

SPECIAL FEATURE 1

Growth Continues in Emerging Markets

Trends in five ASEAN countries

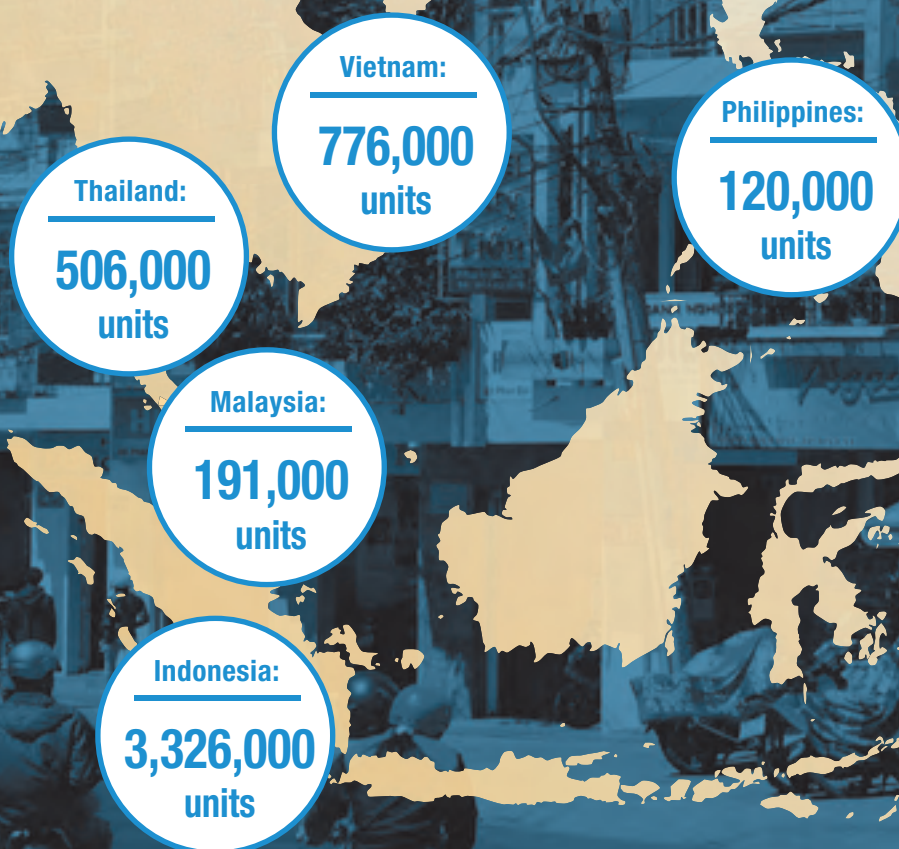
The Yamaha Motor group views the ASEAN market as a strategic region where solid growth continues, and is working to achieve “quantitative and qualitative expansion in emerging markets” by establishing both product competitiveness and profitability.

Note: ASEAN = Indonesia, Thailand, Vietnam, the Philippines and Malaysia

Yamaha Motor's unit sales in five ASEAN countries (2010)

4,919,000 units

(3,983,000 units in 2009)



Activities in the ASEAN market

Increase in unit sales outpaces overall demand growth

Emerging market economies continued to grow in 2010, and motorcycle sales were solid. Overall motorcycle demand in the five ASEAN countries in which Yamaha Motor operates (Indonesia, Thailand, Vietnam, the Philippines and Malaysia) grew 20.6% from the previous year, to 13.51 million units, on infrastructure improvements and rising consumer sentiment. The Yamaha Motor group bolstered its lineup with the introduction of new products and carried out proactive sales activities in each market. As a result, our unit sales in these five major ASEAN markets grew 23.5%, to 4,919 thousand units, far outpacing the increase in overall demand.

New models (Market launch dates)

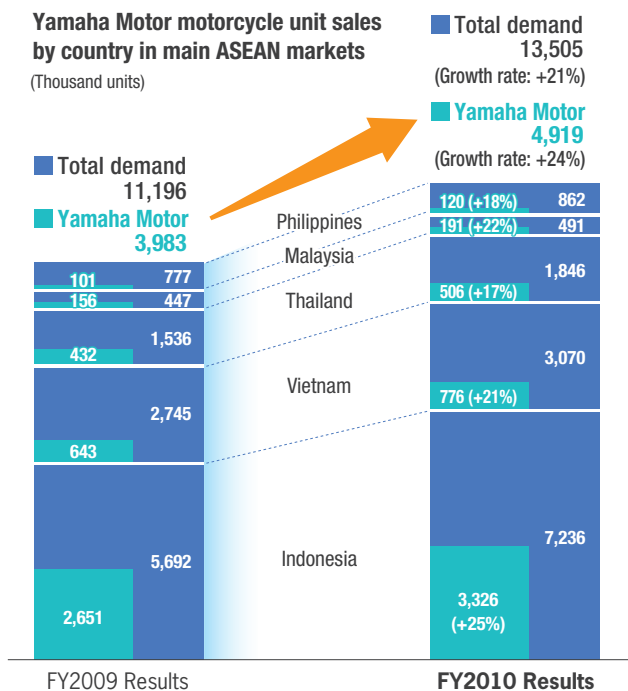


Increasing production capacity to support sales growth

The Medium-Term Management Plan sets a target of increasing our unit sales in the ASEAN market to roughly six million units by fiscal 2012, from roughly four million units in 2009, in line with the remarkable growth in demand in these five markets.

During 2010, we reorganized our manufacturing structure and now have completed vehicle production capacity of 3.60 million units in Indonesia and 1.00 million units in Vietnam. We have also begun to further increase our production capacity in Indonesia, to establish a structure that will be able to produce 4.00 million units in fiscal 2012.

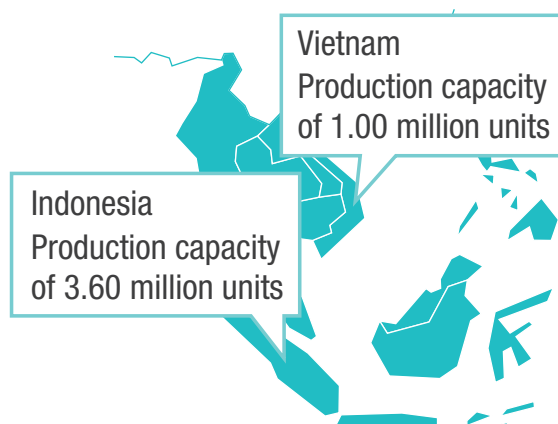
Yamaha Motor motorcycle unit sales by country in main ASEAN markets (Thousand units)



Note: Demand figures stated herein are based on Yamaha Motor's surveys.

New model launches lead to increased confidence in Yamaha Motor

Since launching the first commuter vehicle with automatic transmission in Thailand in 2002, the Yamaha Motor group has introduced a variety of mainline automatic transmission models as well as manual transmission models for the ASEAN market. We have established brand loyalty based on a high level of customer confidence by addressing local needs through fine-tuned marketing and a rich product lineup, and by creating synergies across our solid sales networks in each market.





Lexam

Establishing both product competitiveness and profitability in motorcycles

We are reorganizing our production structure for our five ASEAN markets to produce models equipped with fuel injection (FI) systems at the same cost as conventional carburetor-equipped models, and to increase profitability through economies of scale. This will allow us to establish a high reputation within the market for Yamaha Motor products while at the same time securing earnings strength as a business. Working with our core suppliers, we established an FI production structure in 2010 that can locally produce one million units.

We are also pursuing PRO-10 (cost reduction) activities through concurrent engineering and by making motorcycle parts interchangeable across Asia, to establish both product competitiveness and profitability in our ASEAN motorcycle business.

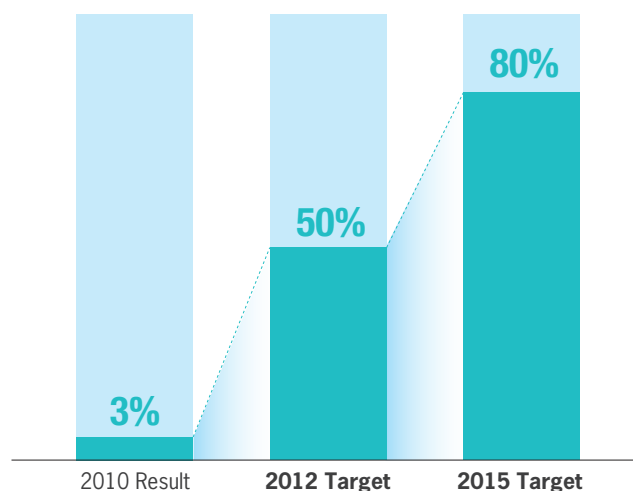
Promoting FI-equipped models

Faced with sharply higher fuel costs, improved fuel efficiency is a major factor in the ASEAN markets. The Yamaha Motor group is accelerating the shift from conventional models that use carburetors to a highly fuel-efficient fuel injection system that incorporates our proprietary technology, while at the same time aggressively introducing models equipped with our YM-JET-FI fuel injection system for scooters and commuter vehicles. We are also working to establish an even stronger presence in the ASEAN market by developing technologies that aim to improve fuel efficiency by 30% in fiscal 2012 models, and by 50% in 2015 models compared with 2008 models.



YM-JET-FI

Ratio of FI-equipped models



LOCAL REPORT Striving to provide even better products and services

Yamaha Motor's commuter vehicles and other products provide the people of the ASEAN market with fulfilling lives as an important means of everyday transportation. Because people purchase products that they need and that have value, we must continuously strive to provide customers with better products and services at a price they will accept.

The ASEAN region continues to show remarkable growth, but competition is intensifying as other companies strengthen their products and promotional activities. Yamaha Motor is aiming for even higher growth by further enhancing its customer service, qualitatively and quantitatively reinforcing its sales network, and working to continuously strengthen the Yamaha brand.

Eiji Tada, General Manager

Asia Marketing & Sales Division, 1st Business Unit, Motorcycle Business Operations

Activities in Chinese and Indian markets

India:
259,000 units

China:
700,000 units

Yamaha Motor's sales in China and India (2010)

959,000 units

(827,000 units in 2009)

Accelerating launches in affordably priced segment

Using Yamaha Motor's brand image to increase sales

In China and India—the world's largest and second-largest motorcycle markets—we are aggressively introducing affordably priced models utilizing the Yamaha brand image and market presence developed in high-quality, high-value-added models in the ASEAN market, under our unified strategy of "quantitative and qualitative expansion in emerging markets." Our aim is to increase the affordably priced models to 60% of emerging markets by fiscal 2012.

As a first step, we launched the affordably priced YB125-Z in August 2010, and in India we introduced the SZ series as a lower-priced version of the popular FZ series. Both models recorded strong sales, and contributed to the motorcycle business's return to profitability in fiscal 2010. We plan to continue to introduce very affordably priced models in both markets from 2011.

HIGHLIGHT Efforts to achieve low prices

Underlying the launches of affordably priced models in the highly competitive Chinese and Indian markets is the Yamaha Motor group's proprietary parts procurement and manufacturing system, which was established as part of the business restructuring under the Medium-Term Management Plan.

As one part of the PRO-10 (cost reduction) activities to maintain "product competitiveness and profitability" under the plan, a framework is being established across Asia for low-cost production and procurement by accelerating parts procurement in China and India, the use of common platforms and making motorcycle parts interchangeable.

Going forward, we plan to export these affordably priced models produced in China and India to markets in Turkey and Africa, introduce models with common specifications in the ASEAN and Central and South American markets, and roll out affordably priced Asian models globally.



YB125-Z



SZ-X