YAMAHA FACT BOOK 2005












YAMAHA

The “Yamaha Fact Book 2005” has been produced to help you gain a better understanding of what Yamaha Motor is doing today.
Although this publication is targeted at people working for the press and other mass media, we have taken other readers, both inside and outside the company, into consideration in preparing the booklet. We hope you will find it a useful guide to our diverse activities worldwide.

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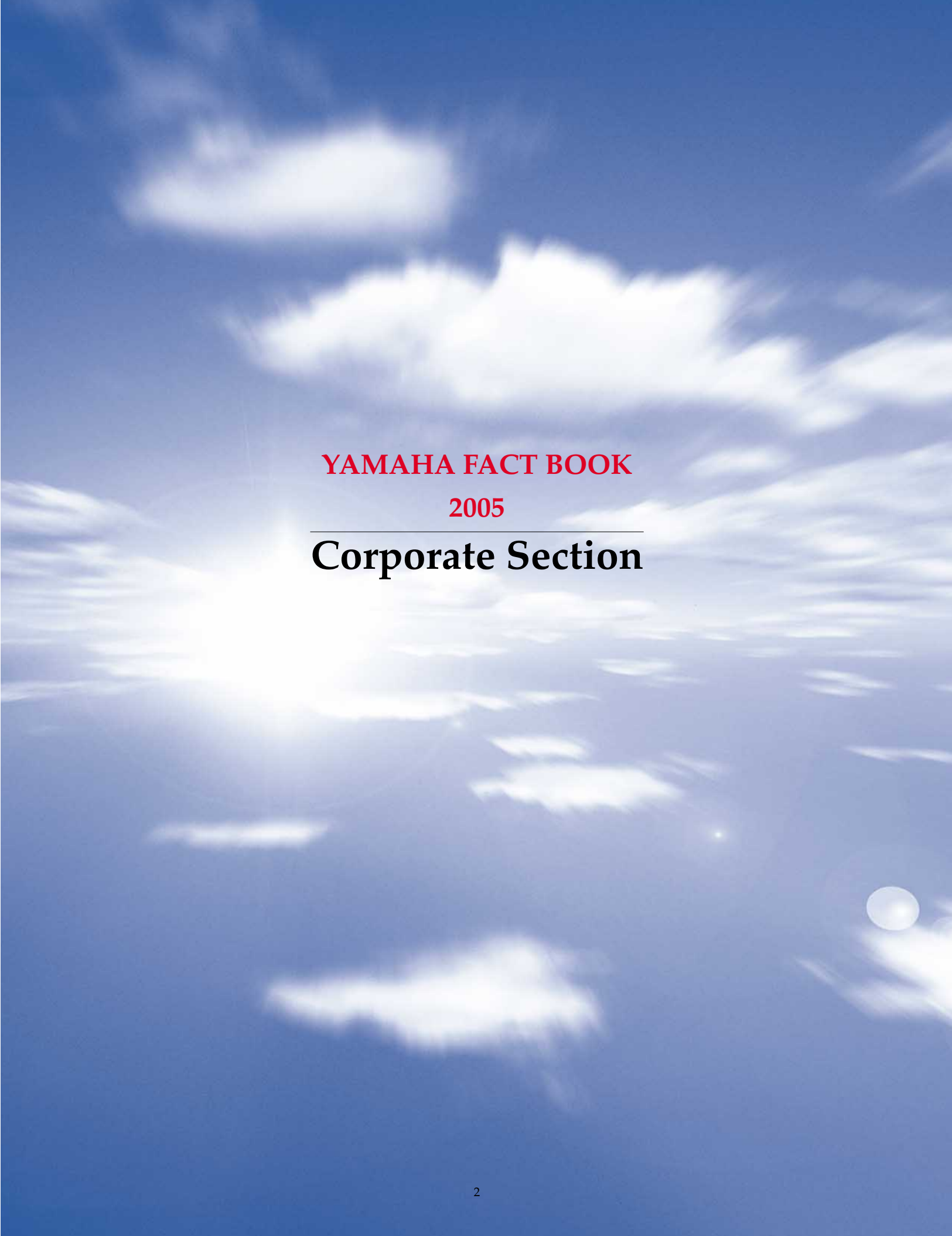


YAMAHA FACT BOOK

2005

Corporate Section

Consolidated Business Performance in the Fiscal Period Ended December 31, 2004

Performance Overview

During the fiscal period ended December 31, 2004, there was growing uncertainty over the Japanese economy, due to the appreciation of crude oil prices and a number of natural disasters that took place in Japan, although exports and private sector capital investment expanded. Overseas, the economy in Asia continued to expand, while the U.S. economy has been growing stably, led mainly by steady consumer spending and capital investment, and the European economy also has been enjoying firm domestic consumption, principally reflecting favorable consumer spending.

Under such circumstances, Yamaha Motor focused on groupwide reforms during the fiscal period — the final year of the Company's medium-term management plan NEXT50 — thus aiming to establish a profitable corporate structure. In this initiative, the Company continued to make an all-out effort to address three key priorities, namely: improving profitability, attaining growth and enhancing the financial structure.

Specifically, the Company worked harder to improve profitability by implementing manufacturing reform on the system-supplier system, which integrates the manufacturing, development and purchasing capabilities of each key product module, and by spreading cost consciousness groupwide. In Europe and the United States, the Company introduced new, more competitive motorcycle and outboard motor models. The Company also expanded the exports of surface mounters to China and other Asian nations. In the ASEAN motorcycle market, the Company aggressively launched new models, expanded sales channels and made efforts to establish a solid brand status in the market, among other measures, in order to ensure growth in the region. Meanwhile, in Japan, the Company took on the challenge of developing biotechnology-related businesses with high growth potential during the period. To enhance the financial structure, the Company continued to promote its supply-chain management activities and effective fund operations groupwide.

Due to favorable results in the motorcycle and other business segments, consolidated net sales for the fiscal period ended December 31, 2004 — an irregular nine-month accounting period — still remained substantially the same as those in the previous year, and totaled ¥1,012 billion. Recurring profit amounted to ¥70.4 billion, and net income totaled ¥38.2 billion for the period. Reviewing the reference figures provided by a twelve-month conversion, net sales and operating income rose, by 15.3%, to ¥1,176.8 billion, and by 21.4%, to ¥88.8 billion, respectively.

*The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, in some items, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Review by Business Segment

[Motorcycles]

In Japan, demand for motorcycles was low in general. Sales of large scooters, which had enjoyed favorable growth, reversed course, decreasing during the fiscal period. Sales of small scooters were also stagnant, due to intensified competition.

Overseas, demand in Southeast Asia continued to grow steadily. The Company achieved particularly significant sales increases in Indonesia, Thailand and Vietnam, by enhancing the product lineup, including small, automatic models featuring four-stroke engines — the Mio and NOUVO; promoting an aggressive branding campaign; and expanding sales channels.

Meanwhile, in the United States and Europe, sales of large motorcycle models such as the YZF-R1were robust.

As a result, motorcycle sales for the fiscal period ended December 31, 2004 totaled ¥580.8 billion, and operating income amounted to ¥21.9 billion. On a twelve-month conversion basis, sales and operating income increased, by 18.9%, to ¥637.3 billion, and by 21.3%, to ¥26.2 billion, respectively.

[Marine Products]

In Japan, demand for pleasure boats was sluggish. However, demand for two-horsepower-and-under outboard motors increased, due to a change in the operator license system. Thus, while sales of domestic outboard motors were slow, unit sales nevertheless expanded.

Overseas, outboard motor sales rose in Europe and remained robust in the United States, due to the expansion of the product lineup for environmentally friendly four-stroke models. For personal watercraft, four-stroke models showed steady sales growth in the product's mainstay market, the United States.

Consequently, marine product sales totaled ¥177.9 billion, and operating income amounted to ¥14 billion. On a twelve-month conversion basis, sales and operating income rose, by 8.2%, to ¥227.2 billion, and by 22.4%, to ¥20.2 billion, respectively.

[Power Products]

In Japan, sales of generators increased, spurred by demand growth for the models as an emergency power supply. However, sales of golf cars were down, due to sluggish demand and lower prices.

Overseas, sales of all-terrain vehicles rose substantially in the United States and also expanded significantly in Europe. All-new side-by-side vehicles enjoyed favorable sales growth, with the Rhino 660 winning acclaim in the United States. Snowmobile sales increased steadily in the United States as well.

Accordingly, sales of power products reached ¥163.2 billion, and operating income totaled ¥22.8 billion. On a twelve-month conversion basis, sales and operating income increased, by 8.9%, to ¥197.6 billion, and by 6.4%, to ¥26.6 billion, respectively.

[Other Products]

Sales of surface mounters rose significantly, led by the introduction of new production equipment for digital appliances, centering in China and other Asian nations, coupled with expanded demand for automobile electronic parts in Japan. Sales of automobile engines also climbed, reflecting increased demand for Toyota's models and the new supply of Volvo's models. Amid declining demand in the market, sales of electro-hybrid bicycles remained substantially the same as the previous year, due to favorable sales for the New PAS Lithium, featuring a compact, lightweight lithium ion battery.

In total, sales in this product segment stood at ¥90 billion, and operating income amounted to ¥11.5 billion. On a twelve-month conversion basis, sales and operating income rose, by 23.5%, to ¥114.6 billion, and by 57.4%, to ¥15.9 billion, respectively.

Key Priorities the Company Must Address

Business conditions surrounding the Yamaha Motor Group will remain unpredictable, reflecting the slowdown in the economic recovery in Japan due to such negative factors as the appreciation of crude oil prices, increased raw material costs and the stronger yen against the U.S. dollar, coupled with increasing concern about a possible deceleration of the economic expansion elsewhere in Asia, Europe and the United States.

Against this backdrop, in January 2005 the Group initiated a new three-year medium-term management plan, "NEXT50-Phase II." The new plan is designed to build on the profitable structure the Group established in the previous medium-term management plan, NEXT50, and set the stage for further growth for the NEXT50 years.

With NEXT50-Phase II, the Group is implementing a business strategy intended to balance value, profitability and growth, thus making Yamaha the market's exclusive brand. Specifically, the Group will address the following key management issues.

1. Creating value that differentiates Yamaha

The Group aims to attain both further growth and profitability through four commitments: enhancing customer value by focusing on a branding strategy; increasing social value by fulfilling its corporate social responsibilities; raising shareholder value; and vitalizing the personnel and organizations of the Group.

2. Continuing the profit-oriented approach

The Group is continuing the profit-oriented approach established in the original NEXT50, aiming to steadily expand profits for businesses in Europe and the United States; maintain and expand the high profitability of the surface mounter business; continue and enhance cost reduction realized through the implementation of the system-supplier system groupwide; and promote high-value-added marketing.

3. Maximizing opportunities for business growth

Building on its solid, profitable structure, the Group will strive to maximize its opportunities for business growth, by expanding the motorcycle business in the ASEAN region; restructuring the business foundation in Brazil, India and China while developing the Russian market; and entering new domains, including the biotechnology and electric vehicle businesses.

Corporate Facts

Founded:	July 1, 1955
Capital:	¥46,362 million
President:	Takashi Kajikawa
No. of employees:	Non-consolidated basis: 8,099 Consolidated basis: 36,668
Head office:	2500, Shingai, Iwata, Shizuoka 438-8501, Japan
Lines of business:	Manufacturing and marketing of motorcycles, outboard motors, boats, personal watercraft, all-terrain vehicles, snowmobiles, automobiles engines, industrial robots and other products; management of sporting, leisure and recreational facilities, and related businesses
Yamaha Motor Group:	Number of consolidated subsidiaries: 96 (Japan: 28 overseas: 68) Number of non-consolidated subsidiaries accounted for by the equity method: 21 Number of non-consolidated affiliates accounted for by the equity method: 30

Yamaha Motor Co., Ltd.
Iwata Head Office


Takashi Kajikawa, President and Representative Director

As of December 31, 2004

Corporate Mission

We Create *Kando* — Touching Your Heart

Yamaha Motor is committed to delivering a new level of excitement and helping bring fulfilling lives to people the world over.

What Is *Kando*?

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

At Yamaha Motor, we believe that *Kando* can be generated by products and services that surpass customers' expectations.

Yet for all the emotional elevation *Kando* provides, the feeling can be short-lived, and people may be touched only for a moment.

Therefore, our challenge is to make sure that all our products and services genuinely thrill, impress, and touch customers' hearts — the first time and every time.

Management Principles

We strive to achieve our corporate mission by adhering to three principles:

1. Surpassing customer expectations

We must remain keenly aware of customers' evolving needs, in order to provide them with quality products and services of exceptional value that surpass their expectations.

We can and will earn a fair profit by making all-out efforts to satisfy our customers.

2. Establishing a corporate environment that fosters self-esteem

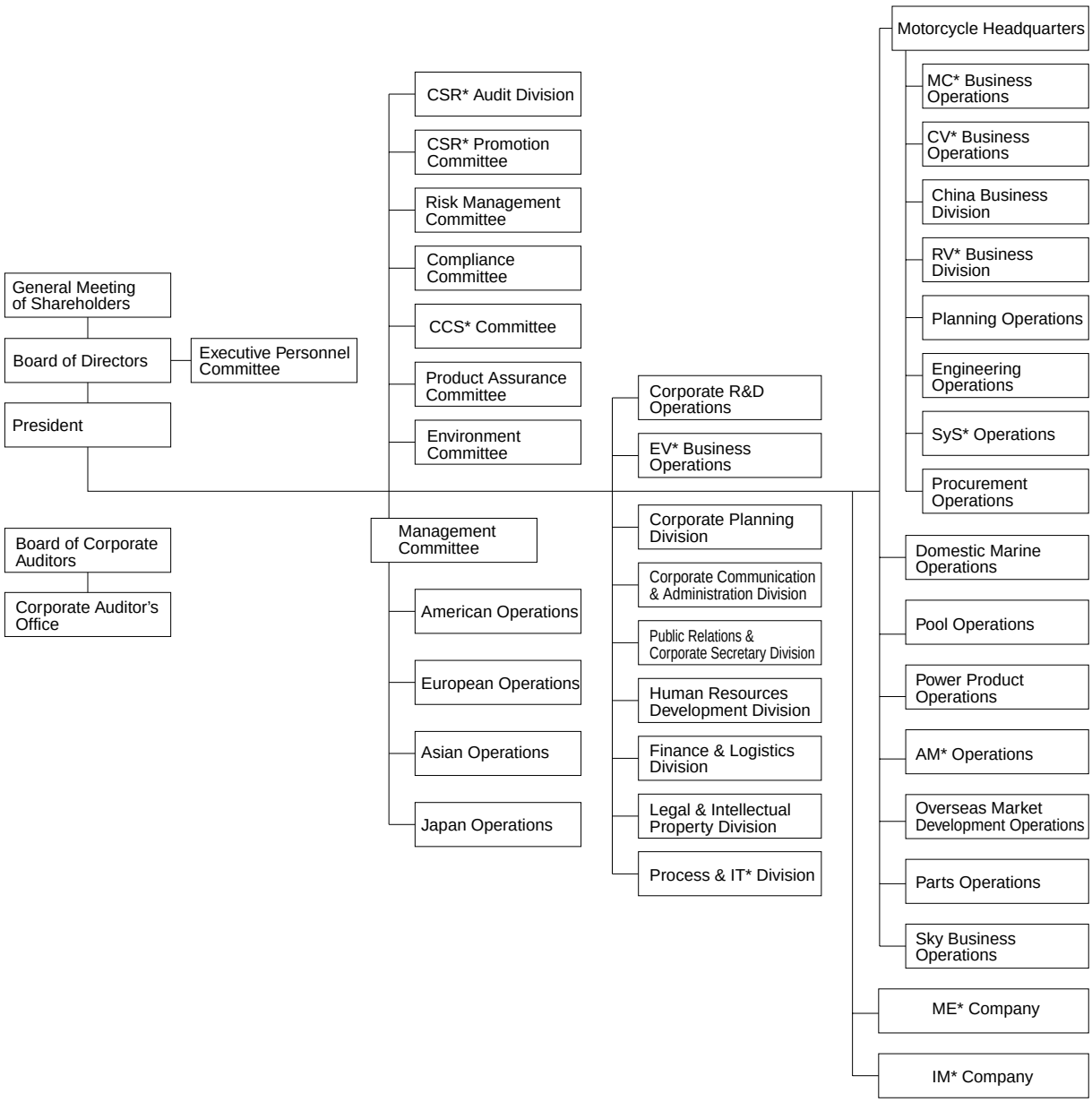
Our corporate environment should be peopled with autonomous, empowered employees. In cultivating our employees' creativity and abilities, we will establish an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We will work locally to better the social environment, and think globally in helping preserve the natural environment.

Organization Chart

(As of April 1, 2005)



*Abbrevations:

CSR: Corporate Social Responsibility
CCS: Customer & Community Satisfaction
EV: Electric Vehicle
IT: Information Technology
MC: Motorcycle
CV: Commuter Vehicle
RV: Recreational Vehicle
SyS: System Supplier
AM: Automobile Engine
ME: Marine Engine
IM: Intelligent Machinery

Board of Directors, Corporate Auditors and Corporate Officers

(As of April 1, 2005)

Board of Directors

Chairman and Director
Toru Hasegawa

President and Representative Director
Takashi Kajikawa
In charge of Brand Promotion

Senior Managing Director and Representative Director
Tsuneji Togami
In charge of Technology and Manufacturing, Senior General Manager of MC Headquarters and President of IM* Company*

Managing Director
Hiroyasu Miyao
In charge of Technology and Senior General Manager of EV Operations*

Directors

Shuji Ito

Wataru Suzuki
Senior General Manager of CV Business Operations, MC* Headquarters, and Senior General Manager of Asian Operations*

Yukio Suganuma
In charge of Finance and Personnel, Division Manager of Corporate Planning Division and Senior General Manager of Japan Operations

Shohei Kato
In charge of Marketing, President of the ME Company and President of Yamaha Marine Co., Ltd.*

Toyoo Ohtsubo
Division Manager of Legal & Intellectual Property Division and Division Manager of Process & IT Division*

Takaaki Kimura
Senior General Manager of AM Operations*

Shinji Terashita
Senior General Manager of MC Business Operations, MC* Headquarters*

Corporate Auditors

Haruhiko Wakuda (Standing)

Hiroshi Tanaka (Standing)

Masayoshi Furuhata

Naomoto Ohta

Corporate Officers

Akira Araki
Senior General Manager of SyS Operations, MC* Headquarters*

Osamu Hayata
Division Manager of CSR Auditing Division*

Toshimitsu Iio
Assistant Senior General Manager of Asian Operations and President of Yamaha Motor Asian Center Co., Ltd.

Tetsuo Uchiyama
President of Yamaha Motor do Brasil Ltda. and President of Yamaha Motor da Amazonia Ltda.

Masahiro Inumaru
Senior General Manager of European Operations and President of Yamaha Motor Europe N.V.

Kazuo Uchiyama
Senior General Manager of Sky Business Operations

Toru Watabiki
Senior General Manager of Planning Operations, MC Headquarters*

Akira Sano
Senior General Manager of American Operations and President of Yamaha Motor Corporation, U.S.A.

Noritaka Shibata
Senior General Manager of Parts Operations

Takashi Tsuchiya
Senior General Manager of China Business Operations, MC Headquarters, and Senior General Manager of Power Product Operations*

Masao Furusawa
Senior General Manager of Engineering Operations, MC Headquarters*

Nobuaki Shiraishi
Senior General Manager of RV Business Operations, MC* Headquarters*

**Abbreviations:*
MC: Motorcycle
IM: Intelligent Machinery
EV: Electric Vehicle
CV: Commuter Vehicle
ME: Marine Engine
IT: Information Technology
AM: Automobile Engine
SyS: System Supplier
CSR: Corporate Social Responsibility
RV: Recreational Vehicle

New Three-Year Medium-Term Management Plan

Yamaha Motor initiated a new three-year medium-term management plan — NEXT50-Phase II — to run from January 1, 2005 through December 31, 2007, in order to attain further growth and profitability. An outline of NEXT50-Phase II is as follows.

Basic Policy

Building on the profitable structure it has established during the previous medium-term management plan, the Company will implement a business strategy designed to balance value, profitability and growth, making Yamaha the market's exclusive brand.

1. Value: Attaining high profitability in each product business by creating value that differentiates Yamaha from the competition

2. Profitability: Continuing profit-oriented approach

3. Growth: Maximizing growth opportunities in existing businesses in Asia and other markets, and developing new business domains as further growth sources

Vitalizing human resources and organizations to support the NEXT50-Phase II strategies outlined above.

* IM: Intelligent Machinery
** EPS: Earnings per share
***SMART stands for **S**trategic, **M**easurable, **A**ccountable, **R**eturn Max., and **T**imely

Numerical Targets

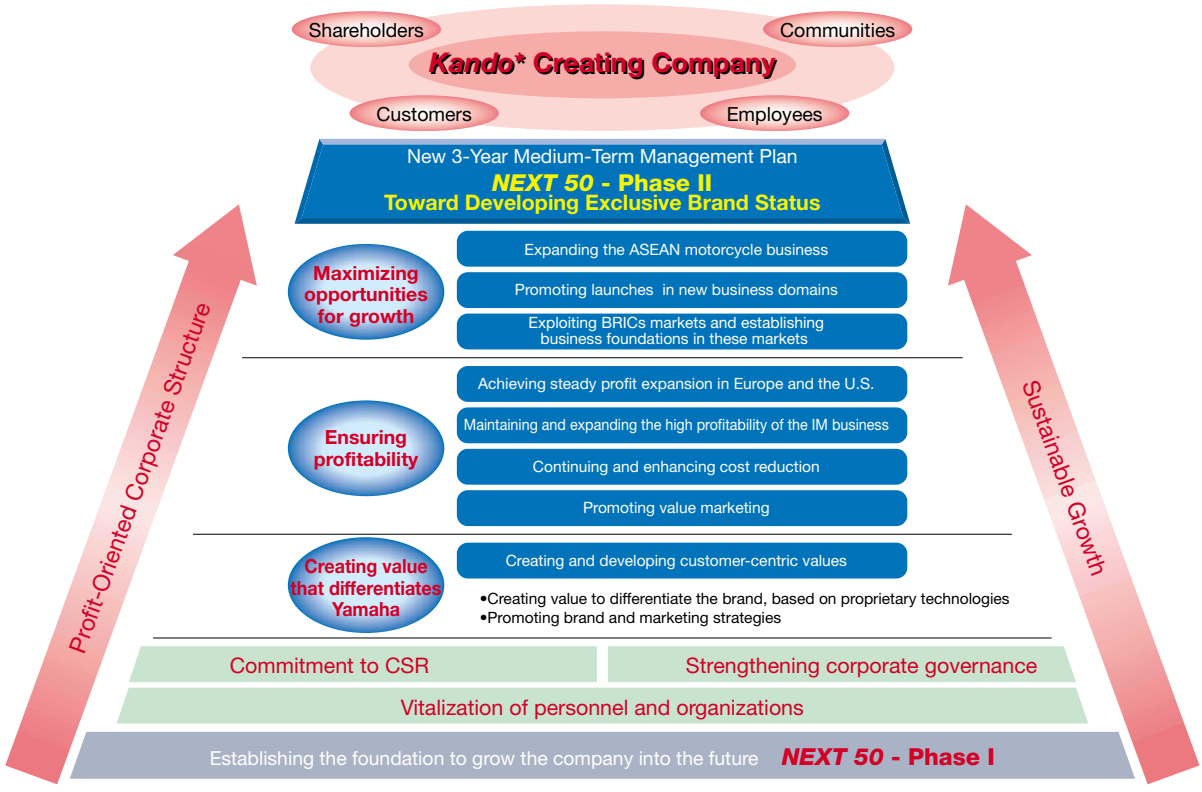
1. Targets for the fiscal year ending December 31, 2007 on a consolidated basis (premised on an exchange rate of 105 yen against the U.S. dollar and 128 yen against the euro)

•Net sales	¥1,450 billion
•Operating income	¥120 billion
•Recurring profit	¥120 billion (Recurring profit margin: 8.3%)
•ROE*	14.7%
•Equity ratio	48.3%
•Interest-bearing debt	¥50 billion (Zero in real terms, offset by cash and deposits in banks)

**ROE: Return on equity*

2. Capital Expenditures

Aggressive investments totaling ¥210 billion during the new medium term, a 60% increase from the previous medium term, to attain higher value, profitability and growth.



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

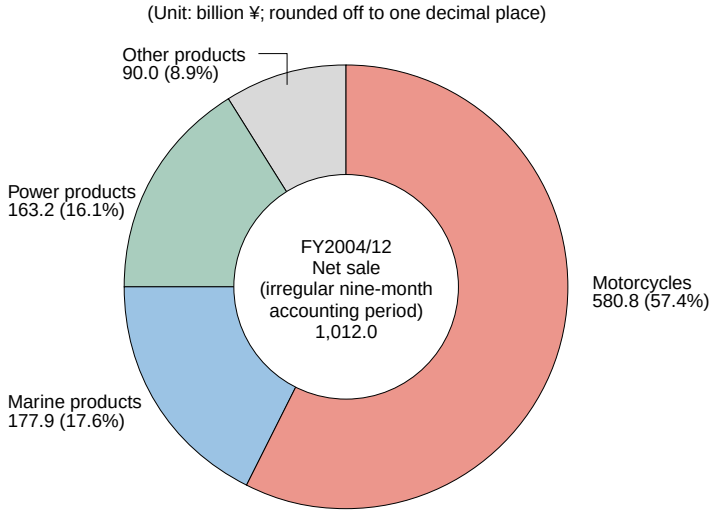
Operating Performance (Consolidated Basis)

(Unit: billion ¥ except exchange rate; rounded off to one decimal place)

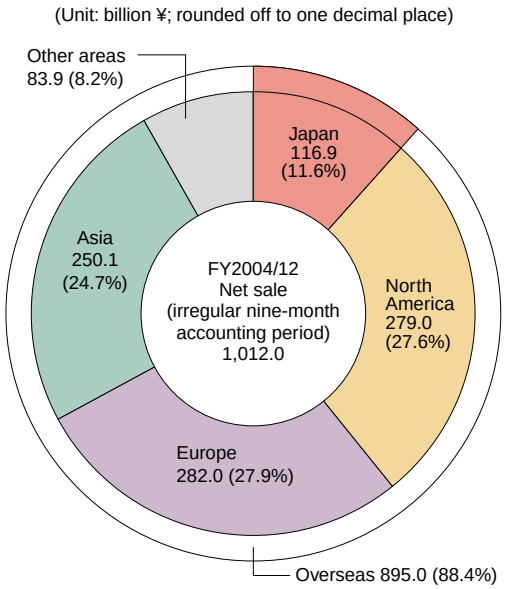
	FY2003/3	FY2004/3	FY2004/12 (irregular nine-month accounting period)	FY2004/12 (twelve-month conversion figures only for reference)	FY2005/12 (plan)
Net sales	1,013.2	1,020.3	1,012.0	1,176.8	1,230.0
Net income	25.6	40.1	38.2	—	47.0
Operating income	67.7	73.1	70.1	88.8	90.0
Recurring profit	67.2	72.3	70.4	—	90.0
Capital expenditures	40.4	43.4	45.7	57.8	69.3
Depreciation expenses	36.5	35.4	30.8	36.5	42.7
Research and development expenses	56.0	62.8	51.4	—	—
Interest-bearing debt	199.4	118.5	120.6	—	—
Exchange rate (¥: US$/euro)	123/117	114/128	109/133	108/132	102/133
Percentage of overseas sales	84.0%	84.9%	88.4%	86.6%	86.5%
Percentage of motorcycle sales	52.3%	52.5%	57.4%	54.2%	55.9%
Number of consolidated subsidiaries	99	97	96	—	—
ROE	14.9%	18.7%	14.0%	—	—
Net cash provided by operating activities	84.2	88.2	43.4	—	—
Net cash provided by (used in) investing activities	(39.4)	(34.3)	(44.3)	—	—
Net cash provided by (used in) financing activities	(57.6)	(40.8)	2.1	—	—
Cash and cash equivalents at the end of the year	23.8	35.2	38.9	—	—

Note: The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, in some items, the Company provided the twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Sales Breakdown by Business (Consolidated Basis)



Sales Breakdown by Region (Consolidated Basis)



Change in Number of Employees

At the end of fiscal year		1999/3	2000/3	2001/3	2002/3	2003/3	2004/3	2004/12
Number of employees	Yamaha Motor (average age)	8,486 (39.8 years old)	8,350 (39.7 years old)	8,278 (40.0 years old)	8,198 (40.0 years old)	8,168 (40.2 years old)	8,078 (40.5 years old)	8,099 (40.7 years old)
	Head office employees on loan to outside firms*	2,102	—	—	—	—	—	—
	Consolidated companies	15,393	17,413	18,162	22,794	23,898	25,616	28,569
	Total	25,981	25,763	26,440	30,992	32,066	33,694	36,668

*Since the end of fiscal 1999, head office employees on loan to outside firms have been counted as employees of the companies to which they were assigned.

Change in Wage (Yamaha Motor Co., Ltd.)

Fiscal year		2000/3	2001/3	2002/3	2003/3	2004/3	2004/12	2005/12
Wage	Average wage	¥308,295	¥305,989	¥309,520	¥312,374	¥314,552	¥307,308	¥309,674
	Wage rise	¥8,500	¥6,800	¥6,700	¥5,600	Payment for wage system maintenance	Payment for wage system maintenance	Payment for wage system maintenance
	(Rate)	(2.76%)	(2.22%)	(2.16%)	(1.79%)	—	—	—
	Bonuses	5.5-month payments	5.5-month payments	5.5-month payments	5.5-month payments	5.7-month payments	5.7-month payments	5.8-month payments

Change in Number of Recruited Graduates (Yamaha Motor Co., Ltd.)

Fiscal year	2000/3	2001/3	2002/3	2003/3	2004/3	2004/12	2005/12	2006/12 plan
Graduates of four-year colleges and graduate schools	52	48	51	68	111	132	112	130
(Office work, marketing)	(22)	(17)	(6)	(26)	(36)	(35)	(22)	(30)
(Engineering, production-related work)	(30)	(31)	(45)	(42)	(75)	(97)	(90)	(100)
Two-year/technical college graduates	15	19	19	17	19	13	8	100
High school graduates	104	83	84	81	54	21	30	
Total	171	150	154	166	184	166	150	230

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Product Business Section

Motorcycles

Product Profile

Motorcycles are convenient personal commuter vehicles for daily use. They also serve in utility applications, including the transportation of goods, and are popular worldwide for such leisure uses as touring and racing.

Reference

In Japan, a driver's license is required to ride a motorcycle on a public road. There are four types of driver's license for motorcycles, classified by engine displacement:

50cc and under:	Motorized bicycle (moped)
51 to 125cc:	Standard motorcycle with small-size engine
126 to 400cc:	Standard motorcycle
401cc and over:	Large motorcycle

Applications (User Profile)

Demand for motorcycles in utility applications is growing, mainly for newspaper and other door-to-door delivery purposes, where distinguishing features such as agility, space-saving design and energy-saving performance make the motorcycle a desirable solution. Meanwhile for leisure uses, motorcycle demand is expanding for on-road touring and racing, as well as for off-road riding. In recent years, scooters of various engine sizes have also been gaining popularity worldwide, primarily among young people, who favor them as commuter vehicles.

Background of the Business

During World War II, Nippon Gakki Co., Ltd. (presently Yamaha Corporation) was manufacturing aircraft propellers for the military by maximizing its woodworking expertise. During Japan's post-war restoration, the company was seeking peaceful applications for its manufacturing machinery when Genichi Kawakami, then President of Nippon Gakki, decided to manufacture motorcycles. This decision was reached after extensive market studies and comparison of a number of candidate products such as sewing machines and motorized tricycles. Yamaha's first motorcycle model, born after numerous prototypes, was the YA-1, featuring a 2-stroke 125cc engine. To mass-produce and market the YA-1, Yamaha Motor Co., Ltd. was established on July 1, 1955. Nicknamed the "Red Dragonfly," the YA-1 became wildly popular.

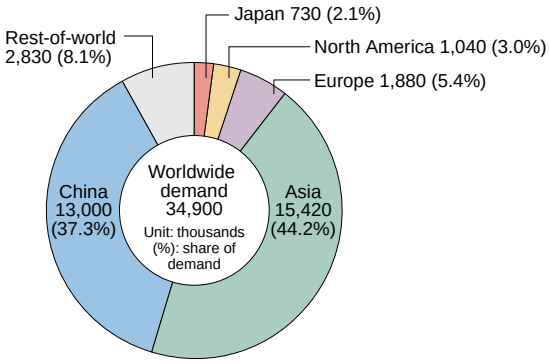
In its first entries on the racing circuit, the YA-1 made a dramatically successful debut, winning the championship in the Mt. Fuji Climbing Race and the Mt. Asama All-Japan Endurance Motorcycle Race, two of the major motorcycle races in Japan at that time. In the 1960s, Yamaha motorcycles competed in the World Championship Road Racing series. Through its aggressive performance in motorcycle racing, Yamaha Motor gained the expertise to develop and manufacture a highly acclaimed line of motorcycles to a global standard. Yamaha Motor has since expanded its product lineup from on-road bikes to off-road models and scooters, thus gaining a wider fan base for Yamaha motorcycles.

Current Business Conditions — Product Features and Technologies

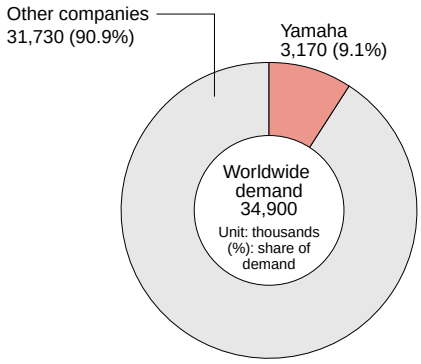
Yamaha Motor's big sportbikes are very popular in Europe and the United States. In those markets, a number of these motorcycles have been well received, including the YZF-R series, which boasts superb cornering performance and delivers the ultimate fun in motorcycle handling, and the Star series, Yamaha's exclusive cruiser models.

Yamaha's big scooters, such as the 250cc Majesty and the 500cc TMAX, are also acclaimed worldwide. These larger scooters, based on new values, satisfy the emerging needs of the era and keep the company a step ahead of the competition.

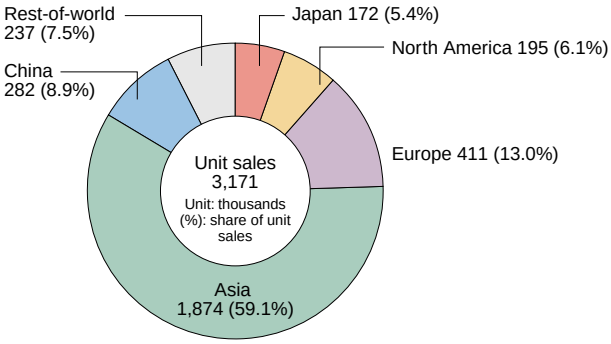
FY2004/12 regional breakdown of worldwide demand[*1]



FY2004/12 unit sales by manufacturer[*1]

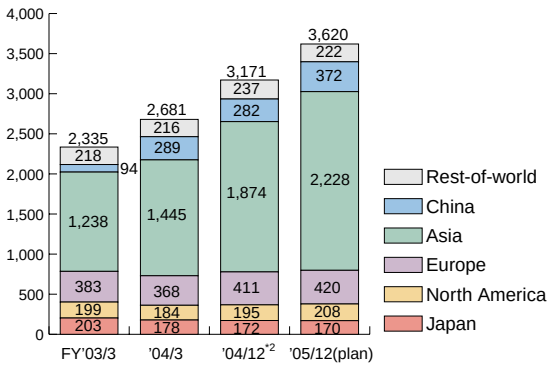


FY2004/12 Yamaha unit sales by region (consolidated basis)



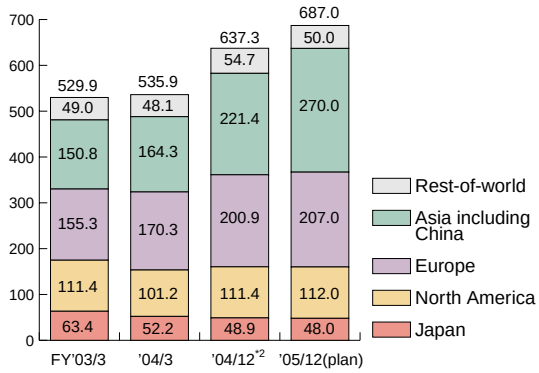
Yamaha unit sales (consolidated basis)

Unit: thousands



Yamaha sales by region (consolidated basis)

Unit: billion ¥



Notes: *1 Yamaha surveys

*2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Environmental Response

Yamaha Motor makes environmental preservation its top priority, moving quickly to comply with regulations proposed by governments around the world — before they are implemented. On the technology front, the company has developed an original exhaust gas purification system, incorporated in both 2-stroke and 4-stroke engines, designed to achieve cleaner emissions. Yamaha Motor has also released the Passol and EC-02, new, all-electric, zero-emission commuter vehicles.

Manufacturing Reform

Yamaha Motor is focusing companywide efforts on manufacturing reform, in order to reduce cost and deliver excellent products to consumers more quickly, at more affordable prices. As part of the effort, the company has transferred production of 50cc scooters — totaling about 150,000 units — from Japan to a subsidiary in Taiwan.

The company established Yamaha Motor Asian Center Co., Ltd. (YMAC) in Thailand in April 2001, in a move to hone its competitive edge in the ASEAN region. YMAC is responsible for integrating and supervising motorcycle planning and development operations, as well as parts and materials production and procurement for the entire Asian region. At the same time, Yamaha Motor Asia Pte. Ltd. (YMAP) — established in Singapore in 1998 — was converted to a dedicated financial services center, in charge of payment settlement, and investment and loan operations. Yamaha Motor plans to use the synergy of these companies as a springboard to manufacture and sell ASEAN models — such as the new-genre automatic commuter vehicle NOUVO and the Mio — to efficiently implement local procurement, and to aggressively promote cross-trading. Thus, the reform is designed to enhance overall competitiveness in the ASEAN region.

Yamaha Motor made its joint-venture company in India a wholly owned subsidiary in June 2001, and renamed it Yamaha Motor India Private Limited (YMI). The new company aims to increase Yamaha brand penetration in the market and expand the business to meet growing motorcycle demand in India.

In China, the company established Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. in May 2004. Through the new sales company, Yamaha Motor is striving to enhance the Yamaha brand lineup, provide after-sales service and raise the brand image, thus aiming to expand sales in the region.

Next-Generation Transportation System

Yamaha Motor is an active player in zero-accident projects and other research toward eliminating traffic collisions. The company is producing experimental vehicles for the ASV (Advanced Safety Vehicle) development project, organized by the Japanese government to improve motorcycle safety. In November 2000, the company developed the Yamaha ASV-2 experimental vehicle, based on the Majesty 250cc scooter platform. The Yamaha ASV-2 features numerous accident prevention and safety support functions, such as an infrared laser vehicle-to-vehicle communication system to warn motorists whenever the motorcycle comes into close proximity with their automobiles.

Major Markets

Japan

The flourishing scooter boom subsided once the motorcycle helmet law was enacted; meanwhile, the so-called "Three No Campaign"* has gained momentum since the 1980s. Another significant factor in the declining popularity of scooters is the falling birth rate and consequent rapid decrease in the youth population. In addition, consumer preferences have been diversifying. Thus, in the Japanese market, motorcycle demand has dropped to about 1/4 its peak level (3,280,000 units in 1982). Today, 50cc scooters, which account for about half the demand in the domestic market, are used as daily commuter vehicles. Also, a growing number of people, centering on middle-aged riders, now enjoy touring on bigger bikes and scooters.

***The "Three No" Campaign**

In an effort to prevent motorcycle accidents and deter reckless motorcycle riding among high school youth, in the 1970s some high schools began promoting a "Three No" campaign with the slogans, "No motorcycle license," "No motorcycle riding," and "No motorcycle buying." The All-Japan High School PTA Federation supported the movement and spread it nationwide. However, to many people, the "no, no, no" message embodied an overly regimented education system. Backlash against the approach, combined with the government's introduction of a new traffic safety education curriculum, slowed the campaign in the late 1990s.

U.S.A.

In the United States, many people enjoy cruising open stretches of road across vast expanses of land on long, low-riding cruiser bikes. Meanwhile, the popularity of outdoor recreation and off-road racing has helped boost the sales of off-road motorcycles in the U.S.A. Supported by the dynamic purchasing power of baby boomers and Generation Y "Echo Boomers," motorcycle demand in the U.S. has been rising over the past several years.

Europe

Europe, the birthplace of motorcycles, has a well-developed, solid motorcycle culture. Here, all types of motorcycles enjoy great popularity, from motorized bicycles called "mopeds" to big sport bikes. With deregulation of the license systems in Europe in conjunction with the integration of the EU, it became legal in 1996 for drivers with automobile licenses to ride motorcycles with engines smaller than 125cc. (Before the revision of the law, the limit was 50cc.) This deregulation set off a scooter boom, stimulating an expansion in demand.

Although demand for motorcycles had been growing year after year in Europe, negative effects arising from revisions of law, such as the change in Italian legislation requiring riders of 50cc motorcycles to wear helmets, have slightly dampened demand, mainly for 125cc and smaller motorcycles.

China

In response to the shift to China by Japanese motorcycle manufacturers in the 1980s, more than 10 government joint-venture companies were established to begin local production. In addition, local motorcycle manufacturers entered the market, raising the total number of producers in China to more than 100. Total motorcycle demand in the country now exceeds 10 million units (most of which are used as daily commuter vehicles), making China the largest market in the world.

Meanwhile, in the past several years, the Chinese motorcycle market has been facing the new problem of imitation products, designed to resemble Japanese motorcycles. These are not only sold at home but also exported illegally mainly to nations in Southeast Asia, as the problem evolves into an international issue.

Southeast Asia

The period from 1980 through the 1990s was the incipient era of motorization, mainly for Indonesia, Thailand and Vietnam, and demand for motorcycles for use in the transportation of goods rose rapidly. Local joint-venture companies established by Japanese manufacturers further spurred the demand growth. In 1997, the currency crisis erupted in Southeast Asia, temporarily pushing demand down. However, total demand is now rebounding, following the recent recovery of the region's economies. The mainstay motorcycles in Southeast Asia are 4-stroke models with engine displacement of about 110cc, popular for their agility, and available at affordable prices. These models are enjoying brisk sales to consumers in the region looking for convenient, everyday commuter vehicles.

India

Since India was not affected by the currency crisis that shook Southeast Asia, demand has continued steadily upward, making this motorcycle market the second largest in the world. In India, as in other Asian nations, fuel-efficient 4-stroke models with engine displacement near 100cc are popular as a means of daily transportation.

Production Bases

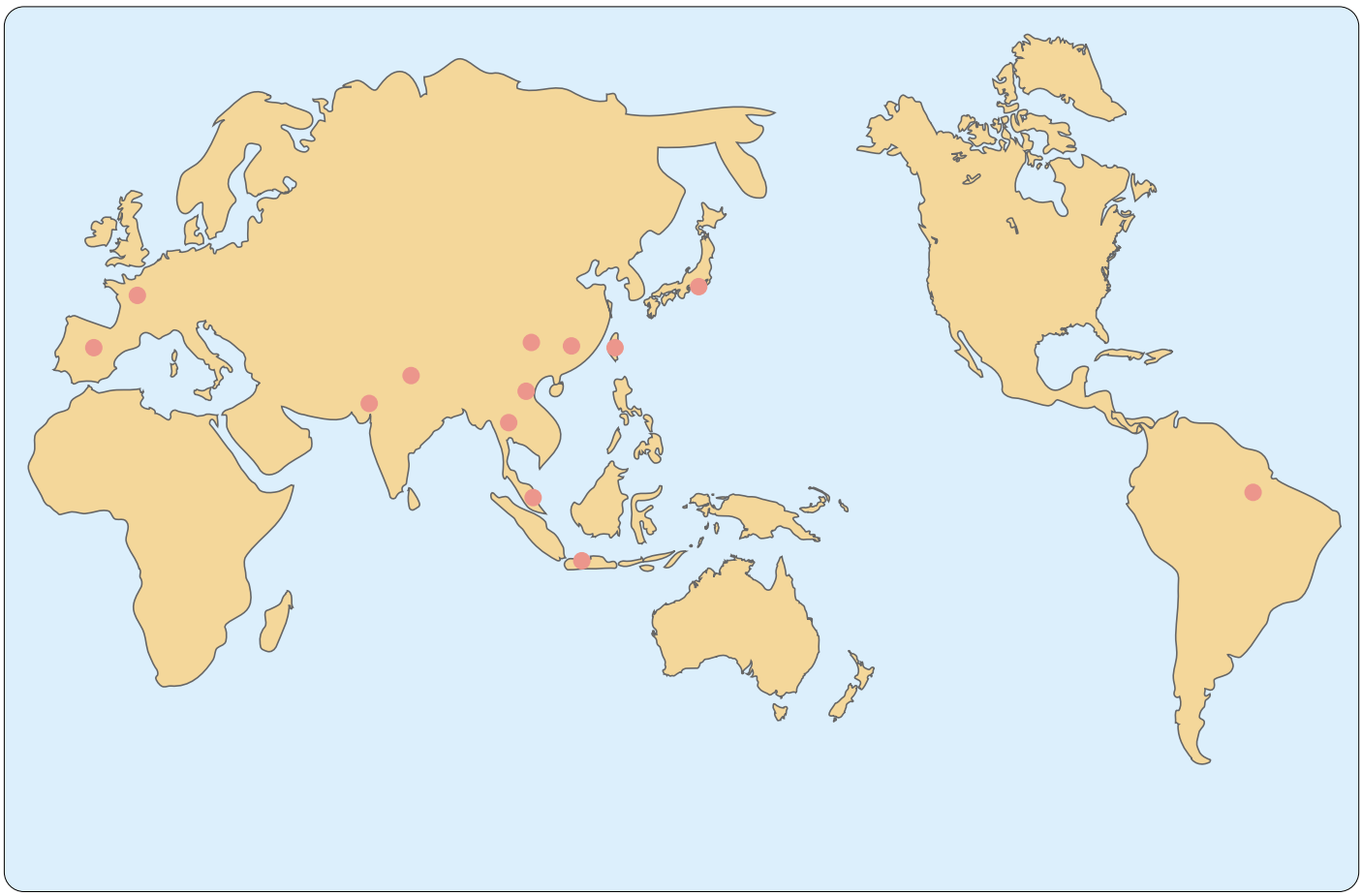
Japan: 1st Iwata Factory at the Head Office

Europe: France, Spain

Asia: Indonesia, Thailand, Malaysia, Vietnam, India, Pakistan, Taiwan, China

Latin America: Brazil

Excludes completed vehicle assembly factories and factories that receive technical assistance from Yamaha Motor.



Major Models

YZF-R1

YZ250F
Manufacturer's suggested retail price of Japanese model: ¥607,950

XV1700 Road Star

TMAX
Manufacturer's suggested retail price of Japanese model: ¥849,450

NOUVO

Vino
Manufacturer's suggested retail price: ¥166,950

YBR125

MAXAM CP250
Manufacturer's suggested retail price: ¥630,000

Force

EC-02
Manufacturer's suggested retail price: ¥209,790

Marine Engines

Product Profile

Marine engines used to propel boats can be categorized into three types: outboard motors, stern drives (inboard-outboard motors), and inboard motors.

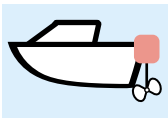
Yamaha Motor primarily manufactures and markets outboard motors for small vessels such as pleasure boats and utility boats. Outboard motors account for more than 90% of the company's marine engine business.

Unlike automakers, who usually produce both the vehicle body and the engine, most manufacturers of marine engines do not produce the boats themselves.

Reference

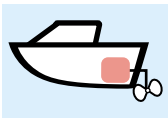
Outboard motor

For small- and medium-size boats. The engine unit is mounted on the outside of the boat, and rotates the propeller to produce propulsion.



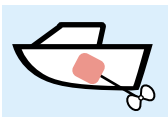
Stern drive (Inboard-outboard motor)

For small- and medium-size boats. The engine is mounted at the stern of the boat, and the drive unit is located outboard.



Inboard motor

For large boats. The engine is installed at the center of the hull, and the driving force is transmitted to the outboard propeller via a shaft.



Applications (User Profile)

Outboard motors for utility applications are mounted on a variety of boats, ranging from small utility boats to medium-size fishing vessels. Many fishermen depend on Yamaha Motor's outboard motors for their livelihood. Yamaha Motor's outboard motors are also used for coastal patrol and water transport applications, including taxi boats.

Outboard motors for leisure applications are used to power a wide range of vessels, from small inflatable rubber boats to medium-size cruisers, and to provide the users with pleasure on the water.

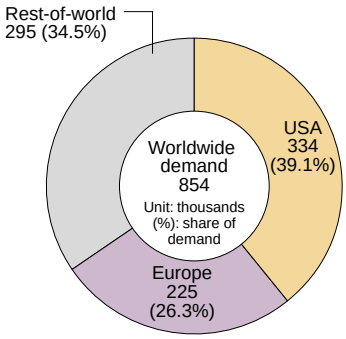
Background of the Business

Yamaha Motor applied its small engine technology to produce the seven-horsepower P-7 outboard motor in 1960. Since then, the company has been expanding the product lineup, while focusing on improving power output, durability, and fuel efficiency, among other features. Today, Yamaha outboard motors are widely used in the fishing industry and for leisure applications. More than 90% of Yamaha outboard motors are exported to markets worldwide, and enjoy an expanding share of the global market.

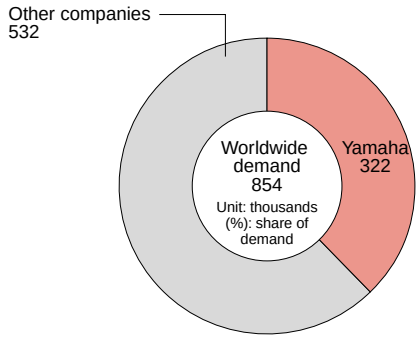
Yamaha outboard motors are used more commonly for leisure purposes in the United States and Europe, while they are essential in fishing and transportation applications in Africa and Southeast Asia. Yamaha Motor has created the Enduro models for utility uses, with the goal of supporting fishery and improving the standard of living in developing countries. For some 40 years the company's OMDO (Overseas Market Development Operations) has been marketing products designed to perform well on local waters, operating under harsh conditions within the constraints of local fuel supplies. OMDO has also helped improve the service system in the markets where it operates.

Outboard Motors[*1]

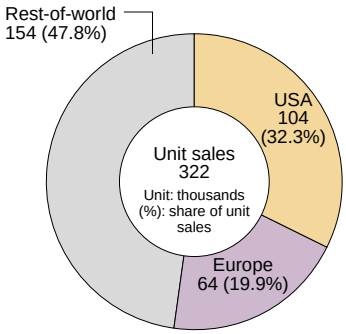
FY2004/12 regional breakdown of worldwide demand[*2]



FY2004/12 unit sales[*2]

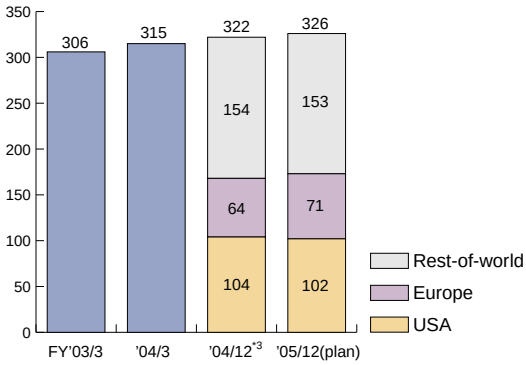


FY2004/12 Yamaha unit sales by region (consolidated basis)



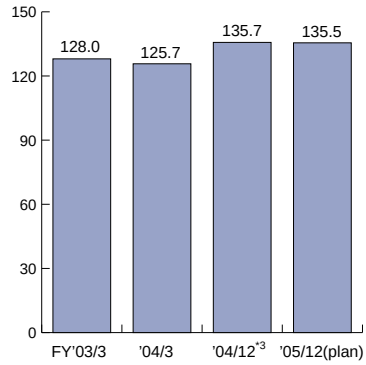
Yamaha unit sales (consolidated basis)

Unit: thousands



Yamaha sales by region (consolidated basis)

Unit: billion ¥



Notes: *1 All the figures in these graphs refer to outboard motors.
*2 Yamaha surveys
*3 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Current Business Conditions — Product Features and Technologies

During its 45 years of operation, Yamaha Motor has continuously expanded its product lineup, which includes 2-stroke models ranging from 2 to 300 horsepower (including environmentally-friendly models) and 4-stroke models producing 4 to 250 horsepower.

The company now offers environmentally-friendly 2-stroke models suitable for high-speed bass fishing boats, while providing 4-stroke models for open-sea sport fishing applications, which demand quiet operation and high fuel efficiency. By meeting the diverse needs of its customers in this way, Yamaha Motor enjoys an excellent reputation in world markets.

Environmental regulations

Yamaha outboard motors comply with the U.S. EPA (Environmental Protection Agency) regulations and the Japan Boating Industry Association voluntary limits, both to be enacted in year 2006.

Production System

Medium- and large-size 4-stroke outboard motors and large-size 2-stroke outboard motors

Yamaha Marine Co., Ltd. (Manufacturing subsidiary)
Location: Hamamatsu City, Shizuoka Prefecture, Japan

Small- and medium-size 2-stroke outboard motors

Yamaha Kumamoto Products Co., Ltd. (Manufacturing subsidiary)
Location: Yatsushiro City, Kumamoto Prefecture, Japan

Small-size 4-stroke outboard motors

MBK Industrie (Manufacturing subsidiary)
Location: Saint-Quentin, France

Representative Models

F150A (4-stroke outboard motor)
Manufacturer's suggested retail price:
¥1,751,400

F25AE (4-stroke outboard motor)
Manufacturer's suggested retail price:
¥416,850

Personal Watercraft

Product Profile

Personal watercraft (PWC) — called water bikes — became popular in the United States in the 1970s, and found their way into Japan in the 1980s. Unlike an outboard motor that uses propellers for propulsion, the PWC draws in water from the intake section located on the bottom of the hull, pressurizes it and shoots it out from the stern to move forward. PWC come in a variety of models, ranging from one to four riders capacity. Some require the rider to stand, while others are driven from a seated position.

Reference

In Japan, an operator's license for special small boats is required to operate personal watercraft.

Applications (User Profile)

The popularity of PWC has spread mainly among youths who ride them for fun and recreation. However, in recent years, larger, more powerful models have been released, influenced by the introduction of jet boats, among other factors. Today, PWC are not only used for riding fun but also for towing water skiers, thus offering a wider leisure range. PWC are also used for rescue operations by lifeguards around the world.

Background of the Business

In 1986, Yamaha Motor developed and introduced a PWC that people could sit on and ride like a motorcycle on water. Until then, cruising and fishing were the mainstream of marine leisure, but the introduction of "water bikes" created new demand for marine products that offer the fun of riding personal craft on water.

Current Business Conditions — Product Features and Technologies

Yamaha Motor's PWC feature a high-stability body for superb performance tearing through the water — created by applying the company's boat-making expertise — and a compact, lightweight yet powerful engine, backed by the company's know-how and experience as a marine engine maker.

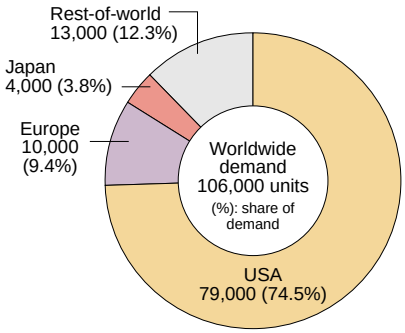
In the spring of 2002, Yamaha Motor introduced the FX140, the first model of its kind in the world to incorporate a 4-stroke engine. The 2003 model lineup included the GP1300R, featuring a 2-stroke E.F.I.* (Electronic Fuel Injection) engine, in compliance with the latest environmental standards. In 2004, the Company released the VX110, designed to meet more diverse customer requirements. Like the motorcycle lineup, Yamaha Motor will continue to expand both types of products: 2-stroke models for excellent acceleration performance, and 4-stroke models offering economical and quiet operation to meet the diverse needs of users who enjoy cruising on the water.

**E.F.I. is a trademark of Toyota Motor Corporation*

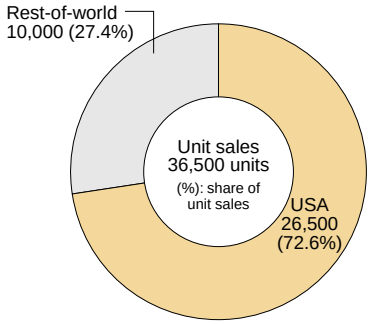
Environmental concerns

To reduce impact on the global environment, Yamaha 2-stroke models are equipped with an exhaust gas treatment system that uses a specially-developed catalyst, while 4-stroke models incorporate an electronic fuel injection system. Both 2- and 4-stroke models meet U.S. EPA (Environmental Protection Agency) regulations and Japan Boating Industry Association voluntary regulations.

FY2004/12 regional breakdown of worldwide demand*1

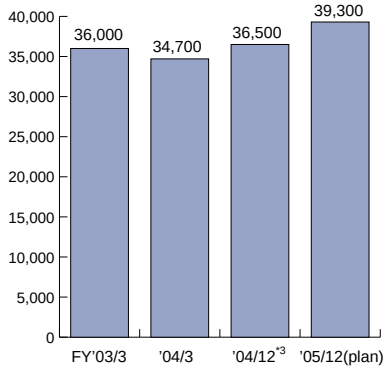


FY2004/12 Yamaha unit sales by region (non-consolidated basis)



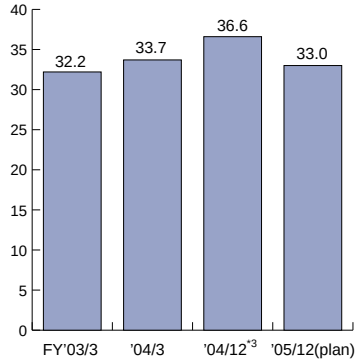
Yamaha unit sales (consolidated basis)*2

Units



Yamaha sales (consolidated basis)*2

Unit: billion ¥



Notes: *1 Yamaha surveys
*2 Includes CKD units for overseas production
*3 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Raising safety awareness

A small number of PWC users are causing problems by operating PWC without a proper license, not wearing lifejackets, generating noise pollution, and ignoring marine etiquette and courtesy. In a bid to ensure the sound growth of the industry, the Personal Watercraft Safety Association (PWSA) was formed in February 1990 in Japan, with the cooperation of the police and pertinent government agencies. Yamaha Motor expands on the work of the PWSA by organizing various activities nationwide, designed to enhance users' awareness and respect for manners on the water. These include efforts to develop effective rules and regulations, as well as cleanup campaigns, safety seminars and water patrols.

Production Bases

Engines: Yamaha Marine Co., Ltd.
(Manufacturing subsidiary)
Location: Hamamatsu City, Shizuoka Prefecture, Japan

Hulls: Yamaha Motor Manufacturing Corporation of America (YMMC)
(Manufacturing subsidiary)
Location: Georgia, U.S.A.

Tennessee Water Craft, Inc.
(Manufacturing subsidiary)
Location: Tennessee, U.S.A.

Representative Models

VX110SP
Manufacturer's suggested retail price of Japanese model:
¥1,123,290

FX160CR
Manufacturer's suggested retail price of Japanese model:
¥1,840,125

Boats

Product Profile

Boats are used for two major purposes: business and leisure. Boats for commercial applications can be categorized into utility boats and fishing boats, and the hulls of these boats must be designed to fit the requirements of each region's fishing methods. Leisure-use boats are also classified into two categories: powerboats (ranging from small trailer-pulled boats to large cruisers) and sailboats (ranging from solo dinghies to large sailing cruisers). Yamaha Motor manufactures and supplies products in all these categories.

Reference

In Japan, an operator's license for small boats is required to operate an engine-powered boat or sailboat (although no license is required if the boat is shorter than 3 m and the engine output is less than 1.5kW). Boat licenses are classified into three types: Class I, Class II, and Special Small Boat, according to the boat size and navigation distance. There are five kinds of licenses in all.

Applications (User Profile)

Commercial/utility boats play a vital role in the everyday lives of fishermen. Leisure boats, on the other hand, are used for sport fishing, cruising, water skiing, and wakeboarding.

Background of the Business

Foreseeing the growth of boat demand for marine sports and leisure, Yamaha Motor actively researched and developed FRP (Fiberglass Reinforced Plastics) as a new material for hulls, jointly with Nippon Gakki Co., Ltd. (presently Yamaha Corporation), and began producing and marketing FRP boasts in 1960.

In the same year, Yamaha Motor started producing outboard motors. Since then, Yamaha Motor has been expanding its marine product lineup, consisting of boats and marine engines that are designed to match and complement each other. Overseas, boat manufacturers usually produce only boats, and marine engine makers generally manufacturer only engines. Companies that produce both can be found exclusively in Japan.

In 1965, Yamaha Motor began producing sailboats and fishing boats. The company has thus grown into a full-spectrum marine manufacturer, offering a full lineup of boats and outboard motors to meet the diverse needs of its customers.

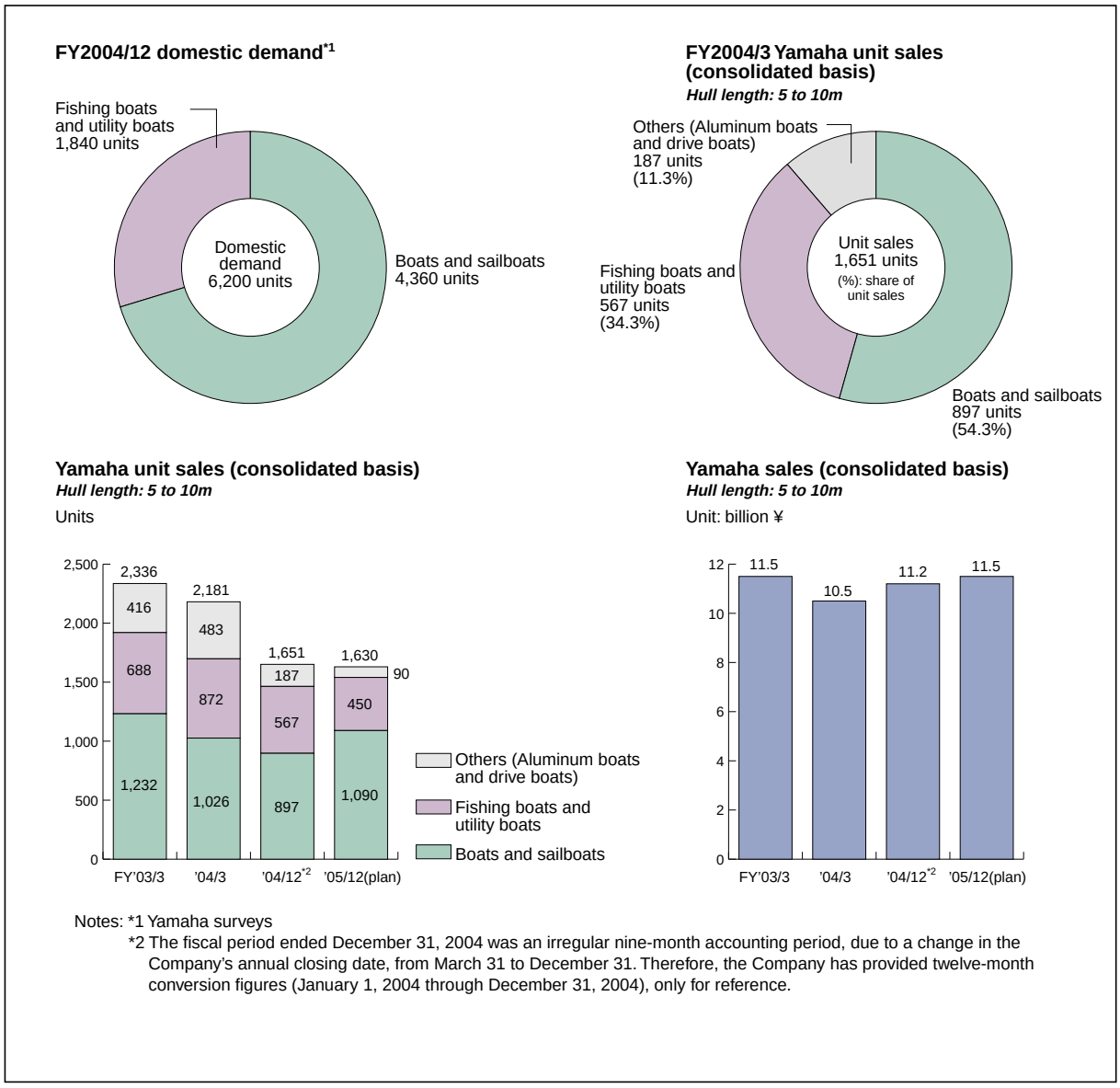
Current Business Conditions — Product Features and Technologies

Delivering Reliable Quality and High Performance

Yamaha Motor offers a high level of quality, safety and performance in its full lineup of boat products, ranging from fishing boats and utility boats for commercial applications to pleasure boats for leisure and recreational activities.

High-Precision NC Technology for Machining and Molding

Complex hull shapes are designed to achieve maximum speed, safety and operational capability. To fabricate products exactly as intended by the designers and engineers, Yamaha Motor employs advanced molding techniques using NC technology. This enables highly accurate molding in order to produce original male hulls with precise specifications based on three-dimensional (3-D) design data. Thus, NC technology completely eliminates any waste generated when molding hulls using design drawings, and realizes precisely the production the original designers and engineers envisioned.



Notes: *1 Yamaha surveys

*2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Original Design Technology, Extensive Analysis and Verification

In developing its boat hulls, Yamaha Motor uses a performance simulation and design system called Y.P.D.S. (Yamaha Performance Development System) — developed based on data accumulated over many years — together with 3-D CAD systems, in a comprehensive pursuit of higher performance and precision. The company also utilizes FEM computer structural analysis and simulation technologies to examine various loads applied to the hulls, and repeatedly conducts durability tests using prototypes. This is part of the Yamaha Motor commitment to extensive analysis and verification before introducing new products to the market.

Leading-Edge Technologies for Next-Generation Products

Yamaha Motor actively develops and deploys leading-edge technologies designed to enhance safety and reduce environmental impact with its next-generation boats.

In the effort, the company developed exclusive FOAMAP (Foam Manufacturing Process) technology that enables single-piece, triple-structure hulls. In FOAMAP production, high-density polyurethane is injected between FRP laminated boards under high pressure. This method realizes superb buoyancy and rigidity, while significantly reducing the generation of environmentally damaging VOC (Volatile Organic Compounds) in the manufacturing process. Another original technology, the VARTM (Vacuum-Assisted Resin Transfer Molding) process — a closed molding process — used in the manufacture of bridges, achieves a 90% reduction in VOC in the molding process compared to the conventional method, thus helping promote environmentally-conscious production.

Production System

Small boats, fishing boats, utility boats:

Yamaha Amakusa Works. Co., Ltd.

Location: Himedo-cho, Amakusa-gun, Kumamoto Prefecture, Japan

Fishing boats, utility boats:

Yamaki Boat Processing Co., Ltd.

Location: Yakumo-cho, Yamakoshi-gun, Hokkaido, Japan

Reference

Structural reform of boat manufacturing plants

In response to the declining total domestic demand for boats, Yamaha Motor's Shido Factory (Kagawa Prefecture) closed in March 1999, while the Yashiro Factory (Kumamoto Prefecture) made a new start as Yamaha Kumamoto Products Co., Ltd., manufacturing outboard motors.

Yamaha Gamagori Works Co., Ltd. was dissolved at the end of March 2001.

Representative Models

LAXAIR
Manufacturer's suggested retail price: ¥10,551,975
(equipped with two 4-stroke 150-hp outboard motors and mandated safety equipment)

YF23
Manufacturer's suggested retail price: ¥3,673,530
(equipped with a 4-stroke 115-hp outboard motor and mandated safety equipment)

Swimming Pools

Product Profile

In Japan, school swimming pools, competition pools, children's pools, and pools for leisure and heath applications form the main demand in this segment.

By material, pools can be categorized into FRP (Fiberglass Reinforced Plastics) pools, metal pools, and concrete pools. Yamaha Motor's pools are made of FRP.

Applications (User Profile)

There are about 40,000 swimming pools installed in Japan, of which about 30,000 are school swimming pools. The rest are operated and managed by municipalities, fitness clubs, and swimming clubs, among other organizations.

Background of the Business

Yamaha Motor commercialized Japan's first all-FRP pool in 1974.

FRP is a strong, lightweight material that resists corrosion by rusting or chemicals, and does not crack easily. Since the introduction of the first FRP swimming pool, Yamaha Motor has been steadily solidifying its business foundation as a leading pool maker in Japan.

Reference

Characteristics of pool by material type

FRP:	Strong and lightweight, FRP offers superior workability that reduces construction time by enabling on-site assembly and installation of factory-fabricated pools.
Metal:	Coating required to protect the material results in high running costs.
Concrete:	Initial costs are low, but concrete pools require periodic repainting, driving up running costs.

Current Business Conditions — Product Features and Technologies

From the time the company successfully applied its FRP boat production technology to commercialize Japan's first FRP swimming pool in 1974, it has delivered more than 22,000 swimming pools throughout Japan.

Since Yamaha FRP swimming pools are individually manufactured in the factory and assembled on site, the construction period is shortened. Meanwhile, the company's integrated in-house production system ensures high product quality.

Reference

Construction periods for a 25-m swimming pool, by material type (Yamaha surveys)

Concrete:	Approx. 45 days
Metal:	Approx. 20 days
FRP:	Approx. 14 days

Special Temporary Pools Constructed for the 2001 World Swimming Championships

The 9th FINA World Swimming Championships held in Fukuoka in the summer of 2001 featured Yamaha Motor's special FRP temporary pools: the main pool for competition swimming and synchronized swimming, as well as the warm-up pool and water polo pool. The key advantage of these special temporary pools is that they can be set up in existing facilities, such as convention halls, to be used only for the period of the event. Since they eliminate the need to construct a new dedicated facility, total costs are slashed. The warm-up pool used at the World Swimming Championships was reinstalled at the Okayama City Higashiyama Pool facility after the competition event.

Swimming pools need to receive official international approval for use in the world championship competition. The main pool — "Swim 21" was the world's first special temporary FRP 50-m swimming pool to win this internationl approval.

Following the successful conclusion of the World Swimming Championships in Fukuoka, marked by a number of competition records, Yamaha Motor began receiving inquiries about its pools from around the world. The "Swim 21" pool won the Japan Good Design Award Golden Prize for 2001.

"School 25" pool for schools

Pool Accessories

In addition to swimming pool units, Yamaha Motor also actively develops and markets pool-related equipment and systems. By offering quality products including the Poolside Shelter and various high-performance automatic vertical filtering systems, the company provides total swimming pool system and environment solutions to its customers.

"Swim 21" main pool constructed for the 9th FINA World Swimming Championships

Maintenance and Management Services

Based on its installation track record and long accumulated expertise in this field, Yamaha Motor also offers maintenance and management services for public pools.

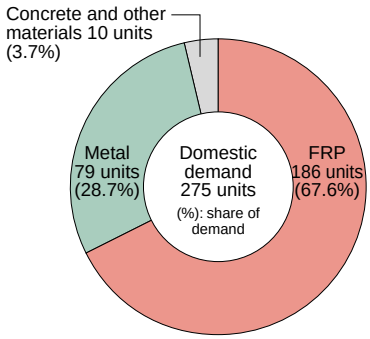
Production System

Arai Factory

Location: Arai-machi, Hanama-gun,
Shizuoka Prefecture

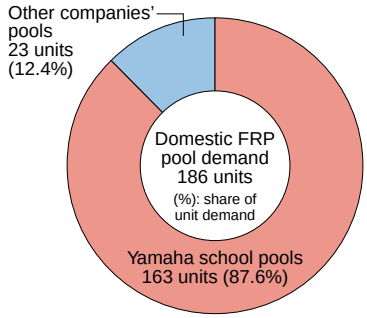
CY2004[*1] domestic pool demand by material[*2]

Pool size: over 20m



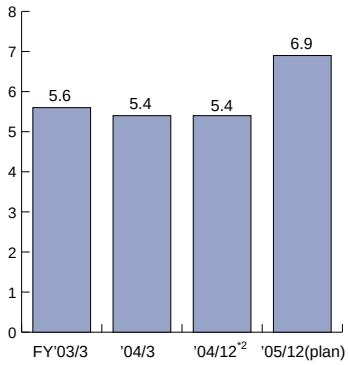
CY2004[*1] Yamaha share for domestic FRP pools

Pool size: over 20m



Yamaha sales (consolidated basis)

Unit: billion ¥



Notes: *1 Calendar year, running from January 1 through December 31 of the year indicated.
*2 Yamaha surveys
*3 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

All-Terrain Vehicles & Side-by-Side Vehicles

Product Profile

With their superb maneuverability on such varied terrain as dirt, mud, sand, snow, and ice, all-terrain vehicles (ATVs) have been called 4-wheel off-road buggies. And, since they can go anywhere, they are capable of handling a variety of jobs in an array of fields — from work under tough conditions to agricultural applications requiring agility and maneuverability, and transportation uses demanding powerful performance and versatility.

ATVs are especially popular in North America, with its vast expanse of land, where they are used for sports, leisure touring, and utility work.

Reference

In Japan, ATVs cannot be operated on public roads and other public areas where they are prohibited by the government, such as national parks.

Application (User Profile)

Broken down by application, 20% of ATVs are used for utility work, 60% for leisure activities such as hunting, and 20% for sports such as off-road riding. Rental ATVs are available at some resorts.

Background of the Business

ATVs basically incorporate motorcycle technologies, especially off-road bike technology. Sales of Yamaha ATVs began in the United States in 1984, and in Japan in 1986.

Current Business Conditions — Product Features and Technologies

The United States — with 80% of worldwide demand — has a particularly large number unpaved, undeveloped lands and marshes where ATVs perform well, and the current consumption trend is shifting from "one ATV per family" to "one ATV per person." Presently, new users account for 40% of total ATV riders in the United States.

Yamaha Motor offers a wide range of products, including the Grizzly 660 automatic model and Raptor 660 sport model, to respond to diverse market needs. In 2003, Yamaha Motor introduced the YFZ450, the first Yamaha 4-stroke sport ATV featuring a liquid-cooled DOHC 5-valve plated-cylinder engine.

In addition, the Company introduced an all-new side-by-side vehicle that differs completely from traditional ATVs in the fall of 2003 in North America. Named the Rhino 660, this two-passenger vehicle features a car-like round steering wheel, and boasts unrivalled off-road maneuverability. The Rhino 660 has earned high acclaim in the market. In the future, the Company plans to develop the Rhino into a strategic global product line, and a key revenue source.

In 1998, Yamaha Motor's Atlanta Factory in the United States began producing ATVs. Annual aggregate unit sales in Japan and overseas stood at about 246,000 units in FY2004.

Production System

Soqi Inc. (Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

Yamaha Motor Manufacturing Corporation of America (YMMC) (Manufacturing subsidiary)
Location: Georgia, U.S.A.

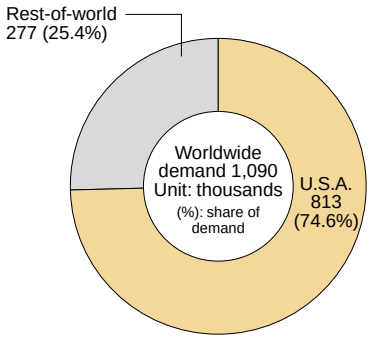
Representative Models

Rhino 660 (Export model)

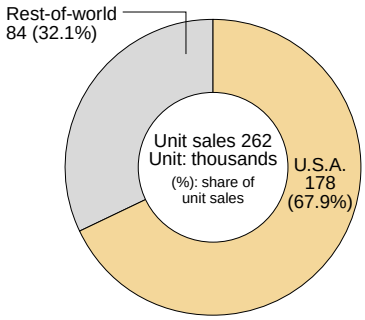
YFZ450 (Export model)
Manufacturer's suggested retail price of Japanese model: ¥984,900

Grizzly 660 (Export model)
Manufacturer's suggested retail price of Japanese model: ¥837,900

FY2004/12 regional breakdown of worldwide demand[*1]

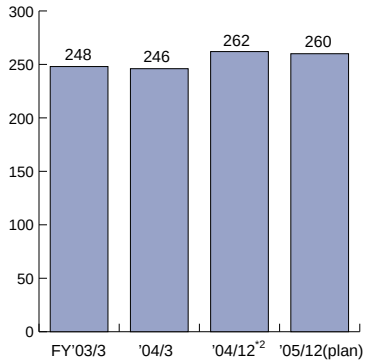


FY2004/12 regional breakdown of Yamaha unit sales (consolidated basis)



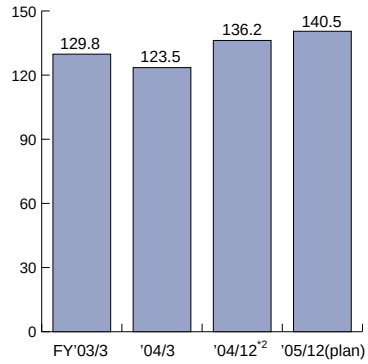
Yamaha unit sales (consolidated basis)

Unit: thousands



Yamaha sales (consolidated basis)

Unit: billion ¥



Notes: *1 Yamaha surveys
*2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Golf Cars

Product Profile

Previously, hand-pulled karts were predominant on golf courses. However, as business and management conditions at the golf courses have changed over recent years, demand has been growing for golf cars that save labor, let golfers transport their own clubs, reduce the burden on caddies, and encourage smoother, more enjoyable rounds.

Models in the Yamaha golf car line accommodate from two to five persons, and are powered by either a gasoline engine or battery-powered electric motor.

Applications (User Profile)

In Japan, many golf courses use five-passenger golf cars to increase management efficiency and meet customers' needs. These models carry players and caddies in addition to golf clubs.

In the United States, where golf is played more casually and commonly, the demand is highest for two-passenger models.

Background of the Business

In 1972, Yamaha Motor began developing a land car for use at the company's Tsumagoi resort (Kakegawa City, Shizuoka). Following this land car, the company began developing golf cars, and introduced the YG292 two-passenger gasoline engine golf car in 1975. Since then, Yamaha Motor has been developing new products and upgrading existing models. Thanks to a consistent sales and marketing approach, cumulative production reached 800,000 units in February 2001. In 1988, the company constructed a plant in Georgia, U.S.A. Golf cars produced there are sold in the North American market and exported around the world.

Current Business Conditions — Product Features and Technologies

Yamaha Motor introduced the Turf Joy G15-A 5-passenger golf car in1994, and followed with the Turf Liner G17-A, which was based on the G15-A, and incorporated an electromagnetic induction system.*1

Then, in 2000 the company released the Turf Liner G17-E, featuring a battery-powered electric motor for environmentally-friendly operation. The quiet G17-E provides the same powerful performance of a gasoline model, thus attracting a great deal of attention in the industry. In 2004, the Company introduced the G30A/E and G31A/AP, with five color variations and a host of options, including the industry's first sliding windshield. Features like these have given Yamaha Motor the leading share of the domestic golf car market.

In the United States, the company has been promoting an aggressive marketing strategy, introducing the G22A/E in 2002 and YXP700/1000 in 2004.

**1 Electromagnetic induction system*

Yamaha Motor's electromagnetic induction system uses a sensor mounted on a golf car to detect and automatically trace the electromagnetic field generated by AC current flowing through a cable buried underground. It offers a high level of safety, and enables remote-control operation of the golf car.

Production System

Soqi Inc. (Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture

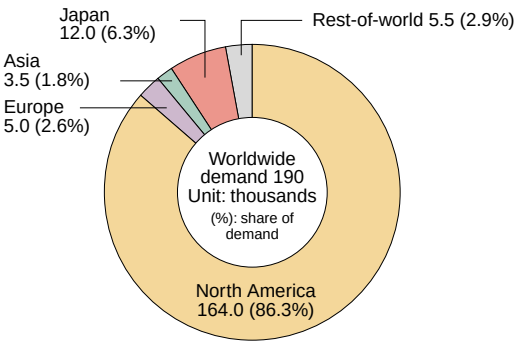
Yamaha Motor Manufacturing Corporation of America (YMMC) (Manufacturing subsidiary)
Location: Georgia, U.S.A.

Representative Models

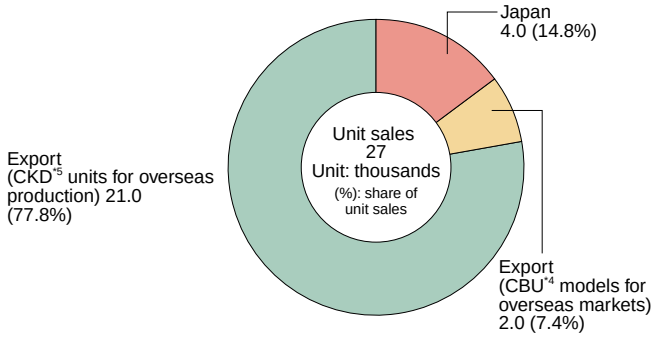
Turf Liner G22-E

Turf Liner Electric G17-E

CY2004[*2] regional breakdown of worldwide demand[*3]

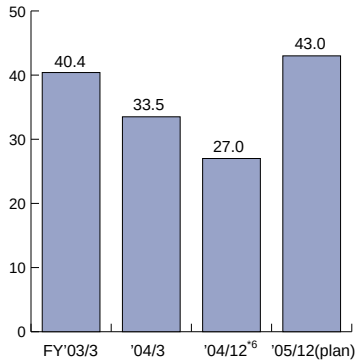


FY2004/12 Yamaha unit sales (irregular nine-month accounting period; non-consolidated basis)



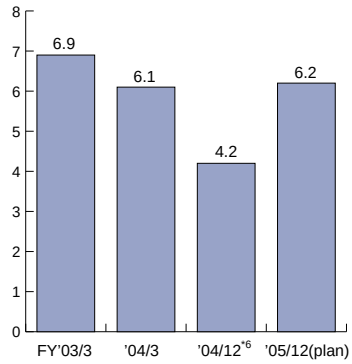
Yamaha unit sales (non-consolidated basis)

Unit: thousands



Yamaha sales (non-consolidated basis)

Unit: billion ¥



Notes: *2 Calendar year, running from January 1 through December 31 of the year indicated.
*3 Yamaha surveys
*4 CBU: complete build-up
*5 CKD: complete knockdown
*6 Sales in fiscal period ended December 31, 2004 were based on an irregular nine-month accounting period.

Generators

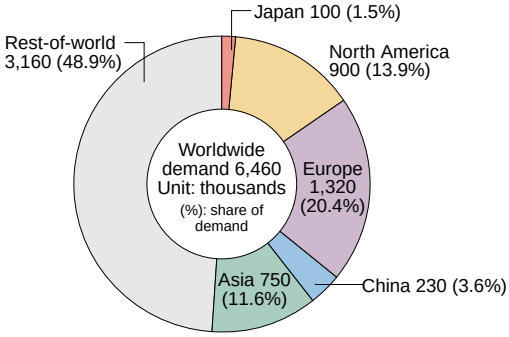
Product Profile

Generators are used in utility applications and as emergency power sources. They use engines to produce electricity, powering electric equipment and appliances outdoors where a commercial power supply is not available. Yamaha Motor offers a wide range of products, mainly 4-stroke models, ranging from 1 kVA to 6 kVA class.

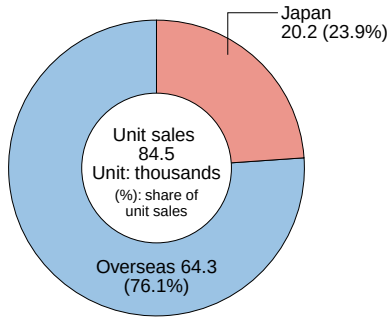
Applications (User Profile)

For leisure purposes, generators are used for camping with family or friends, and for do-it-yourself home improvement work. Commercially, they supply power to electric equipment and lighting systems at construction sites.

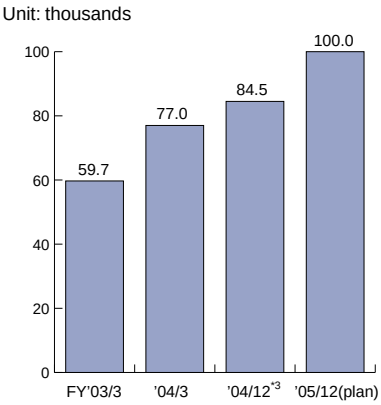
CY2004*1 regional breakdown of worldwide demand*2



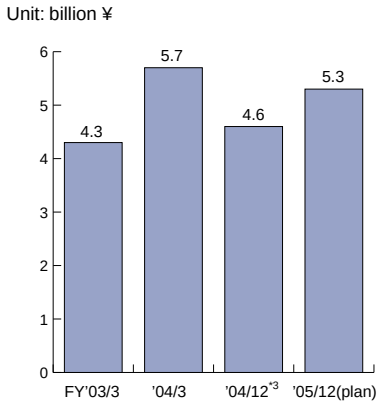
FY2004/12 Yamaha unit sales (irregular nine-month accounting period; non-consolidated basis)



Yamaha unit sales (non-consolidated basis)



Yamaha sales (non-consolidated basis)



Notes: *1 Calendar year, running from January 1 through December 31 of the year indicated.
*2 Yamaha surveys
*3 Sales in fiscal period ended December 31, 2004 were based on an irregular nine-month accounting period.

Background of the Business

Yamaha Motor began developing generators based on its small engine technology, and introduced its first 2-stroke model in 1973. In 1977, the company released a 4-stroke model. Yamaha Motor has since been expanding its lineup of generator models for both business and leisure uses.

Current Business Conditions — Product Features and Technologies

The Yamaha generator lineup ranges widely, from lightweight compact models to large business-use models. They are used around the world for their high output and quiet operation.

The company has recently introduced inverter-type generators. Compared to the conventional system, the inverter-type generator is significantly lighter and smaller, and capable of providing quality electricity very similar to a commercial power source. With these characteristics, the inverter-type generator can safely power personal computers and microcomputer-driven precision electronic equipment, and thus is expected to find application in a broad range of fields.

Yamaha Motor is also introducing all-new generators for leisure uses. These models feature an attractive rounded design and easy-to-use control panels.

Meanwhile, the company is actively incorporating environmental features in its generators to meet the voluntary regulations set by the Japan Land Engine Manufacturers Association, and other strict emissions standards adopted around the world.

Production System

Soqi Inc. (Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture

Fuzhou Jiaxin Soqi Power Products Co., Ltd.
Location: Fujian, China

Representative Models

EF900iS
Manufacturer's suggested retail price:
¥134,400

EF2800iSE
Manufacturer's suggested retail price:
¥365,400

Snowmobiles

Product Profile

The snowmobile originated in the United States. Its body incorporates two skis at the front, and two tracks at the rear for propulsion. It has developed into a vital means of transportation for people in snow-bound areas, and also a major source of winter sports enjoyment and leisure. In business applications, snowmobiles are used by ski resort patrols, and for transporting cargo and people. For leisure, they are used for touring, cruising and racing.

Reference

Operation of snowmobiles is prohibited on public roads and government-designated restricted access areas, such as national parks.

Applications (User Profile)

Businesses that use snowmobiles include ski resorts, hotels, lodging houses, and the forestry industry. In leisure applications, people mostly ride snowmobiles for fun, although demand has been steadily increasing for use in competitions.

Background of the Business

The first Yamaha snowmobile was developed in 1968, based on motorcycle technologies, particularly small engine technology. In 1970, Yamaha Motor introduced a leisure-use snowmobile model, thus pioneering the new field of recreational and sport snowmobiling. Since then, the company has released many new models. Yamaha Motor is the only company that manufactures snowmobiles in Japan.

Current Business Conditions — Product Features and Technologies

The Yamaha snowmobile lineup includes a wide range of leisure-use and business-use models. Its sport models enjoy an especially strong reputation. The RX-1, introduced in 2002, is equipped with an engine developed based on the powerhouse mounted on the Yamaha flagship motorcycle, YZF-R1. Boasting unparalleled performance, Yamaha snowmobiles have also been demonstrating commanding strength in races. In the United States, where snowmobile races are popular, Yamaha's factory team pursues an active competition schedule.

In 2003, the company released a next-generation 4-stroke model, the RSVector ER. The new power unit for this model, which is mounted on a lighter chassis, is redesigned from the proven engine of the FJR1300 sport bike in Europe.

Popularizing Snowmobiles and Raising Safety Awareness

Yamaha Motor has been striving to popularize snowmobiles and expand the base of snowmobile fans since it introduced its first model. Today, Yamaha snowmobiles for leisure and sports account for 80% of all unit sales. In response to the growth of the sport segment, winter sports promoters have opened seasonal snowmobile riding facilities called "Snowmobile Lands"[*1] in 50 locations throughout Japan. Yamaha Motor sponsors its own "Safe Snowmobile Riding Seminar," among a number of other safety awareness and safety education activities.

In the effort, the company has developed a "Yamaha Snowmobile Licensing[*2] Program," through which it issues original licenses certifying the competence of riders. This program provides a comprehensive curriculum combining in-class study and hands-on riding practice. Participants develop background knowledge on snowmobiles and snowmobiling, and learn how to operate the machine, while also gaining a deeper understanding of nature.

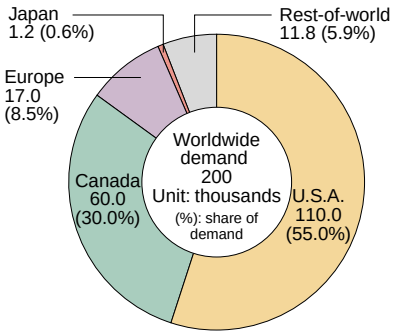
1 Snowmobile Lands

Snowmobile Lands have been opened by ski resort management companies in recent years as part of their efforts to attract more customers. Snowmobile Lands also allow effective utilization of golf courses and guest ranches during the winter. Municipal governments support Snowmobile Lands to help vitalize local economies. Thus, the facilities are drawing widespread attention, and a growing legion of visitors are looking to experience the fun of riding a snowmobile.

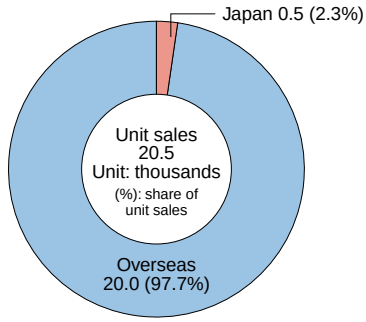
2 Yamaha Snowmobile License

People can acquire Yamaha Snowmobile Licenses at 34 Snowmobile Lands nationwide.

CY2005*3 regional breakdown of worldwide demand*4

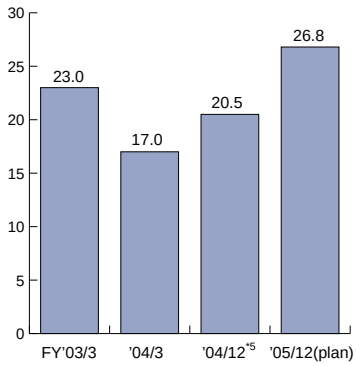


FY2004/12 Yamaha unit sales (irregular nine-month accounting period; non-consolidated basis)



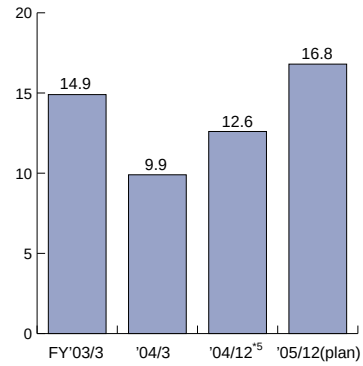
Yamaha unit sales (non-consolidated basis)

Unit: thousands



Yamaha sales (non-consolidated basis)

Unit: billion ¥



Notes: *3 Calendar year, running from January 1 through December 31 of the year indicated.
*4 Yamaha surveys
*5 Sales in fiscal period ended December 31, 2004 were based on an irregular nine-month accounting period.

Production System

1st Factory at Yamaha Motor Head Office

Representative Models

RSVector ER
Manufacturer's suggested retail price: ¥1,333,500

VK540III
Manufacturer's suggested retail price: ¥1,047,900

Snow Throwers

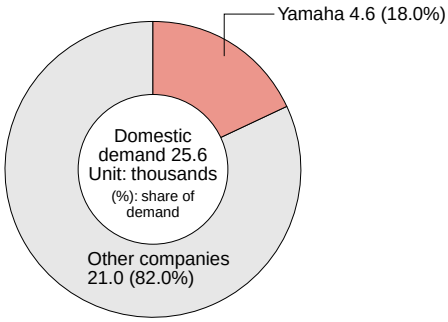
Product Profile

Snow throwers are used to clear snow from front yards and roads in snow-bound areas such as the Hokkaido, Tohoku and Hokuriku regions in Japan. Yamaha Motor offers various snow thrower models, from compact home-use units to large models suited for business operators.

Applications (User Profile)

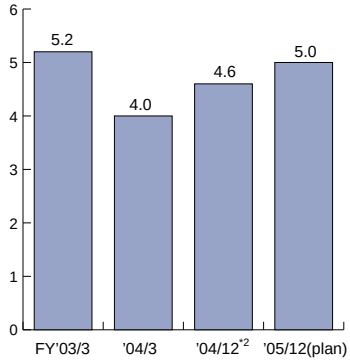
Home-use snow throwers serve to remove snow from the entrances of homes and garages, while business-use models are utilized to remove snow from storefronts and large parking areas.

FY2004/12 domestic demand*1



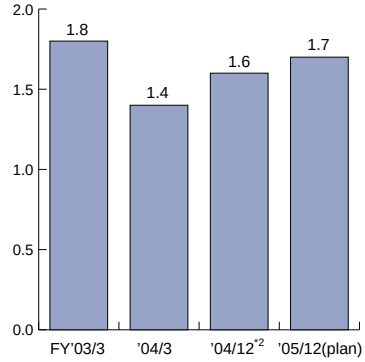
Yamaha unit sales (consolidated basis)

Unit: thousands



Yamaha sales (consolidated basis)

Unit: billion ¥



Notes: *1 Yamaha surveys
*2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Background of the Business

To relieve people in snow-bound regions from the exhausting task of snow removal, Yamaha Motor developed snow throwers based on the small engine technology gained through producing motorcycles, and introduced its first snow thrower in 1978. Since then, Yamaha snow throwers have become so popular that they are simply known as "the blue snow throwers" for their product color.

Current Business Conditions — Product Features and Technologies

Yamaha Motor offers a total of 12 snow thrower models, ranging from a 6-horsepower home-use unit to a 13-horsepower business-use model. By applying snowmobile manufacturing expertise and materials — such as the resin used in the body and other parts, and the tracks, which are designed to withstand very low temperatures — the company is working to enhance the cold weather performance of its snow throwers.

Yamaha snow throwers — such as the low-noise YS-870 introduced in 2001, the YS-1070, released in 2002, the YS-1390A/AR, marketed in 2003 and the YS-870J, sold in 2004 — are highly rated by users for their excellent performance.

Production System

Engines: Soqi Inc. (Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

Representative Models

YS-870
Manufacturer's suggested retail price: ¥417,900

YS-1070
Manufacturer's suggested retail price: ¥491,400

YS-1390A
Manufacturer's suggested retail price: ¥764,400

Racing Karts

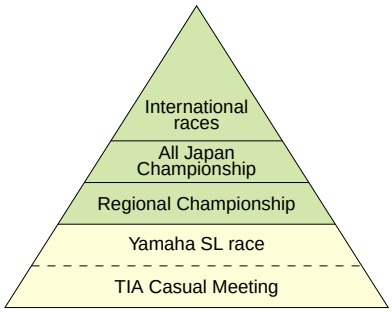
Product Profile

There are many types of karts, ranging from go-karts used in amusement parks to full-fledged competition racing karts.

Many people enjoy the karts as entry-level racing machines, the first step on the road to more challenging motorsports competitions, with Formula One at the apex. For both racing and leisure purposes, kart riding events and racing contests are held on dedicated kart courses. A racing kart is equipped with only the bare minimum required for the machine to run — the engine, tires and a seat — and it is very close to the ground. Therefore, karts offer a special kind of speed thrill that makes drivers feel like they are going faster than they actually are.

Applications (User Profile)

Racing karts are popular among people of all ages, with the number of female drivers increasing. The major reason behind the expanding base of kart fans in Japan is the growing number of rental kart courses being built nationwide. Racing competitions held year-round — for drivers from international-class competitors to novices — are another big draw.



Background of the Business

Capitalizing on its motorcycle technology, in 1973 Yamaha Motor developed and marketed its first complete kart, equipped with both an engine and frame manufactured in-house. In 1974, the Yamaha SL (Sports and Leisure) Kart Club was launched to help popularize the kart sports. Today, the Club has about 15,000 kart license holders. Yamaha Motor believes that providing driving pleasure to more people is one of its social missions.

Current Business Conditions — Product Features and Technologies

Yamaha Motor markets complete karts by mounting engines produced in-house on OEM frames supplied by companies in Italy and Switzerland. There are many kart manufacturers inside and outside Japan, but all produce and supply either chassis or engines — not both.

The company is working hard to promote karts. The Yamaha Kart Works Team has trained many noted professional racers active in Japan and overseas, including one-time Formula One drivers Aguri Suzuki and Toranosuke Takagi.

An agreement to strengthen the business tie-up with Toyota Motor in 2000 also calls for the two companies to collaborate in motorsports. One such joint effort is the Toyota-Yamaha Scholarship System, established to develop a crop of young and talented racing kart drivers.

Production System

Engines: Soqi Inc. (Manufacturing subsidiary)

Location: Kakegawa City, Shizuoka Prefecture

Toyota/Yamaha Step-up System

Yamaha Motor operates the Toyota/Yamaha Step-up System to support drivers who aspire to greater racing goals.

All Yamaha kart users who participate in championship races or circuit kart races are eligible. Based on their racing records in a given year, Yamaha Motor provides support to help them enter competitions in the following year.

The company also offers them opportunities to become Yamaha Works drivers or formula racing car drivers.

F3

↑ Toyota F3 Scholarship
Helps drivers that Toyota Motor rates as "exceptionally talented" participate in F3 races.

Formula Toyota Race Entry

↑ Formula Toyota Scholarship
Helps drivers that Toyota Motor rates as "excellent" participate in Formula Toyota races.

Formula Toyota School Audition
End of July to August at the Fuji Speedway Short Course

↑

Approximately five drivers that Yamaha Motor recognizes as "exceptionally talented" under Toyota's evaluation criteria are invited to attend the Formula Toyota school.

All Japan Championship Races | **SL Races** | **Kart Circuit Races**

Representative Models

Winforce M250WR-F
Manufacturer's suggested retail price: ¥984,900

Winforce TRY
Manufacturer's suggested retail price: ¥292,950

Surface Mounters & Industrial Robots

Product Profile

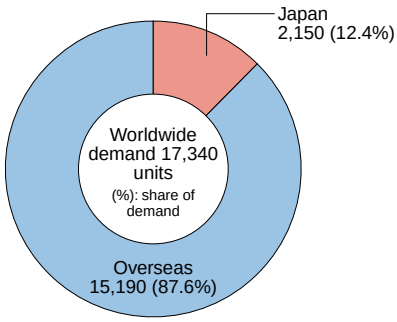
Yamaha Motor's IM (Intelligent Machinery) business is mainly responsible for two types of products: surface mounters and industrial robots.

Surface mounters are robots which are designed to mount electronic components on printed circuit boards for use in cellular phones, personal computers and other electronic products. These devices can be classified into high-speed and general-purpose machines. Yamaha Motor mainly develops and manufactures general-purpose, medium-size surface mounters. Yamaha high-performance machines can mount electronic components of various sizes and shapes on printed circuit boards at high speed and with high precision.

Meanwhile, industrial robots can be divided into three categories: single-axis robots used for parts transportation and assembly, Cartesian robots designed

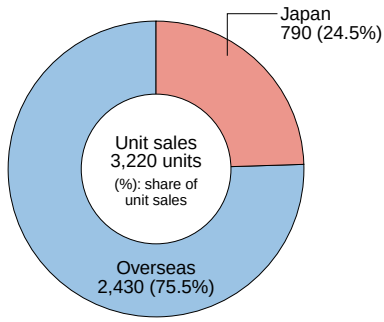
FY2004/12 regional breakdown of worldwide demand*1

Surface mounters



FY2004/12 Yamaha unit sales (consolidated basis)

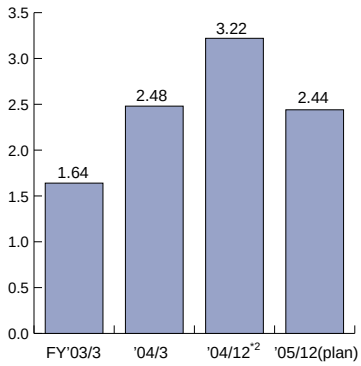
Surface mounters



Yamaha unit sales (consolidated basis)

Surface mounters

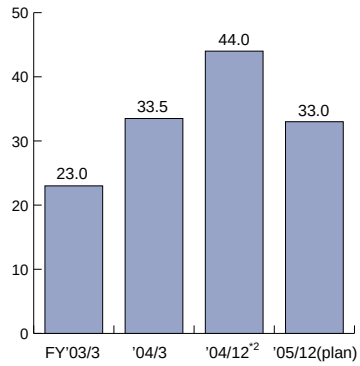
Unit: thousands



Yamaha sales (consolidated basis)

Industrial robots and surface mounters

Unit: billion ¥



Notes: *1 Yamaha surveys

*2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

to perform more advanced tasks, and horizontal multi-joint (SCARA) robots, which can perform complex jobs such as tightening screws.

Applications (User Profile)

Surface mounters are used mainly in facilities manufacturing personal computers, cellular phones, home appliances including DVD players and automobile parts, while industrial robots are also used in a variety of production sites, ranging from large-scale plants to workshops.

Background of the Business

Yamaha Motor began research and development of industrial robots in 1974, in order to streamline the production and assembly of its motorcycles and improve manufacturing precision. In 1976, the company developed its own SCARA robots to assemble parts, and introduced them in its in-house motorcycle production line. With the success of these projects, Yamaha Motor entered into the industrial robot business in 1981. The company has since developed a diverse line of robots, and began marketing surface mounters in 1987. In February 2001, surface mounter cumulative sales reached 10,000 units.

Current Business Conditions — Product Features and Technologies

Surface mounters, the mainstay products of Yamaha Motor's IM business, are based on one of its core competences —control technology. With precision, speed and versatility as watchwords, Yamaha Motor has established a leading position in the field of general-purpose surface mounters.

The company's high-end model, the YG200, boasts the industry's top mounting speed of 0.08 second per chip, rivaling the performance of a large high-speed mounter. In April 2000, Yamaha Motor for the first time applied an in-house company system to its IM Operations — the market share leader for general-purpose surface mounters. The move was designed to realize speedier, more market-responsive decision-making on key management issues.

The company continued its advance in the sector when it obtained part of the business of Tenryu Techniques Co., Ltd., the third largest surface mounter maker in the Japanese industry at that time. Yamaha Motor then established i-Pulse Co., Ltd. as a wholly owned subsidiary, in another move to strengthen its position in the surface mounter industry.

Production System

IM Company
Location: Hamamatsu City, Shizuoka Prefecture, Japan

i-Pulse Co., Ltd.
Location: Hamamatsu City, Shizuoka Prefecture, Japan

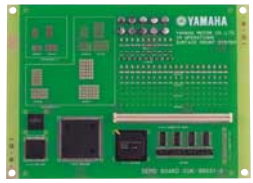
Sales Routes

Yamaha Motor sells surface mounters through its distributors worldwide. There are eight Yamaha surface mounter distributors in Japan and 29 overseas.

For the European market, the company began OEM supply of surface mounters in 1987 to Philips Electronics Manufacturing Technology (currently Assembléon B.V.), a wholly owned subsidiary of Royal Philips Electronics N.V. of the Netherlands.

Representative Models

YG2000
Standard retail price in Japan:
¥26,040,000 (with standard head)



Example of a printed circuit board produced by the surface mounter

SCARA robot YK500X-Z200
Standard retail price in Japan:
¥1,823,850

Linear single-axis robot — the PHASER series
Open pricing

Cartesian robot SXYx-1515
Standard retail price in Japan:
¥785,400

Automobile Engines

Product Profile

Yamaha Motor primarily manufactures and supplies high-performance sports car DOHC engines to Toyota Motor Corporation and Ford Motor Company.

Background of the Business

Ever since its founding, Yamaha Motor has been actively involved in racing as a working laboratory for the development of motorcycle engine technology. At the same time, the company has conducted basic research and experimentation in the area of automobile engines. In 1967, Yamaha Motor entered a development and manufacturing venture for the Toyota 2000GT sports car together with Toyota Motor. Subsequently, the joint efforts of the two companies led to the development of the Toyota 1600GT and the Toyota 7. In 1985, Yamaha Motor concluded a contract with Ford Motor Company for the development and supply of automobile engines, and has been supplying engines to Ford Motor since 1988.

Yamaha Motor also participated in the Formula One, the world's premier car racing series, for nine seasons from 1989. The expertise gained through the racing challenge contributed greatly to the technological development of the company's production engines.

Current Business Conditions — Product Features and Technologies

Based on the engine technologies gained through the motorcycle business, Yamaha Motor specializes in designing high performance, high RPM, high power engines, primarily suited for sports cars.

The company has also developed a new automobile suspension technology — called the Relative Absorber System (REAS) — and a Performance Damper — damper braces for automobiles — which it supplies to Toyota Motor. In 2001, Toyota Motor developed and produced the Crown Athlete VX, a custom car incorporating these advanced technologies and a special engine. REAS received an award[*1] from the Society of Automotive Engineers of Japan, Inc. in 2000. The Toyota Hilux Surf, introduced in August 2002, incorporated the X-REAS, an upgraded version of the REAS. In the X-REAS, the front and rear shock absorbers are diagonally linked to achieve optimal distribution of the vehicle weight across the four wheels and optimal control of the vehicle's dynamic motion.

**1 Award from the Society of Automotive Engineers of Japan*

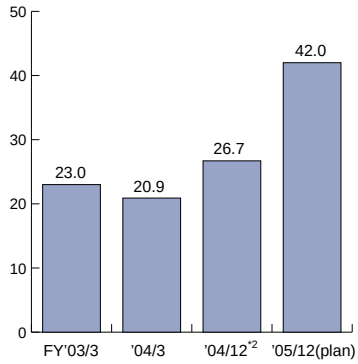
Since 1951, the Society of Automotive Engineers of Japan, Inc. has been presenting awards to excellent new products and technologies that contribute to the advancement of automotive engineering.

Production System

1st Iwata Factory at the Head Office

Yamaha sales (consolidated basis)

Unit: billion ¥



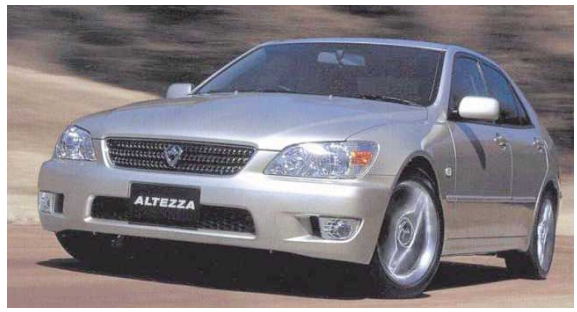
Notes: *2 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Representative Models

4GR (2500cc)

Crown Athlete (Toyota)

3S-GTE (2000cc)



Altezza (Toyota)

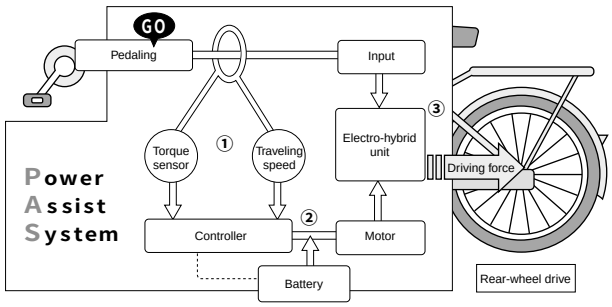
2ZZ-GE (1800cc)

Celica (Toyota)

PAS

Product Profile

The Yamaha PAS is an electro-hybrid bicycle — a vehicle equipped with a compact electric motor and a battery. The motor provides supplementary power in response to the rider's pedaling effort, reducing the required pedaling force to about half when riding uphill, against the wind, or from a standing start.



Applications (User Profile)

Yamaha PAS electro-hybrid bicycles are used by people of all ages. Parents run their kids to and from kindergartens on the Yamaha PAS, while housewives and elderly people use them to get around the neighborhood. They also serve as a commuter vehicle for students and working people. In addition, many people use Yamaha PAS as part of a health and fitness program, since it makes exercise stress-free fun.

Amid growing concern for the environment, municipalities as well as government and corporate offices are promoting Yamaha PAS bicycles in their drive to reduce environmental impact. Yamaha PAS electro-hybrid bicycles are also employed as shared-use vehicles.

Background of the Business

Yamaha Motor is always striving to develop ideal commuter vehicles that reduce impact on the environment and provide the highest level of local transportation convenience. Helping develop new transportation platforms is a crucial commitment for the company.

Yamaha Motor has focused on the versatility of bicycles — the most basic form of personal commuter vehicle — since the 1980s, in the search for solutions to various social issues involving energy, the global environment, chronic traffic congestion, and an aging society. The company spent more than ten years in developing personal commuter vehicles that would effectively overcome the fundamental drawbacks of the bicycle — strenuous pedaling uphill, against the wind, and when carrying cargo — while maintaining its utility and convenience. The result was the Yamaha PAS electro-hybrid bicycle.

Guided by the brand slogan "Touching Your Heart," the company pursued the following themes in developing the PAS electro-hybrid bicycle.

1) Helping society by making people's lives more convenient
2) Helping solve local environmental and energy problems
3) Helping mitigate chronic traffic congestion

The development target was the creation of "a people- and environmentally-friendly personal commuter vehicle with the emphasis on human feeling." Technologically, this meant the harmonious integration of human power and sensitivity with mechanical force.

Current Business Conditions — Product Features and Technologies

Yamaha Motor developed and marketed the first-generation PAS in 1993, a breakthrough product on the international market. Since the introduction of this world's first electro-hybrid bicycle, the company has

been improving the performance of the PAS while maintaining the original development emphasis on building a vehicle with the human touch. Improvements include reduced weight, shortened charging time and easier charging, extended cruising distance per charge, and lower price. Thus, Yamaha Motor has been solving problems that may have prevented the popularization of electro-hybrid bicycles. As of the end of December 2004, cumulative unit sales totaled 730,000, making the PAS the most popular and well-known electro-hybrid bicycle in the world.

Yamaha PAS aims to offer an enhanced riding feel — as easy and comfortable as an electro-hybrid should be —by providing the optimal power assist for any riding condition. To meet both personal and commercial needs, Yamaha Motor offers a full PAS lineup, from lightweight models to tricycle-type and business versions. In addition, each lightweight model comes in a number of versions, with different batteries and assist settings to suit diverse operating environments.

PAS for Community Improvement

In response to increasing concern about energy issues and environmental preservation, Yamaha Motor has adopted a broader vision in the development of the PAS. For example, the company has developed a battery management system to maximize the PAS battery performance, in addition to improving the function and performance of the product overall. This system has helped create an environment that promotes sharing of PAS bicycles by multiple users. At the same time, Yamaha Motor has been making many proposals for effective use of the PAS and helping local communities, such as with the use of the PAS as a personal local commuter vehicle to reduce impact on the regional environment, and shared-use of PAS bicycles to alleviate the problem of illegal bicycle parking in cities, and to revitalize urban areas.

PAS Technology Finding Application in Clean Energy Vehicles

The advanced control technology used in the Yamaha PAS for the smooth integration of human and electric power has been applied to various products such as electric power units and auxiliary electric power assist units for conventional manual wheelchairs, and the Passol and EC-02 — all-new electric commuter vehicles for the 21st century. Today, alternative fuel vehicles are attracting a great deal of attention because they reduce environmental impact and promote effective use of resources. Yamaha will maximize the technologies developed with the Yamaha PAS to create “cleaner” products in the future.

Production System

Power units:

Moric Co., Ltd. (Electric parts manufacturing subsidiary)

Location: Morimachi, Shuchi-gun, Shizuoka Prefecture, Japan

Bicycle bodies:

Outsourced production by Bridgestone Cycle Co., Ltd.

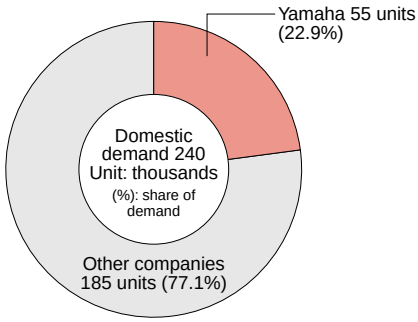
Sales Routes

In Japan, Yamaha PAS electro-hybrid bicycles are sold through 8,000 PAS Shops and 2,100 GMS outlets nationwide. Yamaha Motor also supplies PAS units to a total of seven companies in Japan and overseas on an OEM basis. The OEM business started in 1997.

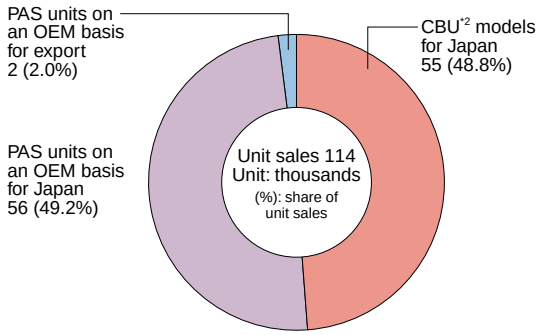
Representative Models

PAS Lithium
Manufacturer's suggested retail price: ¥94,290

FY2004/12 domestic demand[*1]

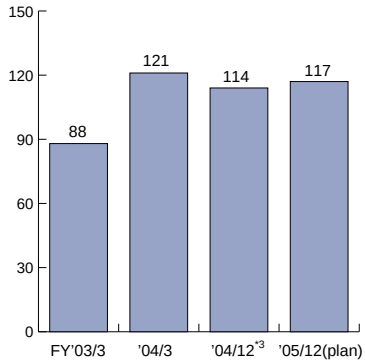


FY2004/12 Yamaha unit sales (consolidated basis)



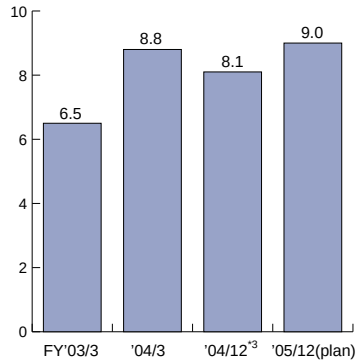
Yamaha unit sales (CBU[*2] models · PAS units) (consolidated basis)

Unit: thousands



Yamaha sales (consolidated basis)

Unit: billion ¥



Notes: *1 Yamaha surveys
*2 CBU: Complete built-up
*3 The fiscal period ended December 31, 2004 was an irregular nine-month accounting period, due to a change in the Company's annual closing date, from March 31 to December 31. Therefore, the Company has provided twelve-month conversion figures (January 1, 2004 through December 31, 2004), only for reference.

Industrial Unmanned Helicopters

Product Profile

Remote-Control Unmanned Helicopters

Using RMAX Type II G technology as a base, Yamaha Motor develops and markets agricultural-use unmanned helicopters, mainly for crop dusting, and autonomous unmanned helicopters — capable of programmed flight beyond the operator's visual range — for survey and observation purposes.

Applications (User Profile)

For agricultural applications, major purchasers of Yamaha unmanned helicopters are local governments, National Federation of Agricultural Co-operative Associations, agricultural co-operatives, crop dusting organizations and individual farmers.

Meanwhile, autonomous unmanned helicopters are supplied mainly to government organizations engaged in land preservation, and survey and research organizations conducting environmental observations.

Background of the Business

In 1983, Yamaha Motor was commissioned by the Japan Agricultural Aviation Association, an organization affiliated with Japan's Ministry of Agriculture, Forestry and Fisheries, to develop an unmanned helicopter for use in agricultural crop dusting.

In 1987, the company successfully produced the world's first industrial-use unmanned helicopter, the R-50. In 1991, Yamaha Motor launched a full-scale marketing strategy, establishing a new business division to design, develop, sell, promote and service unmanned helicopters.

Today's agriculture in Japan faces various problems, including the aging of the farming population, fewer heirs to carry on family businesses, and falling produce prices. Unlike large-scale agriculture common in the United States, farming in Japan is generally conducted in the rather small flat areas available between mountains. Unmanned helicopters are well suited, because they allow efficient crop dusting in these uniquely Japanese farming conditions. They are expected to help solve many of the nation's farming problems.

Current Business Conditions — Product Features and Technologies

Excellent Operability and High Payload Capacity

Yamaha Motor has applied control technology, one of its core competencies, to allow these aircraft to hover in place, which had previously been considered difficult for unmanned helicopters. In 1995, the company introduced the Yamaha Altitude Control System (YACS). This original technology combines an optical fiber gyro and an accelerometer to control the helicopter's attitude and altitude. YACS has significantly improved helicopter operability, making operation accessible to people without special skills and training.

In 1997, the company introduced the RMAX model, with an improved payload capacity. Its successor, the RMAX Type II G, launched in April 2003, combines the same high payload and attitude stability with a new GPS-based speed control function for easier operation.

Yamaha Motor has also begun OEM supply of unmanned helicopters to Yanmar Agricultural Equipment Co., Ltd., — a subsidiary of Yanmar Co., Ltd.

Thus, Yamaha Motor has grown into a leading manufacturer of unmanned helicopters in Japan, and is contributing to farming and other sectors nationwide.

Development of Autonomous Unmanned Helicopters

In observations of the volcanic activity at Mt. Usu in Hokkaido in April 2000, and on Miyake Island, Tokyo, in February 2001, Yamaha unmanned helicopters succeeded, for the first time in the world, in taking aerial photographs of the volcano disaster area by flying beyond the visual range of the operators.

This attracted a great deal of attention worldwide, leading to agreements for Yamaha Motor to provide unmanned helicopters to aerospace research and development organizations such as NASA in the United States, ONERA in France, and KARI in South Korea, as well as university research institutes in the United States and other countries. Yamaha Motor's unmanned helicopters are now highly acclaimed around the world.

Production System (manufacturing company within the Yamaha Motor Group)

Engines, Transmissions, etc.:
Soqi Inc.
Location: Kakegawa City, Shizuoka Prefecture, Japan

Control, electric related:
Moric Co., Ltd. (Electric parts manufacturing subsidiary)
Location: Morimachi, Shuchi-gun, Shizuoka Prefecture, Japan

Sales Routes

Yamaha Skytech Co., Ltd., a sales subsidiary of Yamaha Motor, sells, promotes and services Yamaha unmanned helicopters through its 19 dealers nationwide.

Reference

Sky Tech Academy — a training facility for unmanned helicopters — managed by the dealers of Yamaha Skytech Co., Ltd.

To operate an industrial unmanned helicopter for spraying chemicals and other purposes, an operator must undergo a training course at the Sky Tech Academy, a training facility designated by the Japan Agricultural Aviation Association, and receive an Unmanned Industrial Helicopter Skill Certificate from the organization.

The Sky Tech Academy is managed by Skytech dealers throughout Japan. Seminars are presently held at 50 locations. The Academy has produced some 8,000 graduates thus far.

Representative Models

Autonomous unmanned helicopters RMAX GO-1
Manufacturer's suggested retail price: ¥9,649,500
(exclude options)

RMAX on an observation mission of volcanic activity at Mt. Usu

Electric Wheelchairs

Product Profile

Wheelchairs help physically challenged and elderly people gain mobility. There are two types of wheelchair — manually-propelled and electrically powered versions. Yamaha Motor presently markets supplementary drive power assist units to be mounted on hand-pushed wheelchairs, as well as complete wheelchairs incorporated with power assist units, and electric wheelchairs, including a model designed to reduce the exertion required for a caregiver to push the chair.

Applications (User Profile)

Wheelchairs are certified prosthetic appliances used by the physically challenged. Under the long-term care insurance system introduced in Japan April 2000, an increasing number of elderly people are using rental wheelchairs, which are covered by the insurance.

Reference

Certified prosthetic appliance (JW-I, JW-II and Towny Joy)
The term "prosthetic appliance" refers to devices designed to help the physically challenged achieve or regain healthy, active lives by supporting physical functions. Prosthetic appliances are certified by the national government. When an application to receive a certified prosthetic appliance is submitted by a physically challenged person and approved, the product is provided to the applicant.

Products covered by long-term care insurance (JW-I, JW-II and Towny PAS)
Long-term care insurance for home care not only covers home help services but also health and welfare equipment rental/purchase, and renovation of homes. When an application for welfare equipment covered by the long-term care insurance is approved, the applicant needs to pay only 10% of the rental cost.

Background of the Business

Yamaha Motor is committed to using its technological expertise as a vehicle manufacturer to fulfill its social mission — actively contributing to the improvement of health and welfare, and helping meet challenges facing the aging society. In the effort, since the early 1990s, the company has been applying its control and drive technologies to the development of the JW Series electric power unit for manually-propelled wheelchairs. In 1995, the company began test-marketing the first in the series — the JW-I — designed to convert a standard wheelchair to an electrically-powered version. The full-fledged launch into the wheelchair business began with the release of the JW-1B, a complete wheelchair installed with the JW-I unit. In October 1996, Yamaha Motor introduced the JW-II electric power assist unit for the hand-operated wheelchair. The JW-II automatically supplements the propulsion of the manual wheelchair with electric power supplied by the Power Assist System (PAS), allowing users to drive their wheelchairs with less physical effort. In March 2001 the company marketed the Towny PAS electro-hybrid wheelchair, which provides supplementary electric driving power to make it easier for the caregiver to push. The Towny Joy, a lightweight, electrically-powered wheelchair introduced in April 2004, offers enhanced comfort and convenience to both wheelchair users and caregivers. The Towny Joy contributes significantly to expanding the range of activity for people who use wheelchairs.

Current Business Conditions — Product Features and Technologies

Electric Power Assist Units for Wheelchairs

Yamaha Motor offers three power assist units that can easily be installed in manual wheelchairs to electrically power them — the JW-I and JW-II, and the Joy Unit. The Joy Unit can be mounted on custom-made wheelchairs — including reclining- and tilt-type models, generally featuring 16-inch drive wheels — on which previous products could not be installed.

Towny PAS Designed for Easy Operation by Caregivers

The Towny PAS wheelchair incorporates the same Power Assist System (PAS) used in the company's electro-hybrid bicycles to make it easier for caregivers to push the wheelchair.

The Towny PAS provides the proper degree of power assistance to drive the wheelchair, based on the force being applied by the caregiver. This significantly reduces the physical power required to push the chair.

Towny Joy — Lightweight, Electrically-Powered Wheelchair

The Towny Joy not only reduces the burden on the caregiver, but also allows the user to maneuver the wheelchair precisely by using the joystick levers. Moreover, the lightweight, slim 55-cm-wide body enables maneuverability in rooms and other tight spaces. Detachable armrests and footrests make it easy for the user to get in and out of the wheelchair and transfer to and from bed.

Production System

IM Company

Location: Hamamatsu City, Shizuoka Prefecture, Japan

Representative Models

Joy Unit
Manufacturer's suggested retail price: ¥273,000

JW-IB
Manufacturer's suggested retail price: ¥415,000 (tax-free)
* Equipped with caregiver operating controls and an electromagnetic brake system

Towny PAS
Manufacturer's suggested retail price: ¥260,000 (tax-free)

Other Products

Parts and Accessories

Yamaha Motor sells genuine parts for its motorcycles, marine products and other products, as well as accessories such as helmets and apparel.

Marina Equipment

The company sells equipment used in marina applications, such as pontoons.

OES* Truss Reefs

Yamaha Motor's OES truss reefs are artificial structures inspired by coral reefs. They are designed to promote fish propagation while helping enrich the marine environment.

**OES: Ocean Elastic Structure*

Water Purifiers

Yamaha Motor began developing water purifiers for Southeast Asia and other regions where there is an insufficient supply of quality water. Recently, the company also started supplying home-use water purifiers for the domestic market.

Fish Feeders

Yamaha Motor markets automatic fish feeders that streamline fish-raising operations. These are marketed in conjunction with Yamaha fishing boats.

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