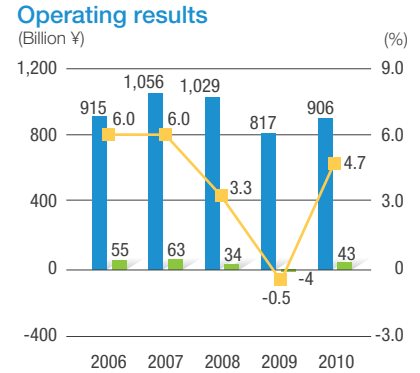
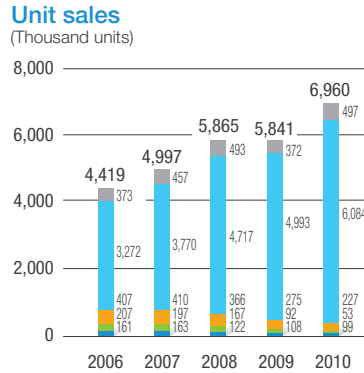
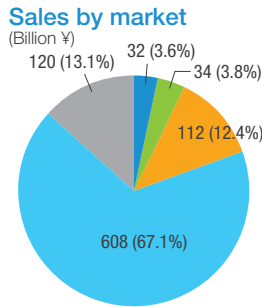
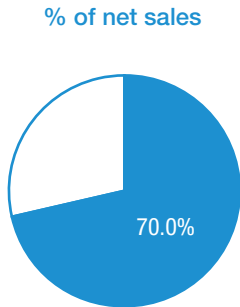


# Motorcycles

Motorcycle sales rose ¥88.9 billion in 2010, or 10.9%, from 2009 to ¥906.0 billion, and accounted for 70.0% of net sales. Operating income grew ¥46.9 billion, to ¥42.7 billion.



Japan North America Europe Asia (excluding Japan) Other areas

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

## Japan Creating a new market with the EC-03

Cooling consumer sentiment from the weak economy led to large sales declines in the mini-sized category (126cc to 250cc) and the Class-1 category (50cc or less) segment, resulting in a 2.0% decline in total demand in 2010, to 424 thousand units.

Yamaha Motor recorded solid sales in the mini-sized category with the Tricker and the XT250X, but sales of Class-2 category (51cc to 125cc) scooters declined significantly because of new model launches by competitors.

As part of our Smart Power activities for “laying the groundwork for future growth” under the Medium-Term Management Plan, we launched the EC-03 electric motorcycle in October 2010. As of the end of December 2010, wholesale sales of the EC-03 had already reached 1,000 units, the sales target for the first year from the date of launch. As a result, Yamaha Motor’s fiscal 2010 motorcycle unit sales declined 8.0% from fiscal 2009, to 99 thousand units, and net sales declined 14.7%, to ¥32.4 billion.



EC-03

Looking ahead to 2011, with no indications of an improvement in consumer sentiment, overall motorcycle demand in Japan is seen coming in at approximately 369 thousand units. At Yamaha Motor, we have strengthened our sales activities using exhibitions and our retail support to dealers in all categories. We have also taken proactive steps to bolster the overall market, including the promotion of a rental business and licensing programs, and working to resolve parking problems. Despite our efforts, in view of the market and economic environment, we are bracing for an 11.0% decline in Yamaha Motor's fiscal 2011 unit sales, to 88 thousand units.

## Europe

### Strengthening initiatives in the commuter market

Europe's economy struggled in 2010 as a result of turmoil in the financial markets triggered by the Greek financial crisis in May. European demand for motorcycles, which is driven by the leisure segment, contracted 3.6% from fiscal 2009 to 2,040 thousand units.

Yamaha Motor aggressively worked to expand sales during the year, with launches of two new models—the FZ8 and XT1200Z Super Ténéré—and model changes in the XMAX (125/250cc scooter) series, but given the intense competition from other companies, unit sales for the year declined 17.5%, to 227 thousand units, and net sales fell 22.1% from fiscal 2009, to ¥112.0 billion. Such sluggish sales also led to an inventory buildup, from a suitable level of 44 thousand units at the end of fiscal 2009 to 66 thousand units at the end of fiscal 2010.

An environment for weak consumption is expected to continue in the European economy in 2011, and motorcycle demand is forecast to decline 2.6%, to 1,987 thousand units.

At Yamaha Motor, we are realigning our production, distribution and sales structure to create business models for the growing segment of commuter vehicles. As part of this process, we will continue to work to reduce inventories in Europe, and plan to reduce production in 2011, to the 46 thousand unit level. We will also endeavor to increase sales of models introduced in 2010, and are forecasting a 4.0% decline in 2011 unit sales, to 218 thousand units, with an 8.0% decline in net sales, to ¥103.0 billion.

## FZ8

## XT1200Z Super Ténéré





## Stryker

### North America **Bringing inventories to appropriate levels**

With a weak economy leading to a higher unemployment rate, North American motorcycle demand in 2010 was lower than initially forecast, declining 15.0%, to 497,000 vehicles.

Against this backdrop, the focus of attention at Yamaha Motor was on the introduction of the Stryker (1300cc cruiser) in the cruiser category—the largest volume zone in the United States. The YZ450F also recorded solid sales following a full model change in fiscal 2009, with enhanced performance from a new engine layout and the adoption of fuel injection. In Canada, we aggressively emphasized various retail and wholesale promotional campaigns, but net sales declined as a result of the yen's appreciation, and North American unit sales in 2010 declined 42.6%, to 53 thousand units, with a 41.3% drop in net sales, to ¥34.1 billion. At the same time, we strove to bring inventories to appropriate levels and reduced inventories to 49 thousand units at

the end of 2010, from 90 thousand units at the end of 2009.

Although the North American market has bottomed out and latent demand exists, a continuing high unemployment rate is seen dampening purchasing sentiment and overall demand of 494,000 units is forecast for 2011—roughly flat with 2010.

We intend to expand our peripheral businesses (such as accessories and used-bike sales), and bolster sales initiatives like the PRO-YAMAHA program to cultivate quality dealerships in preparation for a recovery on this robust underlying demand. As a result, we are forecasting a 30.3% increase in North American unit sales for 2011, to 69 thousand units, with 23.3% net sales growth, to ¥42.0 billion.

## YZ450F



## Asia

### Contributing to motorcycle earnings growth

Demand grew in all regions in Asia (except Japan) in 2010, for an overall increase of 10.2%, to 43,455 thousand units, driven by high growth in Indonesia and a boost in China.

Yamaha Motor's unit sales grew in all countries, resulting in a 21.8% overall increase, to 6,084 thousand units, and 26.9% net sales growth, to ¥607.9 billion, making a large contribution to fiscal 2010 earnings.

Economic growth, social infrastructure development and increased consumption are expected to continue throughout the Asian region in 2011, and strong demand for motorcycles is seen to continue, with 2.6% growth, to 44,589 thousand units.

We will strive to achieve quantitative and qualitative expansion under the Medium-Term Management Plan and are planning for a 12.4% increase in unit sales, to 6,841 thousand units, and a 9.4% increase in net sales, to ¥665.0 billion.



## ASEAN

### Quantitative and qualitative expansion in three major markets

Indonesia is Yamaha Motor's largest market for motorcycle sales in the ASEAN region. In addition to an economic environment that is generating stable growth, the country's underdeveloped traffic infrastructure suggests the existence of solid, untapped potential demand. During 2010, the Indonesian economy recovered at a faster pace than initially anticipated and the number of applications for credit sales, which account for roughly 70% of total demand, recovered to the levels seen prior to the global financial crisis. Reflecting this recovery, total motorcycle unit sales grew 27.1%, to 7,236 thousand units.

Yamaha Motor's strategy is to differentiate itself through customer and community satisfaction based on confidence in the Yamaha brand, primarily in the automatic transmission (AT) category, which accounts for more than 40% of total demand. We are striving to qualitatively increase sales without getting caught up in price competition. Fiscal 2010 sales were solid in all segments, led by the Jupiter Z and Mio Soul in particular, and as a result, total unit sales rose 25.5%, to 3,326 thousand units from the previous year. Net sales grew 35.8%, to ¥352.0 billion, contributing to total earnings in 2010.

Given Indonesia's stable economic environment, motorcycle demand is expected to grow by 11.9%, to 8,100 thousand units, in 2011. Yamaha Motor has invested ¥10.0 billion to increase its local production capacity in Indonesia to further increase sales, and we are aiming for 9.7% sales growth, to 3,650 thousand units.



Mio Soul  
(Indonesia)



**Fino**  
(Thailand)

Thailand recorded 8% GDP growth in 2010, driven by an increase in exports associated with the global economic recovery. Underpinned by this strong economy, demand for motorcycles rose 20.2%, to 1,846 thousand units.

In addition to solid customer support for our main AT model Fino, the 110cc manual transmission (MT) model Spark Nano, introduced in fiscal 2009, recorded solid sales, leading to a 17.1% increase in Yamaha Motor's 2010 unit sales, to 506 thousand units.

For 2011, 5.6% growth in total demand to 1,950 thousand units is forecast. Yamaha Motor will continue to focus on the AT category, and we are planning for 8.7% sales growth to 550 thousand units.

Vietnam is showing rapid growth on both a stable recovery in agricultural exports and accelerated investment from developed nations. Motorcycle demand in 2010 grew 11.8% to 3,070 thousand units.

Yamaha Motor introduced affordably priced models including the Sirius in the MT category where demand is solid, and two new models in the AT category where demand is expected to increase. The models in the AT category were the 125cc Luvias and the stylish Cuxi, as we strove to cultivate new customers, particularly among women. Existing models like the Nouvo also performed well, and Yamaha Motor's 2010 unit sales rose 20.7%, to 776 thousand units.

A 6.2% increase in demand is forecast in Vietnam for 2011, to 3,260 thousand units, supported by stable economic growth. Yamaha Motor will continue to focus on the MT category while also strengthening sales in the AT category, and we are aiming for 16.4% net sales growth, to 903 thousand units from the previous year.



**Cuxi**  
(Vietnam)

## China—Launching affordably priced motorcycles

With the implementation of new emission standards in July 2010, 2010 unit sales in the Chinese motorcycle market were concentrated in models conforming to the previous standard during the first half of the year. Given the large inventory buildup, second-half unit sales were sluggish, and as a result, the market contracted 7.6%, to 16,090 thousand units.

Along with accelerated production and unit sales of models conforming to new emission standards, Yamaha Motor launched the YB125-Z in August and the Future (XA100) in November as affordably priced motorcycles for the Chinese market, and aggressively carried out promotional campaigns, to achieve a future growth scenario. As a result, Yamaha Motor's fiscal 2010 unit sales grew 15.1%, to 700 thousand.

The changeover to products complying to the new emission standards is seen having a full effect in fiscal 2011, and demand in the Chinese market is expected to



**YB125-Z**  
(China)

contract 11.5%, to 14,240 thousand units. Focusing on the affordably priced YB125-Z and the 100cc scooter Future (XA100), we will strive to strengthen sales in rural regions, where our presence to date has been weak. Through these efforts, we are planning for 2011 unit sales of 850 thousand units, a 21.4% increase from 2010.

## India—Adding affordably priced models to mainstay products

The Indian market grew significantly in 2010, against the backdrop of growth in personal incomes and women taking on a more prominent role in society. Total demand, underpinned by the scooter category, grew 30.5% to 11,270 thousand units.

At Yamaha Motor, we launched the SZ (160cc motorcycle) series, an affordably priced version of the FZ series that was introduced in 2008 and remains popular. The YBR110 in the standard segment and the YZF-R15 (150cc sport) in the premium segment recorded robust sales. Yamaha Motor's 2010 sales on a unit sales basis rose 18.3%, to 259 thousand units.

Despite concerns of inflation and higher gasoline prices, solid growth is forecast for the Indian market in 2011, with 15.4% growth to 13,000 thousand units. We intend to introduce a model based on the SZ and will also work to strengthen exports. We are planning for 19.7% growth, to 310,000 units.

## Latin America—Accelerating quantitative and qualitative expansion

The Brazilian motorcycle market grew 12.4% to 1,801 thousand units in 2010. This larger-than-anticipated growth was the result of increased domestic demand from stable economic growth and increased retail consumption. Neighboring emerging markets driven by the Brazilian economy expanded as well, and in total the Latin American market grew 17.6%, to 3,967 thousand units.

Yamaha Motor's efforts in Brazil focused on promoting sales in the affordably priced segment, including the new Crypton (100cc moped) in the moped category and our mainstay YBR125. Unit sales rose 17.6% to 227 thousand units. Results in neighboring countries were strong as well, including record sales in Colombia, and for the region overall unit sales grew 28.9% to 415 thousand units.

Gradual growth is expected to continue in the region in 2011, with 2.7% growth to 1,850 thousand units forecast for Brazil and a 4.6% increase to 4,148 thousand units for the region overall. Yamaha Motor will work to strengthen its sales channels, primarily in Brazil, and accelerate the introduction of affordably priced models. We are aiming for 15.4% sales growth to 262 thousand units in Brazil, and an 11.3% increase to 462 thousand units for the region as a whole.



**SZ-X**  
(India)



**FZ16**  
(India)



**Crypton**  
(Brazil)