Japan]

Sales in Japan fell 43.7% from the previous year, to ¥450.3 billion, reflecting decreased exports of motorcycles, outboard motors, and all-terrain vehicles to Europe and the United States. Coupled with production cutbacks to curtail market stocks and the negative impact of the stronger yen, the drop in sales produced an operating loss of ¥55.6 billion.

[North America]

Sales in North America decreased 52.2%, to ¥183.2 billion, with an operating loss of ¥42.3 billion. These decreases were attributable to shrinking demand for leisure products amid the recession, coupled with the negative impact of the stronger yen against the U.S. dollar.

[Europe]

Sales in Europe reduced 34.7%, to ¥201.1 billion, with an operating loss of ¥9.1 billion. These declines resulted from sluggish demand amid the recession, coupled with the negative impact of the stronger yen against the euro.

[Asia]

Although motorcycle unit sales in Asia (excluding Japan) grew steadily, the sales amount declined 11.2%, reflecting the negative impact of the stronger yen, to ¥519.5 billion, with an operating income of ¥33.6 billion.

[Other areas]

Sales in other areas decreased 29.5%, to ¥120.8 billion, with an operating loss of ¥2.0 billion, due mainly to falling motorcycle sales in Latin America.

Sales amounts by geographical segment include intersegment sales.

Forecast for the fiscal year ending December 31, 2010

(January 1, 2010 through December 31, 2010)

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

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

Based on these anticipated developments, the Company forecasts its consolidated financial results for the fiscal year ending December 31, 2010 as shown in the table below.

The forecast is based on the assumption that one U.S. dollar and one Euro will equal ¥88 and ¥128, respectively.

Billions of yen () represents negative figures.

	Consolidated	
	Second quarter ending June 30, 2010	Fiscal year ending December 31, 2010
Net sales	625.0 Change from the fiscal year ended December 31, 2009: +45.6	1,250.0 Change from the fiscal year ended December 31, 2009: +96.4
Operating income	2.0 Change from the fiscal year ended December 31, 2009: +35.8	10.0 Change from the fiscal year ended December 31, 2009: +72.6
Ordinary income	2.0 Change from the fiscal year ended December 31, 2009: +38.9	10.0 Change from the fiscal year ended December 31, 2009: +78.3
Net income	(2.5) Change from the fiscal year ended December 31, 2009: +72.2	0 Change from the fiscal year ended December 31, 2009: +216.1

[Potential risks and uncertainties regarding the forecast for the fiscal year ending December 31, 2010]

The forecast for the fiscal year ending December 31, 2010 summarized above is based on the Company's assumptions and beliefs in light of the information currently available, and may differ significantly from actual financial results. Please be advised that many risks and uncertainties can affect business performance, including:

- Changes in general economic conditions in Yamaha Motor's major markets, including shifting consumer preferences and market competition.
- Currency exchange rate fluctuations
- Changes in governments' currency exchange and foreign investment policies, tax systems, etc.
- Dependence on suppliers for procurement of certain raw materials and parts
- Product liability
- Changes in environmental and other regulations
- Natural disasters such as the predicted "Tokai Earthquake"
- Internal corruption, leaks and similar damage involving customer information or other personal and/or confidential data.

For details on potential risks, uncertainties and other factors affecting the Company's operations, please see the 74th Securities Report (submitted on March 26, 2009).

(2) Analysis of financial position

Overview of assets, liabilities and net assets

Total assets at the end of the fiscal year ended December 31, 2009 fell by ¥176.1 billion from the end of the previous fiscal year, to ¥987.1 billion, due to inventory reductions designed to curtail market stocks (distributors' stocks and Group inventories), as well as decreased fixed assets resulting from the impairment on manufacturing equipment and facilities. Total liabilities increased by ¥3.1 billion, to ¥737.8 billion. This rise was attributable to increased interest-bearing debt at the end of the fiscal year, reflecting the impact^(Note) of a change in the accounting method, which was implemented in line with a revision in the fund-raising program, promoted by the liquidation of receivables of the Company's U.S. subsidiary — Yamaha Motor Corporation, U.S.A. (YMUS), although notes and accounts payable decreased, due to the effect of production cutbacks. Net assets declined by ¥179.2 billion, to ¥249.3 billion, reflecting a decrease in retained earnings of ¥211.1 billion.

Cash flows

Net cash provided by operating activities during the fiscal year under review stood at ¥74.1 billion. This mainly consisted of a decrease in trade notes and accounts receivable by ¥61.0 billion and a reduction in inventories by ¥116.8 billion, although notes and accounts payable fell by ¥55.9 billion, due to the effect of production cutbacks designed to reduce inventories. Net cash used in investing activities was reduced to ¥45.3 billion, primarily by curtailing capital expenditures. Consequent to these operating and investing activities, free cash flows amounted to ¥28.8 billion.

Net cash used in financing activities, which excludes the impact of the change in the accounting method described above, totaled ¥32.0 billion, due mainly to decreased borrowings.

Consequent to the developments discussed above, interest-bearing debt at the end of the fiscal year increased by ¥50.7 billion from the end of the previous year, to ¥399.9 billion, while cash and cash equivalents rose by ¥2.9 billion to ¥137.2 billion. Interest-bearing debt includes ¥133.6 billion in borrowings for sales financing.

Note: For details on the impact of a change in the accounting method, please refer to the “Additional information” in sub-section (7), “Changes in notes to consolidated financial statements,” of Section 4, “Consolidated Financial Statements” on page 24.

(Reference) Trends in cash flow and related indexes

	Fiscal year ended December 31, 2005	Fiscal year ended December 31, 2006	Fiscal year ended December 31, 2007	Fiscal year ended December 31, 2008	Fiscal year ended December 31, 2009
Shareholders' equity ratio (%)	40.1	41.7	42.1	33.9	21.5
Shareholders' equity ratio at market value (%)	91.8	94.8	61.5	22.9	33.8
Ratio of interest-bearing debt to cash flows (%)	232.3	207.3	187.2	—	539.8
Interest coverage ratio (Times)	13.4	13.2	14.6	—	6.7

Notes: The formulas for the indexes above are as follows:

- Shareholders' equity ratio: Shareholders' equity/total assets
- Shareholders' equity ratio at market value: Aggregate market value of corporate stock/total assets
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt/net cash provided by operating activities.
- Interest coverage ratio: Net cash provided by operating activities/interest expenses

* Each index is calculated using consolidated financial figures.

* The aggregate market value of corporate stock is calculated by multiplying the closing stock price at the end of each period by the number of shares issued (excluding treasury stock) at the end of that period.

* Interest-bearing debt refers to all the debts in the Consolidated Balance Sheets that involve interest payment.

* Net cash provided by operating activities refers to net cash provided by operating activities detailed in the Consolidated Statements of Cash Flows.

* Interest expenses refer to the figure for the amount of interest paid in the Consolidated Statements of Cash Flows.

* The ratio of interest-bearing debt to cash flows and interest coverage ratio for the fiscal year ended December 31, 2008 (fiscal 2008) is not listed, due to the negative status of cash flows from operating activities for fiscal 2008.

(3) Basic policy on profit distribution and cash dividends for the fiscal years ended December 31, 2009 and ending December 31, 2010

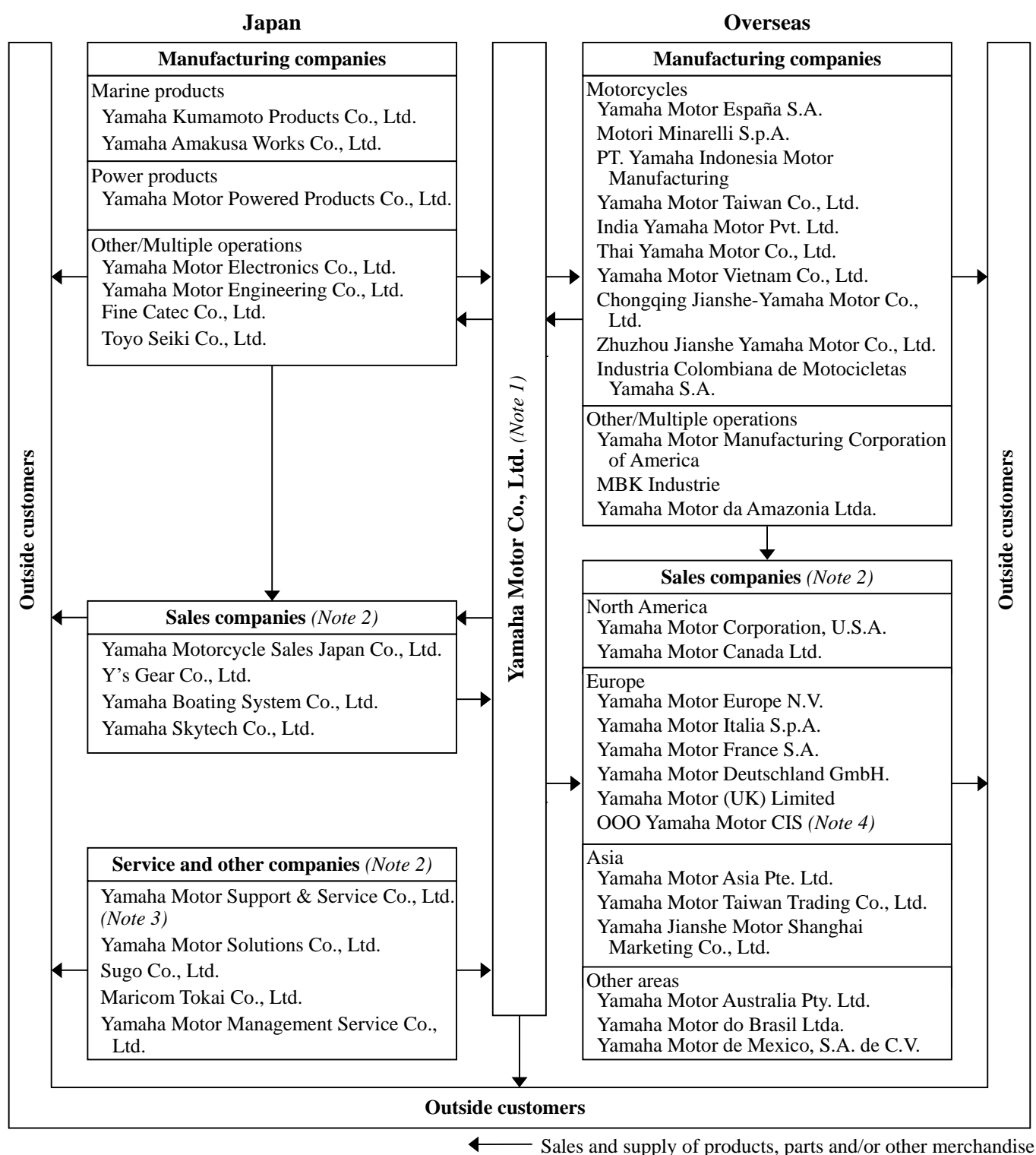
Recognizing that shareholders' interests represent one of Yamaha Motor's highest management priorities, the Company has been striving to meet shareholder expectations by working to maximize its corporate value through a diversity of business operations worldwide. The Company's policy centers on paying cash dividends based on a long-term perspective, reflecting its consolidated financial performance and other factors in a comprehensive manner, using the payout ratio as an indicator.

However, in light of considerations such as the harsh business environment — projected to continue into the future — and the decline in performance in fiscal 2009, the Company regrets to announce it has suspended its dividend payout for fiscal 2009 and fiscal 2010.

2. Overview of Group Companies

Group structure and major group companies

The Yamaha Motor Group is comprised of Yamaha Motor Co., Ltd. (the “Company”) and its 147 related companies (119 subsidiaries and 28 affiliates, as of December 31, 2009) in Japan and overseas. The Group is mainly engaged in the manufacture and sale of motorcycles, outboard motors, boats, personal watercraft, all-terrain vehicles, side-by-side vehicles, snowmobiles, automobile engines and surface mounters, as well as the management of leisure and recreation facilities. These business operations are divided into four segments — motorcycles, marine products, power products, and other products — based on similarities of product type and target market, among other characteristics. The positioning of the Company and major associated companies within the Group, as well as their respective business segment relationships, are as follows.



Notes:

1. The Company merged with Yamaha Marine Co. Ltd. on January 1, 2009.
2. Sales, service and “other” companies are engaged in the marketing of products related to more than one business segment.
3. YS Co., Ltd. merged with E&S Co., Ltd., which is a subsidiary of the Company on January 1, 2009, and changed its name to Yamaha Motor Support & Service Co., Ltd.
4. The “OOO” in the company name means Limited Liability Company.

Changes in status of related companies (excluding insignificant companies)

One Company was excluded from the roster of related companies in the fiscal year under review, as described below.

Yamaha Marine Co., Ltd. (Head office location: Minami-ku, Hamamatsu City, Shizuoka Prefecture)
(Consolidated subsidiary)

In order to meet intensifying competition in a changing global business climate, steadily implement its business strategy and further enhance competitiveness, the Company merged with its consolidated subsidiary for outboard motor and marine engine manufacture, Yamaha Marine Co., Ltd., effective January 1, 2009.

(Reference) Description in the most recent Securities Report (filed on March 26, 2009)

Company name	Location	Capital	Main business lines	Ownership of voting rights	Description of relation			
					Interlocking directors, etc.	Loan of funds	Business transactions	Equipment rental, etc.
(Consolidated subsidiary) Yamaha Marine Co., Ltd. ^{Note}	Minami-ku, Hamamatsu City, Shizuoka Prefecture	Millions of yen 664	Marine products	% 100.0	Yes	Yes	The Company purchases engines for outboard motors and personal watercraft.	The Company leases land for laboratory facilities; land for manufacturing facilities and buildings

Note: Yamaha Marine Co., Ltd. is a specified subsidiary.

The description of “Status of related companies” has been omitted, since there has been no major change, expect for the company described above, in the status of related companies from those disclosed in the most recent Securities Report filed on March 26, 2009.

3. Management Policies

Basic management policies, medium- and long-term management strategies, and key priorities the Group must address

During the fiscal year under review, the Company registered significant decreases in both sales and profits. These results were mainly attributable to a rapid downturn in the global economy, resulting in dramatic declines in demand in Europe and the United States, far worse than the Company's forecasts; product shipment adjustments designed to curtail market stocks; and significant production cutbacks at subsidiaries worldwide. Moreover, business conditions surrounding the Yamaha Motor Group (the "Group") are expected to become harsher than ever, reflecting the uncertainty of the global economic recovery.

In these extremely severe circumstances, the Group will further accelerate the structural reform launched last year by initiating a new medium-term management plan in 2010. The plan calls for swiftly building a profitable business structure with an eye toward realizing future growth. In the effort, the Group will focus on the following key priorities.

1. For businesses in developed nations, the Company will further lower the break-even target for production units, in line with a substantial estimate of future harsh demand. The Company will reduce fixed costs by reorganizing its global manufacturing layout and downsizing the workforce. Furthermore, the Company will cut purchasing costs by expanding overseas procurement. With these efforts, the Group will concentrate on reforming profitability.
2. In the motorcycle business in emerging nations with great growth potential, the Company will strengthen product competitiveness to better meet customer needs. In Asia (excluding Japan), where demand is expected to grow, it will offer value-added products at low prices. The Group will expand parts procurement from local vendors to achieve further cost reduction, thus honing its competitive edge and expanding business in these markets.
3. The Company will also work to swiftly commercialize next-generation environmental technologies. In addition to developing environmentally friendly, fuel-efficient engines for motorcycles and outboard motors, and introducing electric powered motorcycles, the Company will aggressively promote electrical power assisted bicycles in line with anticipated demand growth overseas.

By addressing these issues, the Group aims to return to profitability on a consolidated operating income basis in fiscal 2010 and achieve a consolidated operating income margin of 5% in fiscal 2012.

The Group will return to basics as a manufacturer, once again intensifying its focus on product development and a bottom-up approach. Ultimately, Yamaha Motor seeks to evolve into an excellent engineering and manufacturing enterprise with a prominent presence in the global market. This, in turn, will surely raise the Group's corporate value. At the same time, the Group is committed to fulfilling its social responsibilities by implementing CSR activities, including strict compliance with corporate ethics, as well as laws and regulations.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2008 and 2009

Amounts less than one million yen are omitted.

	Millions of yen	
	As of December 31, 2008	As of December 31, 2009
ASSETS		
Current assets:		
Cash and deposits in banks	133,906	137,328
Trade notes and accounts receivable	195,481	201,684
Inventories	318,897	—
Merchandized and finished goods	—	147,380
Work-in-process	—	42,746
Raw materials and supplies	—	33,401
Deferred tax assets	24,957	3,276
Other	49,289	63,273
Less: Allowance for doubtful receivables	(5,514)	(8,291)
Total current assets	717,018	620,800
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	98,974	94,743
Machinery and transportation equipment (net)	113,603	76,114
Land	89,417	73,829
Construction in progress	28,486	13,444
Other (net)	25,114	17,424
Total tangible fixed assets	355,596	275,556
Intangible fixed assets	5,971	4,802
Investments and other assets:		
Investment securities	32,136	38,137
Long-term loans receivable	22,001	32,390
Deferred tax assets	25,938	5,707
Other	5,634	10,987
Less: Allowance for doubtful receivables	(1,122)	(1,305)
Total investments and other assets	84,587	85,917
Total fixed assets	446,154	366,276
Total assets	1,163,173	987,077

Amounts less than one million yen are omitted. () represents negative figures.

	Millions of yen	
	As of December 31, 2008	As of December 31, 2009
LIABILITIES		
Current liabilities:		
Notes and accounts payable	158,760	110,147
Short-term loans	228,336	87,574
Current portion of long-term debt	22,435	30,470
Current portion of bonds	3	—
Accrued expenses	46,232	49,328
Income taxes payable	63	2,480
Accrued bonuses	9,688	8,052
Accrued warranty costs	27,341	22,403
Other provisions	—	926
Other	74,625	68,313
Total current liabilities	567,488	379,698
Long-term liabilities:		
Long-term debt	98,428	281,898
Deferred tax liabilities on unrealized revaluation gain on land	12,630	7,024
Accrued employees' retirement benefits	31,381	34,748
Accrued retirement benefits for Directors and Corporate Auditors	184	156
Accrual for product liabilities	16,757	24,715
Accrual for motorcycle recycling costs	1,121	1,183
Other provisions	—	407
Other	6,698	7,978
Total long-term liabilities	167,201	358,111
Total liabilities	734,690	737,810
NET ASSETS		
Shareholders' equity:		
Common stock	48,342	48,342
Capital surplus	60,824	60,824
Retained earnings	392,025	180,880
Treasury stock	(181)	(677)
Total shareholders' equity	501,011	289,369
Valuation and translation adjustments:		
Unrealized holding gain on other securities	100	4,039
Deferred gains or losses on hedges	1,992	—
Unrealized revaluation gain on land	17,254	10,208
Translation adjustments	(125,791)	(91,220)
Total valuation and translation adjustments	(106,443)	(76,971)
Share warrants	30	72
Minority interests	33,885	36,796
Total net assets	428,483	249,266
Total liabilities and net assets	1,163,173	987,077

(2) Consolidated Statements of Income

Fiscal years ended December 31, 2008 and 2009

Amounts less than one million yen are omitted. () represents negative figures.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Net sales	1,603,881	1,153,642
Cost of sales	1,226,775	951,350
Gross profit	377,105	202,292
Selling, general and administrative expenses	328,723	264,872
Operating income (loss)	48,382	(62,580)
Non-operating income:		
Interest income	13,078	8,367
Dividend income	842	532
Equity in earnings of affiliates	2,358	1,911
Gain on revaluation of sales finance assets	1,640	—
Other	11,930	12,443
Total non-operating income	29,850	23,255
Non-operating expenses:		
Interest expense	8,129	9,984
Early retirement benefit expenses	362	35
Sales finance-related expenses	1,357	1,378
Loss on revaluation of sales finance assets	—	3,056
Foreign exchange loss	4,380	2,559
Other	5,131	12,001
Total non-operating expenses	19,360	29,015
Ordinary income (loss)	58,872	(68,340)
Extraordinary profits:		
Gain on sale of fixed assets	828	367
Gain on sale of investment securities	0	4
Total Extraordinary profits	828	372
Extraordinary losses:		
Loss on sale of fixed assets	—	531
Loss on disposal of fixed assets	3,818	1,186
Impairment loss	203	239
Loss on sale of investment securities	6	15
Extraordinary impairment loss on securities	16,854	—
Business structure improvement expenses	—	103,729
Total Extraordinary losses	20,882	105,701
Income (loss) before income taxes and minority interests	38,819	(173,669)
Income taxes — current	24,853	14,114
Refund of income taxes	—	(13,553)
Income taxes — deferred	6,799	38,697
Total income taxes	31,652	39,258
Minority interests	5,314	3,220
Net income (loss)	1,851	(216,148)

(3) Consolidated Statements of Changes in Net Assets

Fiscal years ended December 31, 2008 and 2009

Amounts less than one million yen are omitted. () represents negative figures.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Shareholders' equity		
Common stock		
Balance at the end of previous period	48,300	48,342
Changes in items during the period		
Issuance of new shares	42	—
Total changes in items during the period	42	—
Balance at the end of current period	48,342	48,342
Capital surplus		
Balance at the end of previous period	60,784	60,824
Changes in items during the period		
Issuance of new shares	42	—
Disposal of treasury stock	(3)	(0)
Total changes in items during the period	39	(0)
Balance at the end of current period	60,824	60,824
Retained earnings		
Balance at the end of previous period	401,972	392,025
Effect of changes in accounting policies applied to foreign subsidiaries	—	(609)
Changes in items during the period		
Reversal of revaluation reserve on land	(56)	7,045
Dividends from surplus	(11,741)	(1,432)
Net income (loss)	1,851	(216,148)
Increase in consolidated subsidiaries	647	—
Decrease in consolidated subsidiaries	(47)	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—
Total changes in items during the period	(9,946)	(210,535)
Balance at the end of current period	392,025	180,880
Treasury stock		
Balance at the end of previous period	(186)	(181)
Changes in items during the period		
Acquisition of treasury stock	(13)	(497)
Disposal of treasury stock	19	0
Total changes in items during the period	5	(496)
Balance at the end of current period	(181)	(677)

Amounts less than one million yen are omitted. () represents negative figures.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Total shareholders' equity		
Balance at the end of previous period	510,870	501,011
Effect of changes in accounting policies applied to foreign subsidiaries	—	(609)
Changes in items during the period		
Issuance of new shares	85	—
Reversal of revaluation reserve on land	(56)	7,045
Dividends from surplus	(11,741)	(1,432)
Net income (loss)	1,851	(216,148)
Increase in consolidated subsidiaries	647	—
Decrease in consolidated subsidiaries	(47)	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—
Acquisition of treasury stock	(13)	(497)
Disposal of treasury stock	16	0
Total changes in items during the period	(9,858)	(211,032)
Balance at the end of current period	501,011	289,369
Valuation and translation adjustments		
Unrealized holding gain on other securities		
Balance at the end of previous period	4,660	100
Changes in items during the period		
Net changes in items other than shareholders' equity	(4,559)	3,939
Total changes in items during the period	(4,559)	3,939
Balance at the end of current period	100	4,039
Deferred losses on hedges		
Balance at the end of previous period	(253)	1,992
Changes in items during the period		
Net changes in items other than shareholders' equity	2,245	(1,992)
Total changes in items during the period	2,245	(1,992)
Balance at the end of current period	1,992	0
Unrealized revaluation gain on land		
Balance at the end of previous period	17,198	17,254
Changes in items during the period		
Net changes in items other than shareholders' equity	56	(7,045)
Total changes in items during the period	56	(7,045)
Balance at the end of current period	17,254	10,208
Translation adjustments		
Balance at the end of previous period	(2,251)	(125,791)
Changes in items during the period		
Net changes in items other than shareholders' equity	(123,539)	34,570
Total changes in items during the period	(123,539)	34,570
Balance at the end of current period	(125,791)	(91,220)

Amounts less than one million yen are omitted. () represents negative figures.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Total valuation and translation adjustment		
Balance at the end of previous period	19,353	(106,443)
Changes in items during the period		
Net changes in items other than shareholders' equity	(125,797)	29,471
Total changes in items during the period	(125,797)	29,471
Balance at the end of current period	(106,443)	(76,971)
Share warrants		
Balance at the end of previous period	—	30
Changes in items during the period		
Net changes in items other than shareholders' equity	30	42
Total changes in items during the period	30	42
Balance at the end of current period	30	72
Minority interests		
Balance at the end of previous period	38,997	33,885
Effect of changes in accounting policies applied to foreign subsidiaries	—	(57)
Changes in items during the period		
Net changes in items other than shareholders' equity	(5,112)	2,969
Total changes in items during the period	(5,112)	2,969
Balance at the end of current period	33,885	36,796
Total net assets		
Balance at the end of previous period	569,221	428,483
Effect of changes in accounting policies applied to foreign subsidiaries	—	(667)
Changes in items during the period		
Issuance of new shares	85	—
Reversal of revaluation reserve on land	(56)	7,045
Dividends from surplus	(11,741)	(1,432)
Net income (loss)	1,851	(216,148)
Increase in consolidated subsidiaries	647	—
Decrease in consolidated subsidiaries	(47)	—
Increase in subsidiaries and affiliates accounted for by the equity method	160	—
Decrease in subsidiaries and affiliates accounted for by the equity method	(761)	—
Acquisition of treasury stock	(13)	(497)
Disposal of treasury stock	16	0
Net changes in items other than shareholders' equity	(130,879)	32,483
Total changes in items during the period	(140,738)	(178,549)
Balance at the end of current period	428,483	249,266

(4) Consolidated Statements of Cash Flows

Fiscal years ended December 31, 2008 and 2009

Amounts less than one million yen are omitted.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	38,819	(173,669)
Depreciation expenses	59,606	53,701
Impairment loss	203	239
Business structure improvement expenses	—	82,819
Extraordinary impairment loss on securities	16,854	—
Amortization of negative goodwill	(0)	—
Increase in allowance for doubtful receivables	632	2,407
Increase (decrease) in accrued employees' retirement benefits	(1,154)	2,799
Increase in accrual for product liabilities	—	8,271
Interest and dividend income	(13,921)	(8,900)
Interest expense	8,129	9,984
Foreign exchange loss	46	153
Equity in earnings of affiliates	(2,358)	(1,911)
(Gain) loss on sale of fixed assets	(828)	163
Loss on disposal of fixed assets	3,818	1,186
Loss on sale of investment securities	5	10
Trade notes and accounts receivable	(8,188)	61,028
Inventories	(75,961)	116,810
Notes and accounts payable	2,399	(55,858)
Other	1,471	(18,617)
Subtotal	29,572	80,618
Interest and dividends received	15,575	9,955
Interest paid	(7,973)	(11,125)
Income taxes paid	(43,621)	(5,351)
Net cash provided by (used in) operating activities	(6,446)	74,096
Cash flows from investing activities:		
Increase in time deposits	(9,244)	(1,042)
Decrease in time deposits	19,663	484
Payments for purchase of fixed assets	(100,428)	(47,786)
Proceeds from sales of fixed assets	3,082	7,187
Payments for purchase of investment securities	(3,773)	(0)
Proceeds from sales of investment securities	89	60
Payments for acquisition of subsidiaries	(0)	—
Payments for long-term loans receivable	(3,604)	(3,972)
Proceeds from collections of long-term loans receivable	78	204
Other	(5,407)	(421)
Net cash used in investing activities	(99,543)	(45,285)

Amounts less than one million yen are omitted.

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008— December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009— December 31, 2009)
Cash flows from financing activities:		
Increase (decrease) in short-term bank loans	89,409	(215,013)
Proceeds from long-term loans payable	85,180	209,343
Repayment of long-term loans payable	(196)	(21,807)
Proceeds from stock issuance to minority shareholders	4,357	16
Redemption of bonds	—	(3)
Cash dividends paid	(11,741)	(1,432)
Cash dividends paid to minority shareholders	(3,918)	(2,011)
Purchase of treasury stock	2	(496)
Increases in common stock and capital surplus	85	—
Other	—	(617)
Net cash provided by (used in) financing activities	163,179	(32,022)
Effect of exchange rate changes on cash and cash equivalents	(25,665)	6,066
Net increase in cash and cash equivalents	31,523	2,854
Cash and cash equivalents at beginning of the period	102,079	134,364
Increase due to inclusion of subsidiaries in consolidation	859	—
Decrease due to exclusion of subsidiaries in consolidation	(98)	—
Cash and cash equivalents at end of the period	134,364	137,219

(5) Notes Regarding Going-concern Assumptions

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

NA

(6) Basis of presenting consolidated financial statements

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

Scope of consolidation

Number of consolidated subsidiaries 107

Major subsidiaries: Yamaha Motor Corporation, U.S.A.; Yamaha Motor Europe N.V.; and PT. Yamaha Indonesia Motor Manufacturing

(Number of excluded subsidiaries) 6

Yamaha Marine Co. Ltd.; E&S Co., Ltd.; Yamaha Motor Polska Sp.z o.o.; Yamaha Motor Hungary Kft.; Yamaha Motor Austria GmbH.; Yamaha Motor Czech spol. s r. o.

Number of non-consolidated subsidiaries 12

Total assets, net sales, net income and retained earnings of non-consolidated subsidiaries are not significant in the aggregate, in relation to the total figures for these items in the consolidated financial statements. Seven non-consolidated subsidiaries are accounted for by the equity method.

Scope of application of equity method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method 33

Major non-consolidated subsidiaries and affiliates:

Chongqing Jianshe Yamaha Motor Co., Ltd.; Zhuzhou Jianshe Yamaha Motor Co., Ltd.; Sakura Kogyo Co., Ltd.; and Industria Mexicana de Equipo Marino, S.A. de C.V.

Five non-consolidated subsidiaries and two affiliates, which are not accounted for by the equity method, are each insignificant in the consolidated statements of income and the consolidated statements of retained earnings, and are not significant in the aggregate. Therefore, the Company's investments in these subsidiaries and affiliates are stated at cost, instead of being accounted for by the equity method.

Asset valuation

1) Inventories

Inventories are stated at cost, determined primarily by the average method. (Values stated in the balance sheet are computed through the write-down of book value due to lower profitability)

(Changes in accounting policies)

Application of accounting standard for measurement of inventories

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

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

Depreciation and amortization of assets

1) Tangible fixed assets (excluding leased assets)

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

(Additional information)

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

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

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

2) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets is computed by the straight-line method.

Amortization of capitalized software for internal use is computed by the straight-line method over the software’s estimated useful life (five years).

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

With regard to the basis of presenting consolidated financial statements, details on items other than “Scope of consolidation,” “Scope of application of equity method,” “Asset valuation” and “Depreciation and amortization of assets” described above have been omitted, since there have been no significant changes from the description in the Company’s most recent Securities Report (submitted on March 26, 2009).

(7) Changes in notes to consolidated financial statements

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

Changes in accounting principles, procedures

(Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

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

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

(Application of accounting standards to lease transactions)

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

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

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

(Important change of accounting treatment in respect to hedge transactions)

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

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

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

Changes in presentation methods

(Consolidated Balance Sheets)

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

The amounts of the “merchandized and finished goods,” “work-in-process” and “raw materials and supplies” columns in the balance sheet in the fiscal year ended December 31, 2008 were ¥230,378 million, ¥49,119 million and ¥39,399 million, respectively.

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

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

(Consolidated Statements of Income)

“Loss on disposal of fixed assets” in the fiscal year ended December 31, 2008 included “loss on sale of fixed assets,” which was listed in the notes to the consolidated statement of income. However, effective from the fiscal year ended December 31, 2009, “loss on disposal of fixed assets” and “loss on sale of fixed assets” have

been classified separately, in order to improve comparability of the consolidated financial statements, in conjunction with the introduction of XBRL to EDINET.

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

Additional information

(Impact of a revision in the fund-raising program, prompted by the liquidation of receivables)

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

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

* The balance of foreign currency on December 31, 2009 totaled U.S.\$ 301 million

¥27,698 million computed at the rate on December 31, 2009.

(8) Notes to Consolidated Financial Statements

Fiscal years ended December 31, 2008 and 2009

Consolidated Balance Sheets

1) Accumulated depreciation of tangible fixed assets

Millions of yen	
December 31, 2008	December 31, 2009
481,615	516,478

2) Pledged assets and secured liabilities

Millions of yen	
December 31, 2008	December 31, 2009
Pledged assets	21,852
Secured liabilities	10,919
	118,328
	67,352

3) Contingent liabilities

Millions of yen	
December 31, 2008	December 31, 2009
501	408

4) Discounts on trade notes receivable

Millions of yen	
December 31, 2008	December 31, 2009
1,709	1,117

5) Pursuant to the “Law Concerning the Revaluation of Land” (No. 24, enacted on March 31, 1999), land used for the Company’s business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as “Deferred tax liabilities on unrealized revaluation gain on land” and the remaining balance has been presented under net assets as “Unrealized revaluation gain on land” in the accompanying consolidated balance sheets.

①Date of revaluation March 31, 2000

② Method of revaluation

Under Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

③ Fair value of the land used for business after revaluation

The fair value of the land used for business after revaluation at the end of fiscal 2009 was below its book value by ¥5,272 million.

Consolidated Statements of Income

1) Breakdown of major selling, general and administrative expenses

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)
Advertising expenses	33,541	21,910
Sales promotion expenses	32,109	18,871
Transportation expenses	43,485	29,887
Provision for accrued warranty costs	13,418	6,768
Provision for allowance for doubtful receivables	1,334	2,533
Provision for accrual for product liabilities	—	13,041
Provision for accrued motorcycle recycling costs	59	62
Salaries	84,598	73,560
Provision for accrued bonuses	3,029	2,693
Provision for accrued employees' retirement benefits	2,901	3,251
Provision for accrued retirement benefits for Directors and Corporate Auditors	9	—

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

	Millions of yen	
	Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)
	85,090	62,066

3) Breakdown of business structure improvement expenses

Business structure improvement expenses include ¥82,819 million in impairment losses on fixed assets; ¥20,160 million in early retirement benefit expenses; and ¥749 million in expenses resulting from the improvement and reorganization of the manufacturing system.

1) Details concerning impairment losses included in the business structure improvement expenses

① Summary of asset groups for which impairment losses have been identified

Use	Location	Impairment loss	
		Item	Millions of yen
Motorcycles	Iwata City (Shizuoka, Japan), U.S.A., Brazil, France, Italy, Hungary other	Buildings and structures	8,701
		Machinery and transportation equipment	25,804
		Land	12,242
		Other	5,586
		Intangible fixed assets	61
		Total	52,398
Marine products	Hamamatsu City (Shizuoka, Japan), U.S.A., France, other	Buildings and structures	1,004
		Machinery and transportation equipment	9,788
		Land	29
		Construction in progress	624
		Other	223
		Intangible fixed assets	149
Total	11,819		
Power products	Kakegawa City (Shizuoka, Japan), U.S.A., other	Buildings and structures	1,116
		Machinery and transportation equipment	5,914
		Land	4,795
		Construction in progress	1,315
		Other	944
		Intangible fixed assets	3
Total	14,091		
Other products	Iwata City (Shizuoka, Japan), other	Buildings and structures	406
		Machinery and transportation equipment	3,310
		Land	54
		Other	274
		Intangible fixed assets	6
Total	4,052		
Idle assets	Hamamatsu City (Shizuoka, Japan), other	Buildings and structures	100
		Machinery and transportation equipment	408
		Land	121
		Construction in progress	21
		Other	37
		Intangible fixed assets	6
Total	697		

② Method for grouping assets

An asset group is defined as the minimum unit within a business segment that generates cash flows generally independent from other asset groups in that segment.

③ Background to the recognition of impairment losses

Impairment losses were recognized in the motorcycle, marine, power product and other product business in direct relation to the significant deterioration of the market in these segments. Impairment losses were also identified among idle assets not serving business uses. Specifically, losses were recognized for those idle assets whose market prices have significantly declined from their book values.

④ Computation of recoverable values

The recoverable value represents the utility value, computed using the discount rate of 4.0% (mainly based on the future cash flows by each asset group); the estimated value based on real-estate appraisal criteria; or

the net sale value, reasonably computed using the inheritance tax value determined by land assessment, whichever is greater.

2) Refund of income taxes

The refund of income taxes is computed based on the refund involving transactions of the Company's U.S. subsidiary — Yamaha Motor Corporation, U.S.A. — over the previous fiscal year.

Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)

1. Type and number of outstanding shares

	Number of shares as of December 31, 2007	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2008
Common stock (Shares)	286,457,784	50,000	0	286,507,784

Note: The reasons for the increase in the number of shares are as follows:

- Increase due to the exercise of share warrants: 50,000 shares

2. Type and number of treasury stocks

	Number of shares as of December 31, 2007	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2008
Common stock (Shares)	129,915	16,801	12,258	134,458

Note: The reasons for the increase or decrease in the number of shares are as follows:

- Increase due to the purchase of less-than-one-unit shares from shareholders: 8,971 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 7,830 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 12,258 shares

3. Share warrants and own share warrants

Classification	Description of share warrants	Type of shares to be issued by the exercise of share warrants	Number of shares issued by the exercise of share warrants				Balance as of December 31, 2008 (Millions of yen)
			December 31, 2007	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2008	
Yamaha Motor Co. Ltd.	Fourth unsecured convertible bonds <small>Note 1</small>	Common stock	—	—	—	—	—
	Share warrants as stock options <small>Note 2</small>	—	—	—	—	—	30
Total		—	—	—	—	—	30

Notes: 1. The number of shares to be issued by the exercise of share warrants has been omitted, because it is considered insignificant in the aggregate relative to the total number of shares outstanding at the end of fiscal 2008. Also, the fourth unsecured convertible bonds had no balance at the end of fiscal 2008, because they were issued in accordance with the former Commercial Code in Japan.

2. Among share warrants exercised as stock options, none had an exercise period that had begun at the end of fiscal 2008.

4. Dividends

(1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 26, 2008	Common stock	Millions of yen 5,870	Yen 20.50	December 31, 2007	March 27, 2008
Board of Directors Meeting held on July 31, 2008	Common stock	5,870	20.50	June 30, 2008	September 10, 2008

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

Resolution	Type of share	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 25, 2009	Common stock	Millions of yen 1,432	Retained earnings	Yen 5.00	December 31, 2008	March 26, 2009

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

1. Type and number of outstanding shares

	Number of shares as of December 31, 2008	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2009
Common stock (Shares)	286,507,784	0	0	286,507,784

2. Type and number of treasury stocks

	Number of shares as of December 31, 2008	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2009
Common stock (Shares)	134,458	524,176	485	658,149

Note: The reasons for the increase or decrease in the number of shares are as follows:

- Increase due to the share purchase requested under the Article 797 (1) of the Company Law: 520,000 shares*
- Increase due to the purchase of less-than-one-unit shares from shareholders: 2,713 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 1,463 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 485 shares

*This increase was resulted from the share purchase request from the shareholders dissenting against the absorption-type merger Yamaha Marine Co., Ltd. (YMEC) on January 1, 2009.

3. Share warrants and own share warrants

Classification	Description of share warrants	Type of shares to be issued by the exercise of share warrants	Number of shares issued by the exercise of share warrants				Balance as of December 31, 2009 (Millions of yen)
			December 31, 2008	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2009	
Yamaha Motor Co. Ltd.	Share warrants as stock options ^{Note}	—	—	—	—	—	72
Total		—	—	—	—	—	72

Note: The exercise periods of the fourth and fifth share warrants are June 13, 2010 through June 12, 2014 and June 16, 2011 through June 15, 2015, respectively. Thus, the first day of the exercise periods has not come as of the end of the fiscal year ended December 31, 2009.

4. Dividends

(1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 25, 2009	Common stock	Millions of yen 1,432	Yen 5.00	December 31, 2008	March 26, 2009

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

NA

Consolidated Statements of Cash Flows

1) Business structure improvement expenses

Business structure improvement expenses posted in the consolidated statement of cash flows for the fiscal year ended December 31, 2009 (fiscal 2009) were impairment losses, which were included in the business structure improvement expenses posted in the consolidated statement of income for fiscal 2009.

2) The reconciliation of “cash and cash equivalents” as of December 31, 2008 and 2009 to amounts in the various accounts appearing in the accompanying consolidated balance sheets is as follows:

	Millions of yen	
	December 31, 2008	December 31, 2009
Cash and deposits in banks	133,906	137,328
Time deposits with maturity in excess of three months	(148)	(721)
Other current assets	606	612
Cash and cash equivalents	134,364	137,219

Segment information

(1) Business segment information

Fiscal years ended December 31, 2008 and 2009

Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)

Amounts less than one million yen are omitted.

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

Notes:

- Business segments correspond to categories classified primarily by similarity of products and markets.
- Major products in each business segment:

Business segment	Major products
Motorcycles	Motorcycles and knockdown parts for overseas production
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats, utility boats and diesel engines
Power products	All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Other products	Surface mounters, industrial robots, automobile engines, automobile components, electrical power assisted bicycle, unmanned industrial helicopters, electrically powered wheelchairs and the intermediate parts for products in all business segments

- All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
- Depreciation and amortization of assets

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

Applying the new accounting method, operating expenses in fiscal 2008 increased ¥775 million in the motorcycle business, ¥103 million in the marine product business, ¥192 million in the power product business, and ¥249 million in the other products business, while operating income in each business segment decreased the same amount, compared with the figures derived using the previous method alone.

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

Amounts less than one million yen are omitted.

	Millions of yen						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	817,058	150,113	100,577	85,893	1,153,642	—	1,153,642
Intersegment	—	—	—	77,770	77,770	(77,770)	—
Total	817,058	150,113	100,577	163,664	1,231,413	(77,770)	1,153,642
Operating expenses	821,209	174,387	134,345	164,050	1,293,993	(77,770)	1,216,222
Operating loss	(4,151)	(24,274)	(33,768)	(386)	(62,580)	0	(62,580)
Assets	607,311	169,122	115,082	95,561	987,077	—	987,077
Depreciation	32,521	10,052	3,993	7,134	53,701	—	53,701
Impairment loss	52,633	12,077	14,183	4,164	83,058	—	83,058
Capital expenditures	29,932	6,660	3,660	5,780	46,035	—	46,035

Notes:

1. Business segments: Classified in the same way as for the fiscal year ended December 31, 2008.
2. Major products in each business segment: The same as those listed above for the fiscal year ended December 31, 2008.
3. All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
4. Impairment losses on idle assets are included in the business to which the respective idle assets belong.
5. Depreciation and amortization of assets

As described in "Basis of presenting consolidated financial statements," the Company and its consolidated subsidiaries in Japan reviewed the useful life of certain tangible fixed assets, mainly machinery and equipment, taking advantage of the change in the Corporate Tax Law (Ministerial Ordinance to Partially Amend the Ministerial Ordinance with Regard to Useful Life of Depreciated Assets: April 30, 2008; Ordinance of the Ministry of Finance, No.32).

Applying the new accounting method, operating expenses in fiscal 2009 increased ¥353 million in the motorcycle business, ¥560 million in the marine product business, ¥64 million in the power product business, and ¥221 million in the other products business, while operating loss in each business segment increased the same amount, compared with the figures derived using the previous method alone.

(2) Geographical segment information

Fiscal years ended December 31, 2008 and 2009

Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)

Amounts less than one million yen are omitted.

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

Notes:

1. Geographic segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2. Nations and regions included in segments outside Japan:
 - (1) North America: U.S.A. and Canada
 - (2) Europe: The Netherlands, France, Italy, Spain and Russia
 - (3) Asia: Indonesia, Taiwan, Thailand, Singapore, Vietnam, China and India
 - (4) Other areas: Brazil, Australia, Colombia and Mexico
3. All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.

4. Depreciation and amortization of assets

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

Applying the new accounting method, operating expenses in Japan in fiscal 2008 increased ¥1,320 million, while operating loss increased the same amount, compared with the figures derived using the previous method alone.

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

Amounts less than one million yen are omitted.

	Millions of yen							Eliminations	Consolidated
	Japan	North America	Europe	Asia	Other areas	Total			
Net sales:									
Outside customers	188,276	165,528	197,641	482,370	119,825	1,153,642	—	1,153,642	
Intersegment	261,973	17,654	3,503	37,098	937	321,167	(321,167)	—	
Total	450,250	183,183	201,144	519,469	120,762	1,474,810	(321,167)	1,153,642	
Operating expenses	505,833	225,451	210,293	485,912	122,802	1,550,292	(334,069)	1,216,222	
Operating income (loss)	(55,582)	(42,268)	(9,148)	33,556	(2,039)	(75,481)	12,901	(62,580)	
Assets	455,349	192,638	119,148	273,632	133,301	1,174,069	(186,991)	987,077	

Notes:

1. Geographic segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2. Nations and regions included in segments outside Japan:
The same as the areas listed above for the fiscal year ended December 31, 2008.
3. All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.
4. Depreciation and amortization of assets

As described in "Basis of presenting consolidated financial statements," the Company and its consolidated subsidiaries in Japan reviewed the useful life of certain tangible fixed assets, mainly machinery and equipment, taking advantage of the change in the Corporate Tax Law (Ministerial Ordinance to Partially Amend the Ministerial Ordinance with Regard to Useful Life of Depreciated Assets: April 30, 2008; Ordinance of the Ministry of Finance, No.32).

Applying the new accounting method, operating expenses in Japan in fiscal 2009 increased ¥1,199 million, while operating loss increased the same amount, compared with the figures derived using the previous method alone.

(3) Overseas sales

Fiscal years ended December 31, 2008 and 2009

Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)

Amounts less than one million yen are omitted.

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

Notes:

1. Overseas segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2. Nations and regions included in segments outside Japan:
 - (1) North America: U.S.A. and Canada
 - (2) Europe: Italy, France, Spain, Russia and Germany
 - (3) Asia: Indonesia, Vietnam, Thailand, China, Taiwan and India
 - (4) Other areas: Brazil, Australia and South Africa
3. Overseas sales consist of export sales of Yamaha Motor and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)

Amounts less than one million yen are omitted.

	Millions of yen				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	166,330	201,950	500,442	154,481	1,023,205
II. Consolidated sales					1,153,642
III. Overseas sales to net sales	14.4%	17.5%	43.4%	13.4%	88.7%

Notes:

1. Overseas segments correspond to categories of geographical similarity, classified primarily by nations and regions.
2. Nations and regions included in segments outside Japan:
The same as the areas listed above for the fiscal year ended December 31, 2008.
3. Overseas sales consist of export sales of Yamaha Motor and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

Per share information

Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)		Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)	
Yen		Yen	
Net assets per share	1,377.81	Net assets per share	743.04
Net income per share — basic	6.47	Net loss per share — basic	755.92
Net income per share — diluted	6.47	Net income per share — diluted	—

Note 1. The Company registered a basic net loss per share in the fiscal year ended December 31, 2009 (fiscal 2009). Therefore, diluted net income per share in fiscal 2009 was not described herein, although there were latent shares during fiscal 2009.

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

	December 31, 2008	December 31, 2009
Total net assets (Millions of yen)	428,483	249,266
Amount excluded from total net assets (Millions of yen)	33,915	36,869
Share warrants	30	72
Minority interests	33,885	36,796
Net assets attributable to common stock at the end of the period (Millions of yen)	394,568	212,397
Number of common stocks outstanding at the end of the period calculated under “Net assets per share” (Thousand shares)	286,373	285,849

Note 3. Basic net income (loss) per share and diluted net income per share are calculated based on the following:

	Fiscal year ended December 31, 2008 (January 1, 2008 through December 31, 2008)	Fiscal year ended December 31, 2009 (January 1, 2009 through December 31, 2009)
Net income (loss) per share — basic:		
Net income (loss) (Millions of yen)	1,851	(216,148)
Amount not attributable to common stockholders (Millions of yen)	—	—
Net income (loss) attributable to common stock (Millions of yen)	1,851	(216,148)
Average number of shares outstanding during the period (Thousand shares)	286,347	285,942
Net income per share — diluted		
Adjustment for net income (Millions of yen)	—	
Increase in the number of common stocks (Thousand shares)	3	
Convertible bonds	3	
Share warrants	0	
Dilutive securities not calculated under “Diluted net income per share” because they do not have dilutive effect:	Resolution of Board of Directors Meeting held on May 29, 2008: Stock options (Total number of shares: 75,500)	Diluted net income per share in fiscal 2009 was not described herein, since the Company registered net loss per share in fiscal 2009.

Information omitted

Notes regarding items including lease transactions, related party transactions, deferred tax accounting, marketable securities, derivative transactions, employees' retirement benefits, stock options, and business combinations have been omitted because the effect of these items on the consolidated financial results for fiscal 2009 is deemed insignificant.

5. Others

Executive transfers

The executive transfers effective March 25, 2010 were officially announced on December 22, 2009.

For details, please see the Company website:

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