



Yamaha Motor Co., Ltd.

New Medium-Term Management Plan

NEXT50-Phase II

2005



- 1. Consolidated Sales by Product**
- 2. Review of the Previous Medium-Term Management Plan**
- 3. New Medium-Term Management Plan**
 - Goals and Numerical Targets**
 - Outline of the Business Strategy**
 - 1) Business Portfolio**
 - 2) Motorcycle Business**
 - 3) Outboard Motor Business**
 - 4) All-Terrain Vehicle Business**
 - 5) IM Business**
 - Summary (Net Sales, Profits and EPS)**

Appendix

•Notice regarding the forecast consolidated results :

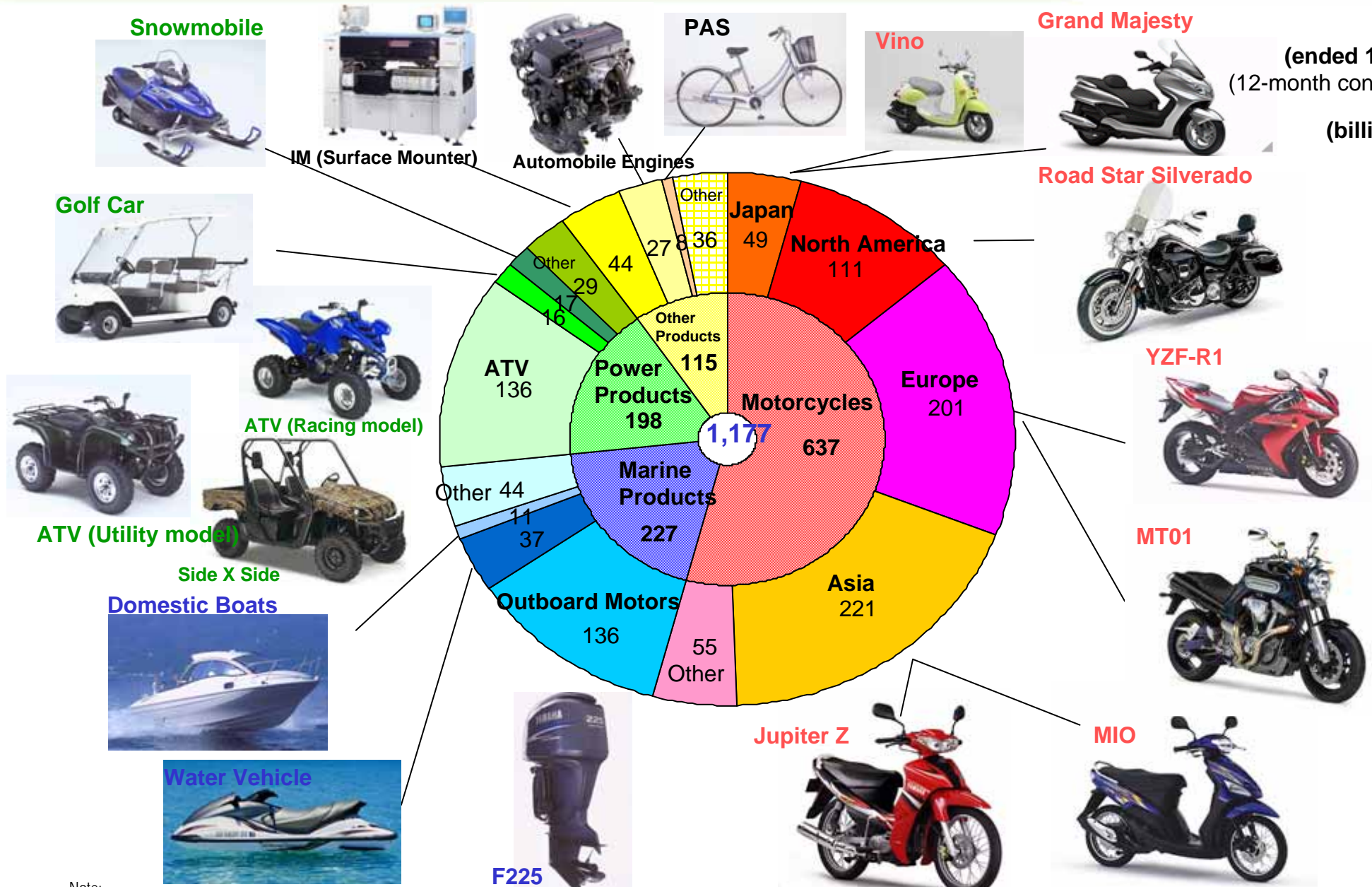
Forecast consolidated results stated herein are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forecast consolidated results.

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

1. Consolidated Sales by Product



FY2004
(ended 12/2004)
(12-month conversion)
(billion yen)



Note:

•The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

2. Review of the Previous Medium-Term Management Plan

Note:

Please be advised that Yamaha Motor's consolidated business results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004. They are an aggregation of the results for the nine-month period from April 1 through December 31, 2004, officially announced on February 8, 2005, and the actual results for the three-month period from January 1 through March 31, 2004. This calculation format arises from a change in the Company's annual closing date from March 31 to December 31.

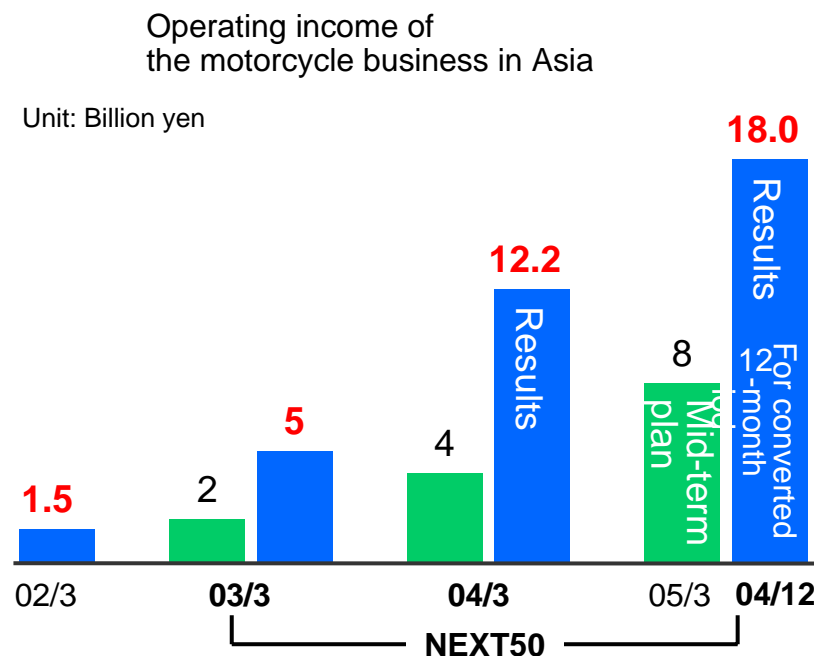
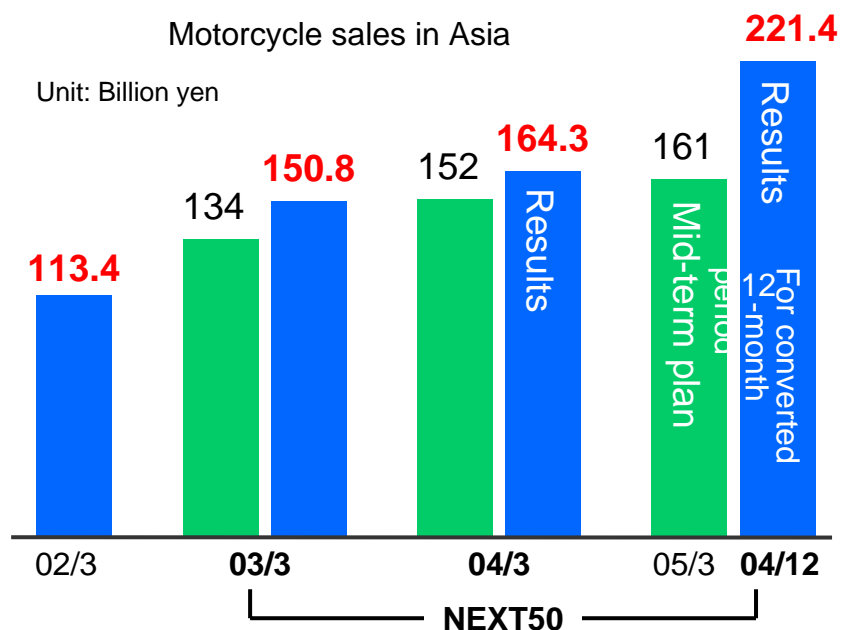
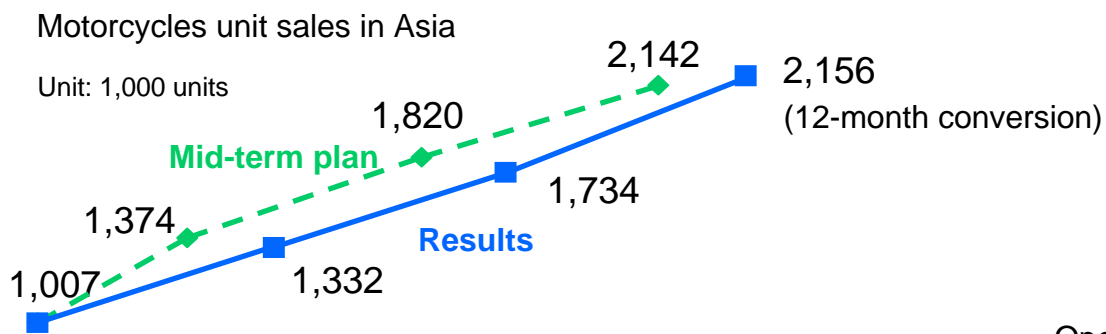
*Kando** creating company



Recovery and Expansion of the Motorcycle Business in Asia



Total sales and operating income in Asia exceeded the targets specified in NEXT 50, due to favorable results in Indonesia, Thailand and other nations, which more than offset sluggish performance in India. Thus, the Company has attained recovery in its motorcycle business in Asia, and is set up for further growth in the region.



Note:

•The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Improvement of low profitability businesses substantially contributed to companywide profitability growth.

Boat Business in Japan

- Termination of Gamagori plant (March 2002)
Reduction of 1.1 billion yen per year in fixed expenses
- Effective restructuring into an organization optimum for the scale of the business

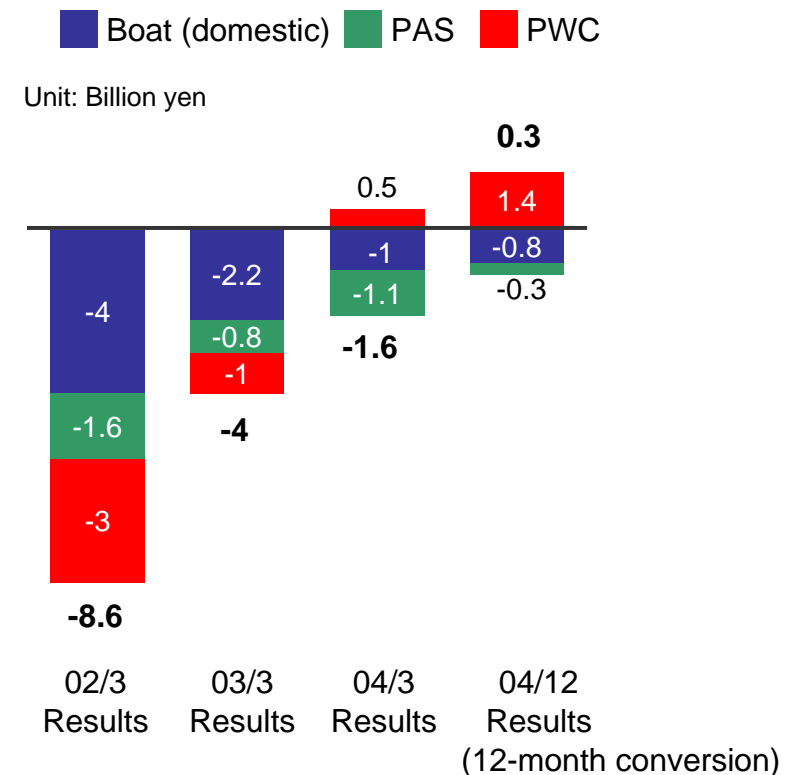
PAS Business

- Reduction of total business costs
- Launch of new lightweight models

Personal Watercraft Business

- Limiting the number of newly developed models
- Transfer of main business functions to the U.S.
Reduction of fixed expenses

Operating income of low profitability businesses



Notes:

- PAS: Electro-hybrid bicycles
- PWC: Personal watercraft

Note:

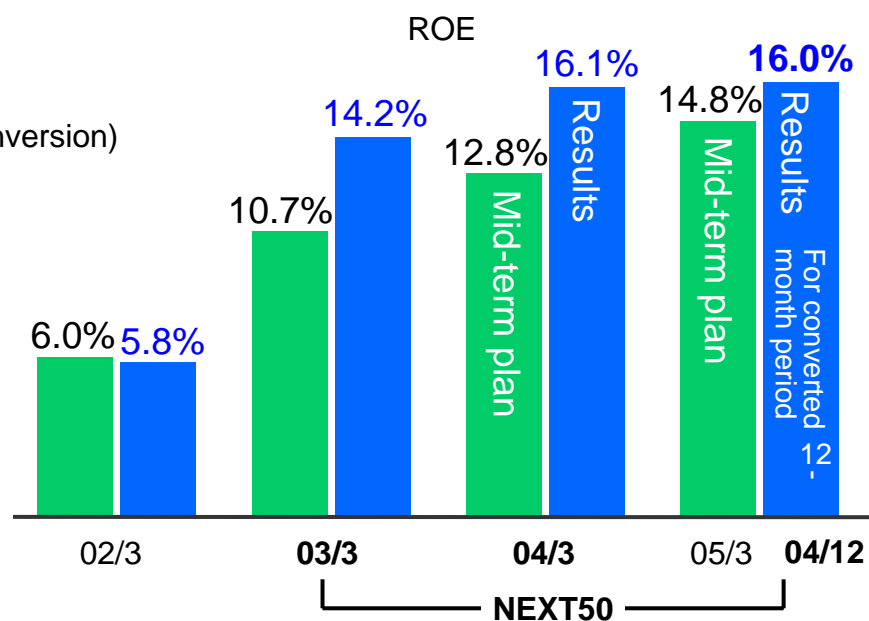
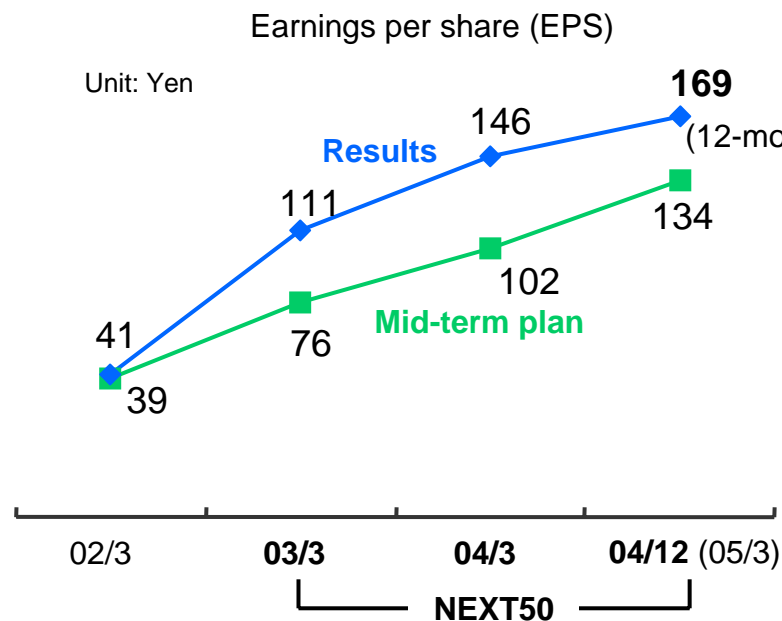
The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Numerical Results, EPS and ROE



All numerical results exceeded the targets specified in NEXT 50

	Plan: FY2005.3 (120 yen against the U.S. dollar and 110 yen against the euro)	Results: FY2004.12 (108 yen against the U.S. dollar and 132 yen against the euro)	(12-month conversion)	(Irregular 9-month period)
Net sales	1,050 billion yen	1,176.8 billion yen		1,012.0 billion yen
Operating profit	70 billion yen	88.8 billion yen		70.1 billion yen
Operating profit ratio	6.7%	7.5%		6.9%
ROE	More than 10%	16.0%		13.0%
Interest-bearing debt	Less than 200 billion yen	120.6 billion yen		120.6 billion yen



Note:

- The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.
- The number of shares outstanding in EPS and shareholders' equity in computing ROE are forecasts at the fiscal year-end, provided only for convenience.



3. New Medium-Term Management Plan

Shareholders

Communities

Customers

Employees

Kando* Creating Company

* *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.

New 3-Year Medium-Term Management Plan NEXT 50 - Phase II Toward Developing Exclusive Brand Status

Maximizing opportunities for growth

- Expanding the ASEAN motorcycle business
- Promoting launches in new business domains
- Exploiting BRICs markets and establishing business foundations in these markets

Ensuring profitability

- Achieving steady profit expansion in Europe and the U.S.
- Maintaining and expanding the high profitability of the IM business
- Continuing and enhancing cost reduction
- Promoting value marketing

Creating value that differentiates Yamaha

Creating and developing customer-centric values

- Creating value to differentiate the brand, based on proprietary technologies
- Promoting brand and marketing strategies

Commitment to CSR

Strengthening corporate governance

Vitalization of personnel and organizations

Establishing the foundation to grow the company into the future

NEXT 50 - Phase I

Profit-Oriented Corporate Structure

Sustainable Growth

Net Sales and Operating Profit



Fiscal years ended Mar. 31, 2004 and Dec. 31, 2004: Actual rates

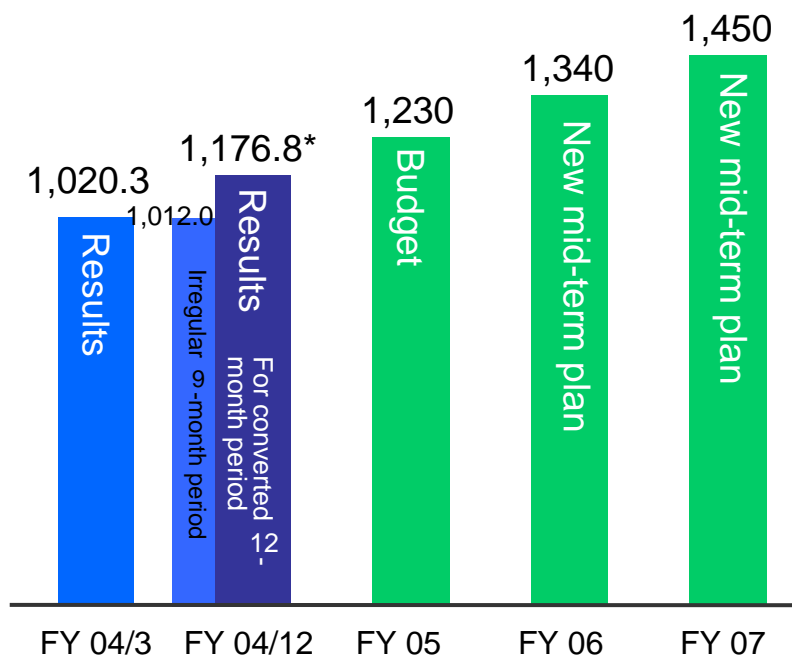
FY2005: 102 yen against the U.S. dollar and 133 yen against the euro

FY2006 & FY2007: 105 yen against the U.S. dollar and 128 yen against the euro

Achieving 1,450 billion yen in net sales and 120 billion yen in operating profit in the fiscal year ending December 31, 2007

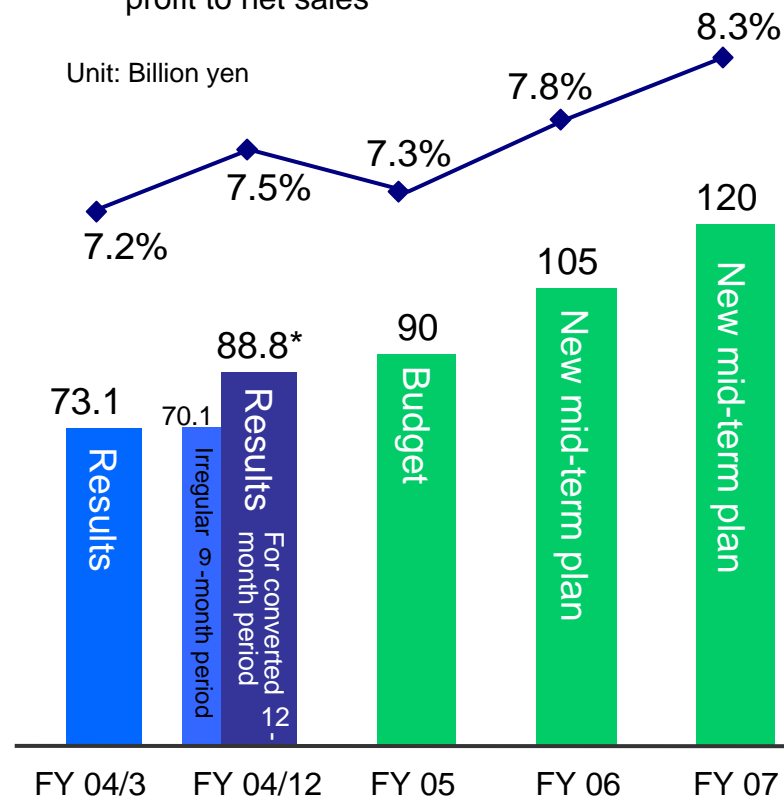
Net sales

Unit: Billion yen



Operating profit and the ratio of operating profit to net sales

Unit: Billion yen



(US\$/€) 113/131 108/134 102/133 105/128 105/128

114/128 108/132 102/133 105/128 105/128

Note:

•The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Sales and Operating Income by Business Segment



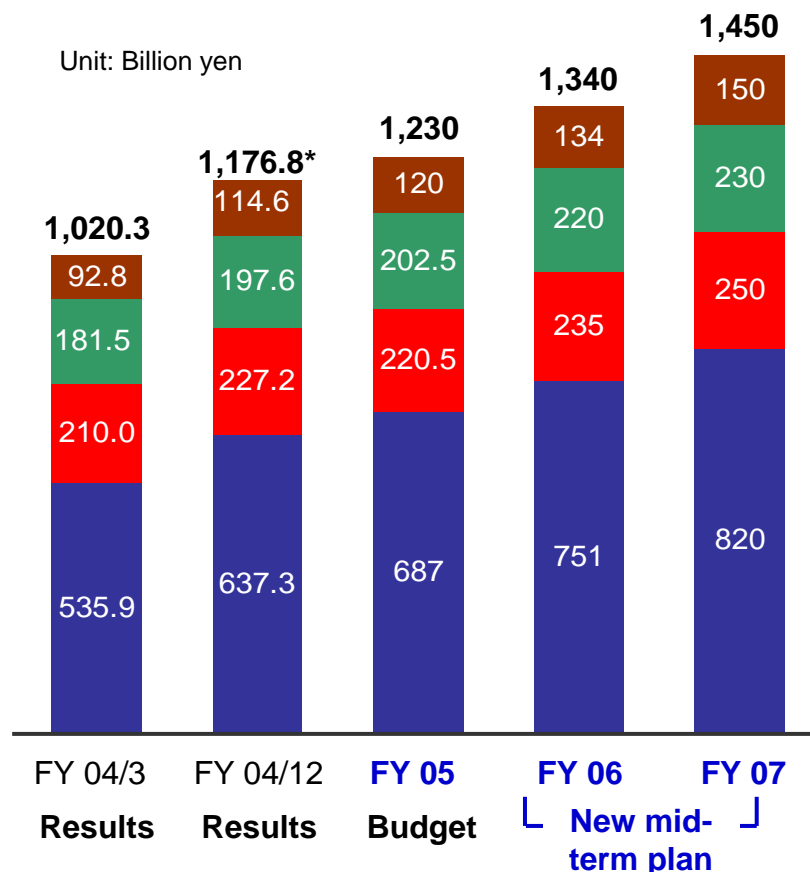
Targets call for increasing sales and operating income in all businesses, particularly in the motorcycle segment

Net sales

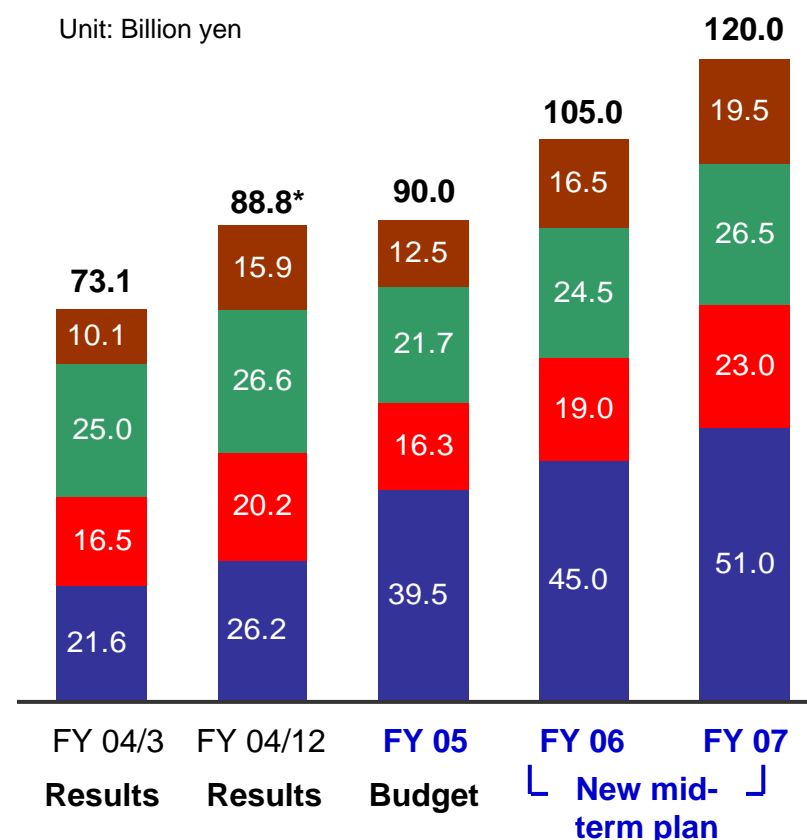
Operating income

Motorcycles Marine products Power products Other products

Unit: Billion yen



Unit: Billion yen



(US\$/€) 113/131 108/134 102/133 105/128 105/128

114/128 108/132 102/133 105/128 105/128

Note:

•The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Key points in the new mid-term plan regarding return of profits to shareholders

- 1) Disclosure and implementation of explicit dividend policy
- 2) Increase of total amount to be returned to shareholders
- 3) Payment of cash dividends that accurately reflect business results

Basic Policies Regarding Return of Profits to Shareholders

- **Giving priority to capital gains:**

Aiming to achieve more than 10% in annual EPS growth

Yamaha Motor understands that funds entrusted in the Company by the shareholders should be reinvested toward achieving a higher profit return.

- 1) Therefore, with regard to the return of profits to shareholders, the Company places the highest priority on increasing capital gains through expansion of the EPS.
- 2) To this end, the Company aims to raise the EPS by more than 30% in the next three years.

- **Transparency of dividend payout:**

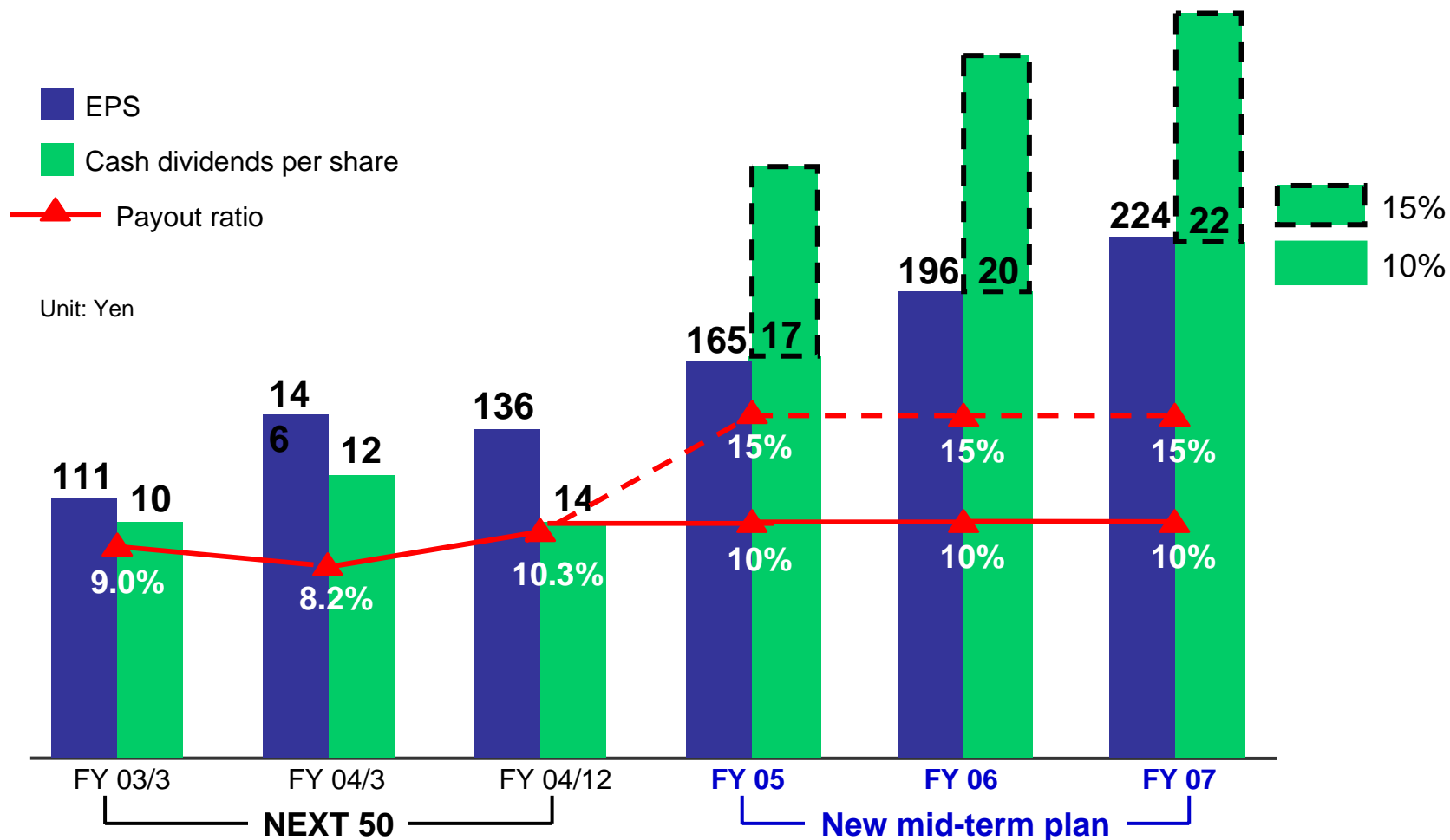
By using the consolidated payout ratio as an indicator, the Company intends to pay cash dividends that accurately reflect business performance, and to increase the cash dividends.

- 1) The Company will maintain a payout ratio of at least 10% for the time being, and may aim for 15%, depending on circumstances.
- 2) If the equity ratio exceeds 50%, or the interest-bearing debt reaches zero in the future, the Company will aim for an even higher payout ratio.

Forecast for EPS and Cash Dividends



The Company's immediate goal is to maintain at least a 10% payout ratio to consolidated net income. Assuming the mid-term plan progresses as scheduled, this will increase the cash dividends per share to more than 22 yen in the fiscal year ending December 31, 2007.



Notes:

*The fiscal year ended December 31, 2004 is an irregular 9-month accounting period.

*The number of shares outstanding in EPS are forecasts at the fiscal year-end, provided only for convenience.

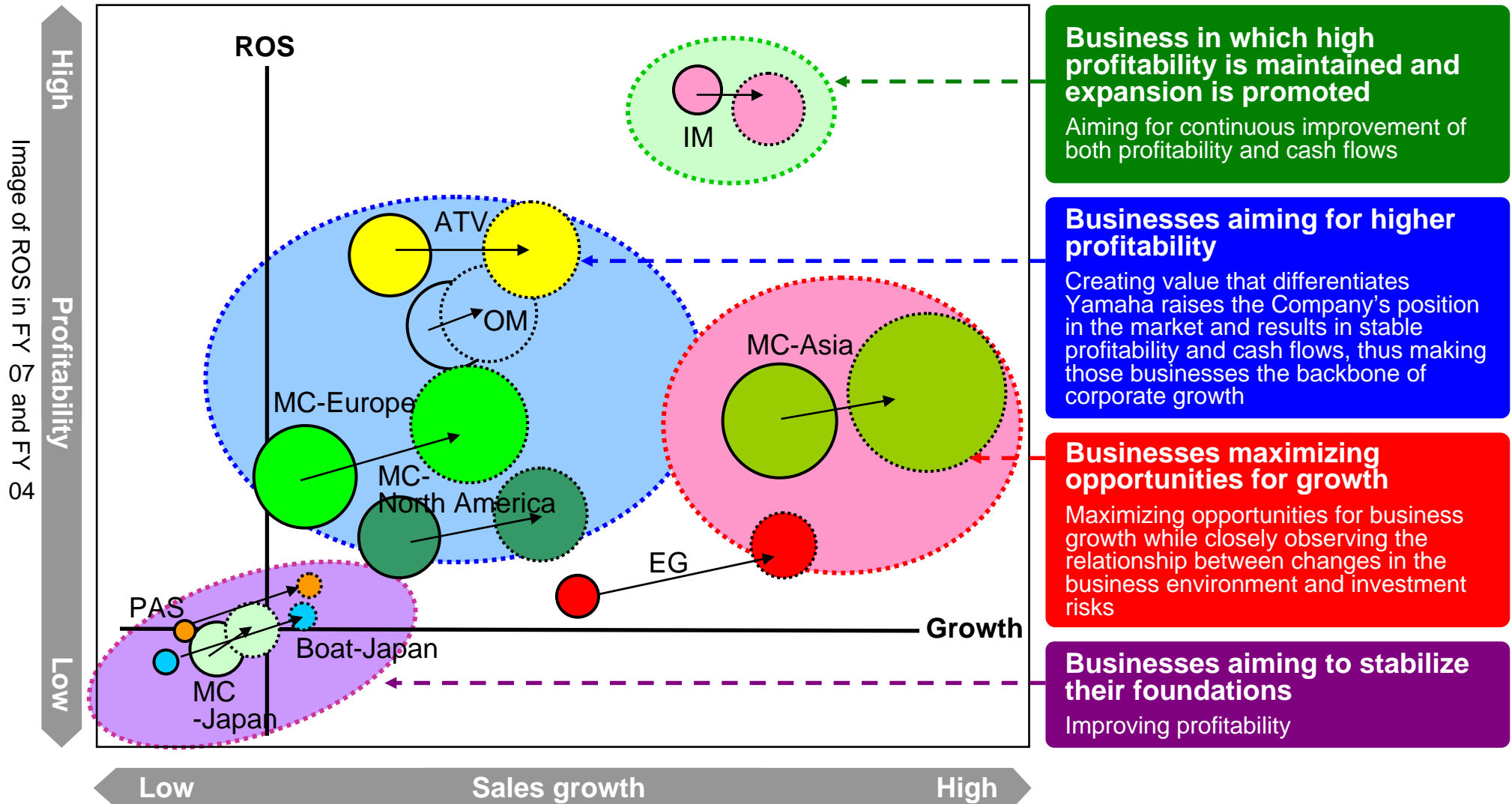


3-2. Outline of the Business Strategy

Business Portfolio in the New Mid-Term (Conceptual Image)



○ Presumed position in FY 07 ○ Position in FY 04 * Size of circle represents sales scale.



Business in which high profitability is maintained and expansion is promoted
Aiming for continuous improvement of both profitability and cash flows

Businesses aiming for higher profitability
Creating value that differentiates Yamaha raises the Company's position in the market and results in stable profitability and cash flows, thus making those businesses the backbone of corporate growth

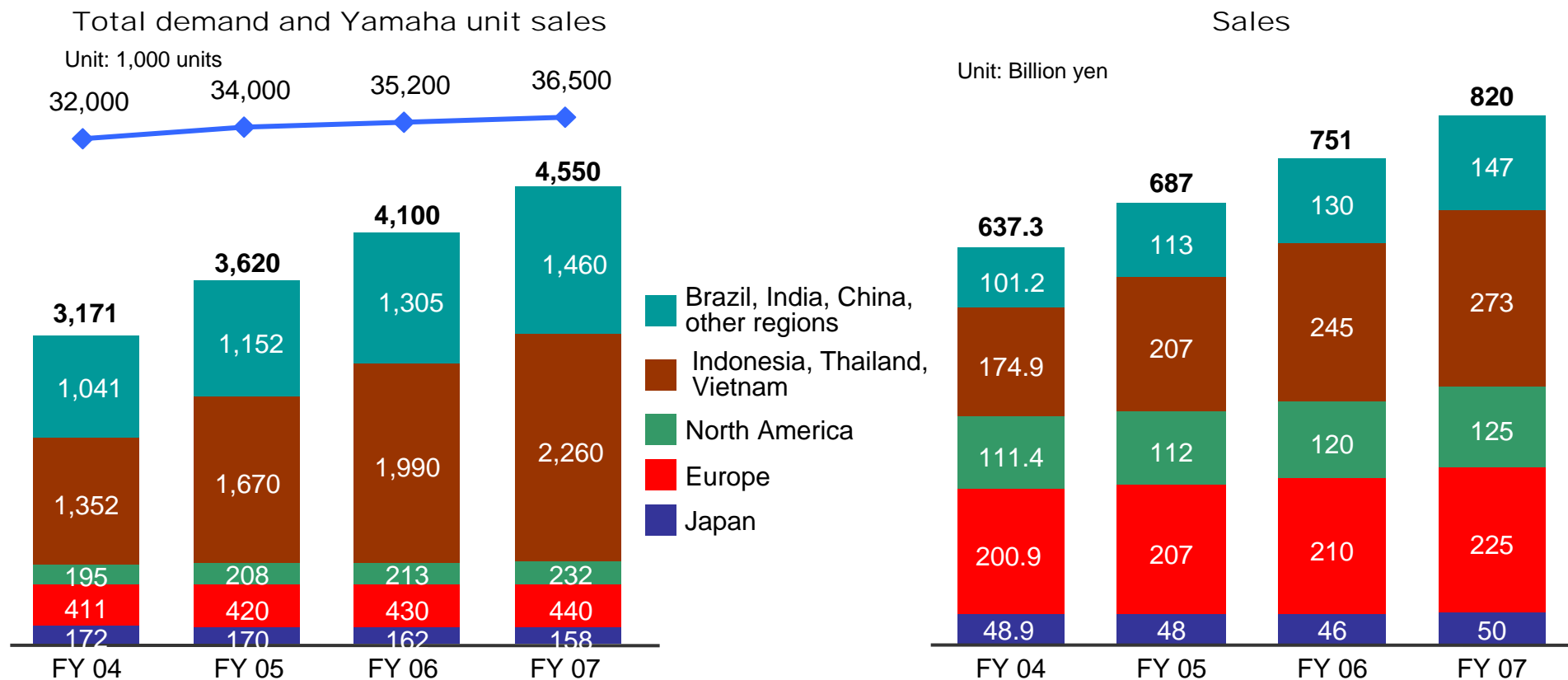
Businesses maximizing opportunities for growth
Maximizing opportunities for business growth while closely observing the relationship between changes in the business environment and investment risks

Businesses aiming to stabilize their foundations
Improving profitability

Notes:
• Business abbreviations:
MC: Motorcycle, OM: Outboard Motor, PAS: Electro-hybrid bicycle, ATV: All-terrain vehicle (including SSV), EG: Automotive engine, IM: Intelligent machinery

Goal: Becoming the driving force to boost sales and profits companywide

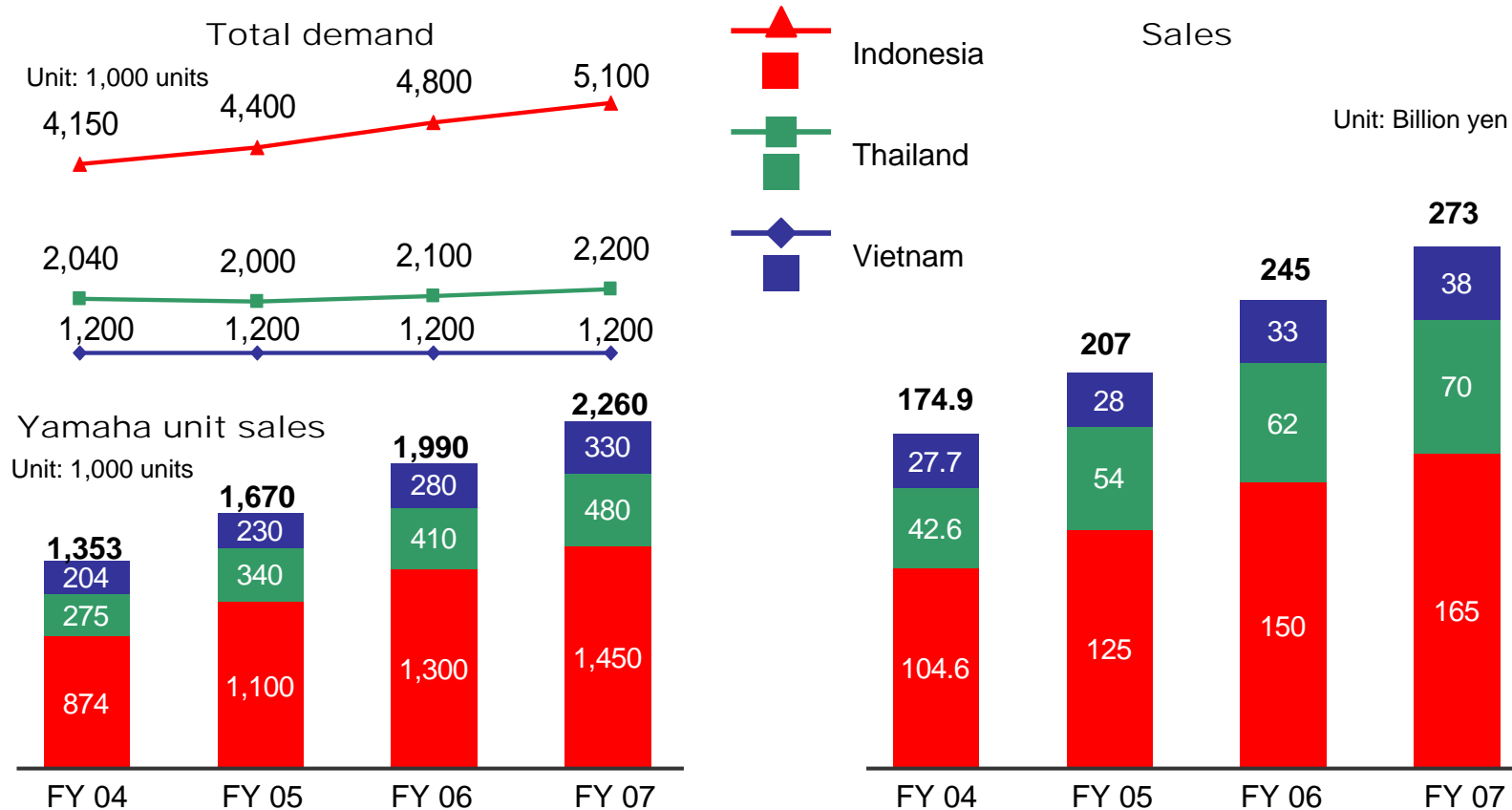
- Measures**
- 1) Increasing profitability in Europe and the U.S.
 - 2) Expanding growth in the three main ASEAN countries
 - 3) Reforming the business foundation for future business expansion in India, China, and Brazil
 - 4) Reducing costs through continuous promotion of the SyS system



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Goal: Promoting further growth by actively allocating resources

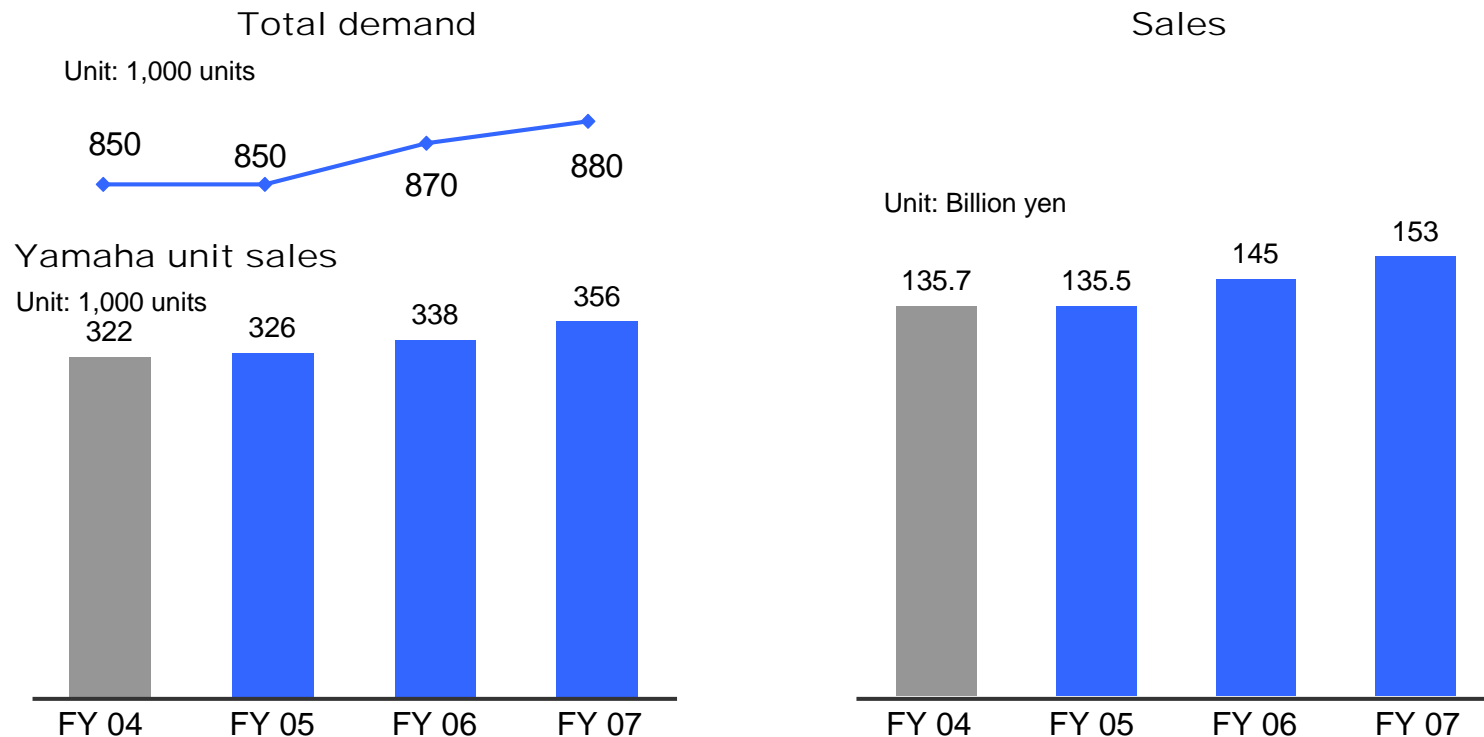
- Measures**
- 1) Aggressively launching new 4-stroke automatic and high-value-added models
 - 2) Further enhancing the Yamaha brand image among youths through the implementation of brand strategy
 - 3) Further strengthening the sales network
 - 4) Boosting the production capacity



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Goal: Maintaining the leading position worldwide and current high profitability structure
 - *Toward becoming a comprehensive marine product company -*

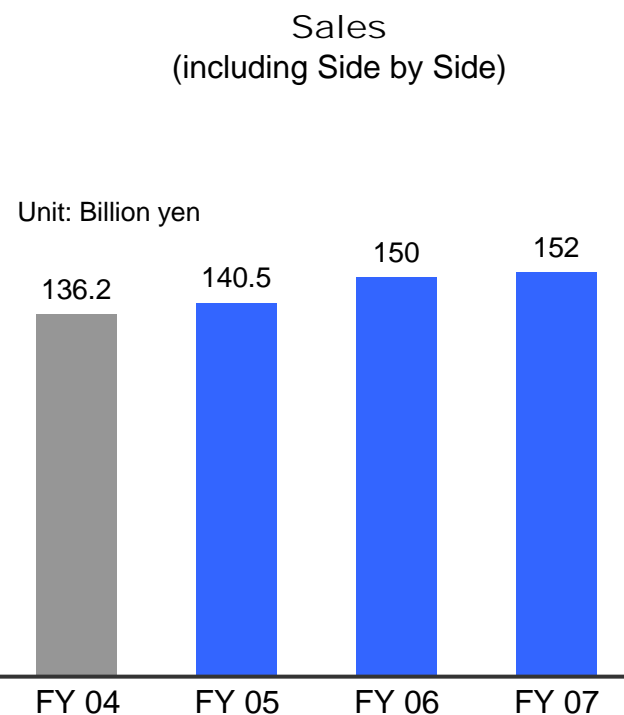
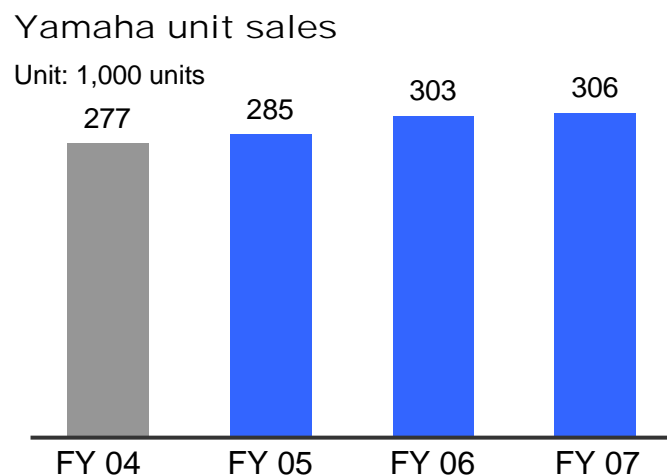
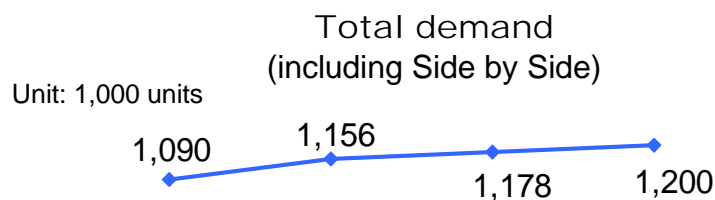
- Measures**
- 1) Strengthening the environmentally-friendly large outboard motor lineup
 - 2) Strengthening the collaboration with boat builders
 - 3) Maintaining large market share by expanding the 4-stroke product lineup and strengthening service capability in developing countries
 - 4) Expanding the rigging (parts and accessory) business and entering new related businesses



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Goal: Improving profitability in mature markets and exploiting a new business domain

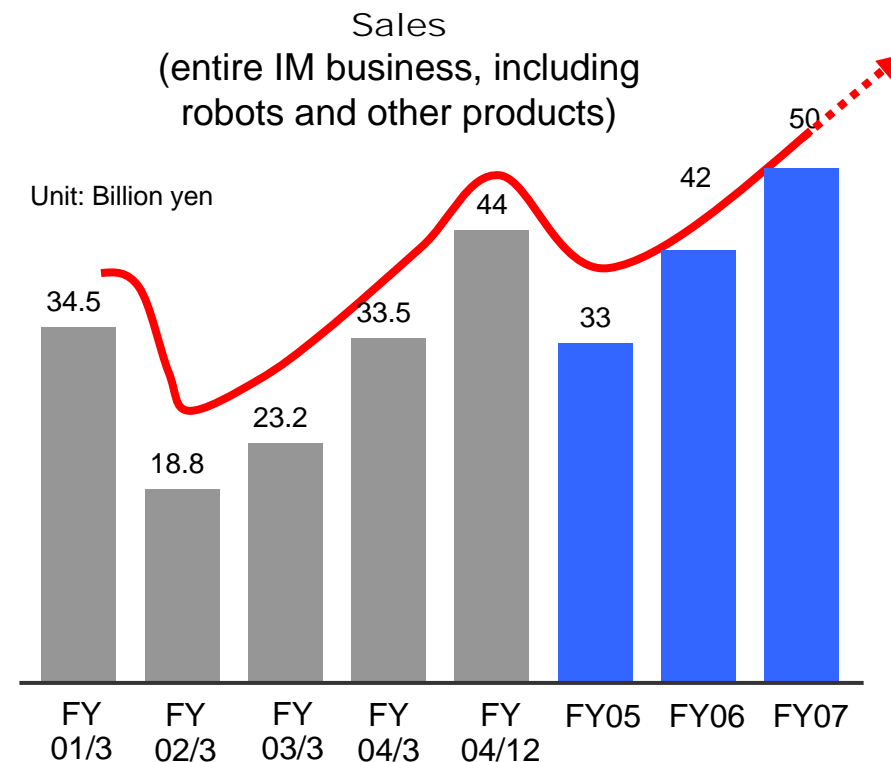
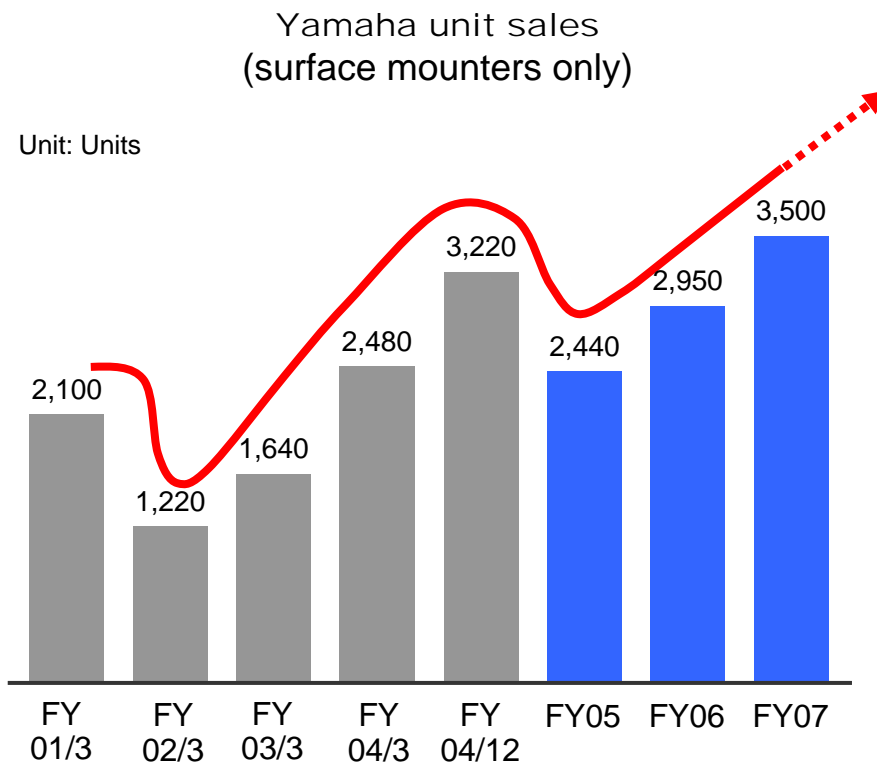
- Measures**
- 1) Exploiting a new business domain (deployment of “Rhino World”)
 - 2) Maintaining the top position in the sports category
 - 3) Increasing market share in the utility category
 - 4) Expanding sales outside North America
 - 5) Establishing a Japan-U.S. twin production system and improving its efficiency



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004. SSV is an acronym for Side-by-Side Vehicle, a category related to, but different from, the ATV. The Yamaha Rhino is emblematic of the SSV category.

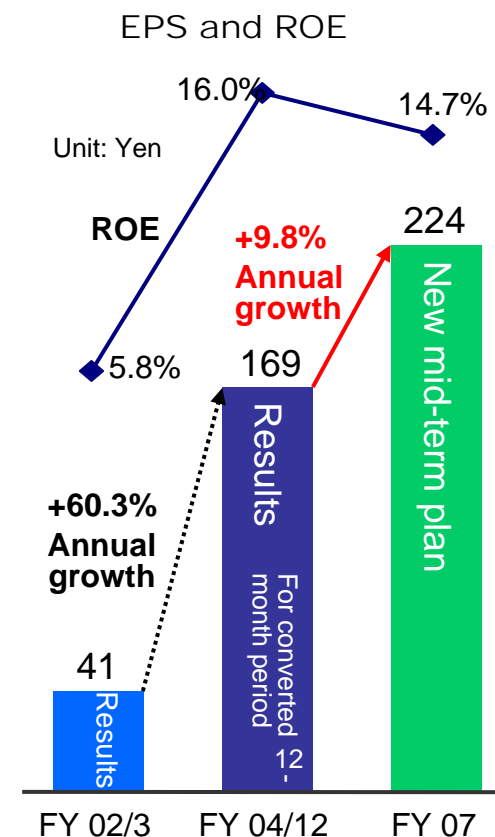
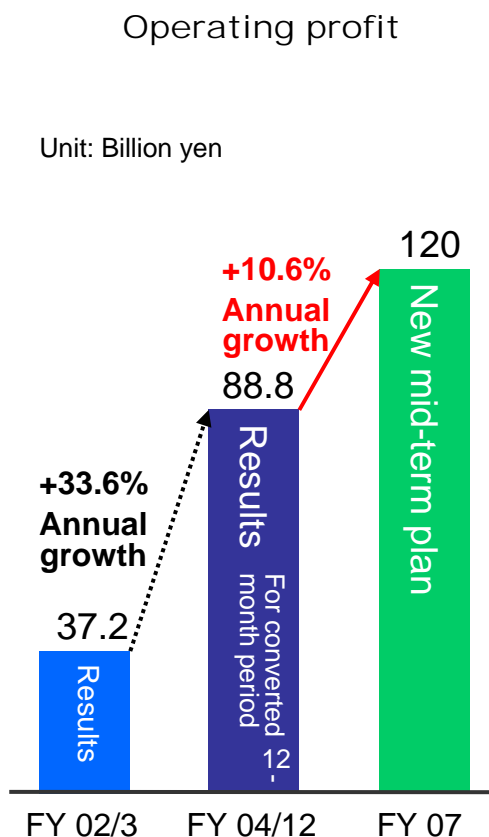
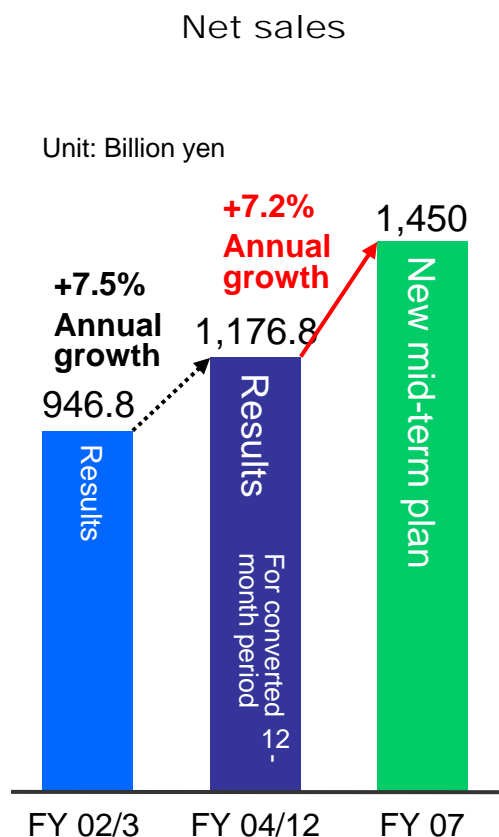
Goal: Maintaining current high profitability and expanding the business

- Measures**
- 1) Exploiting a new market by developing high-speed modular models
 - 2) Strengthening the solutions business to help customers realize higher production efficiency
 - 3) Strengthening the performance and reducing costs of existing mainstay models
 - 4) Strengthening sales support by establishing a Technical Center



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Annual growth of 7.2% in net sales and 10% or higher in recurring profit and earnings per share (EPS) during the new medium-term



Notes:

- The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.
- The percentage of growth has been converted to an annual ratio.
- Number of shares for FY 07 stands at 285,000,000, which is computed based on the number of shares outstanding after factoring in the dilutive potential of shares to be issued upon the full conversion of the 4th convertible bonds.
- Shareholders' equity in computing ROE and the number of shares outstanding in EPS are forecasts at the fiscal year-end, provided only for convenience.

Appendix

- **Change in Accounting Period**
- **Debt, Shareholders' Equity and Equity Ratio**
- **Policies Regarding Cash Flows**
- **Per Capita GDP and Motorcycle Penetration Rate**
- **Forecast Worldwide Motorcycle Demand**
- **Reference Materials for Business Strategy**
- **New Business Domain: Biotechnology**
- **Segment information**
- **Profits, EPS and ROE**
- **Shareholders & Share Price**

Rationale for the change

1. To more accurately report our business performance during the financial year and to disclose it in a more appropriate manner, in light of the demand period for mainstay products.
2. To help promote our global operations more effectively by unifying the accounting term of the Yamaha Motor Group companies.

Companies (by region) whose fiscal year ends March 31 of every year

Japan
North America
Australia

(percentage of net sales in FY04)
(47%)



Period covered by the account settlement for the fiscal year ending December 31, 2004

**Closing date was changed to December 31.
For the fiscal year ending December 31, 2004,
only accounts for the nine-month period from
April to December was included.**

Companies (by region) whose fiscal year ends December 31 of every year

Europe
Asia
Latin America

(percentage of net sales in FY04)
(53%)



**Present closing date of December 31 did not
change.
For the fiscal year ending December 31, 2004,
accounts for the twelve-month period was
included as usual.**

Debt, Shareholders' Equity and Equity Ratio

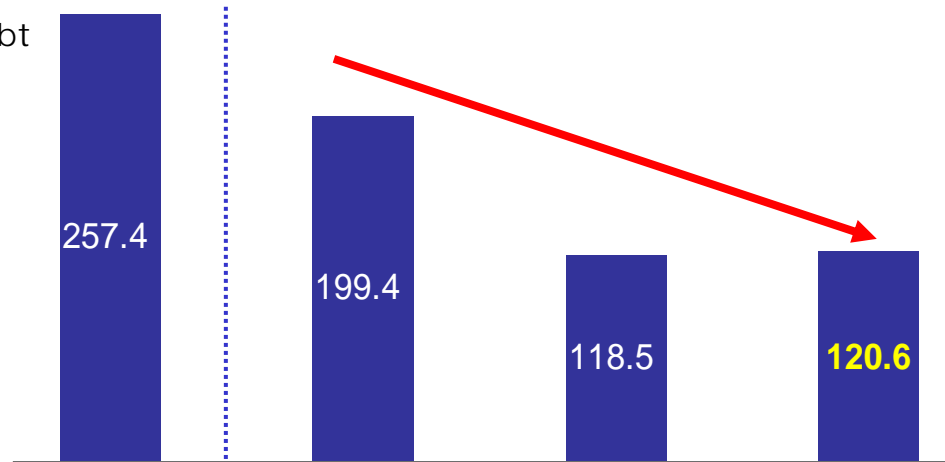


The Company reduced interest-bearing debt to 120.6 billion yen, while raising shareholders' equity to 293.8 billion yen and increasing the equity ratio to 38.3%.

As a result, the Company has attained higher ratings.

Interest-bearing debt

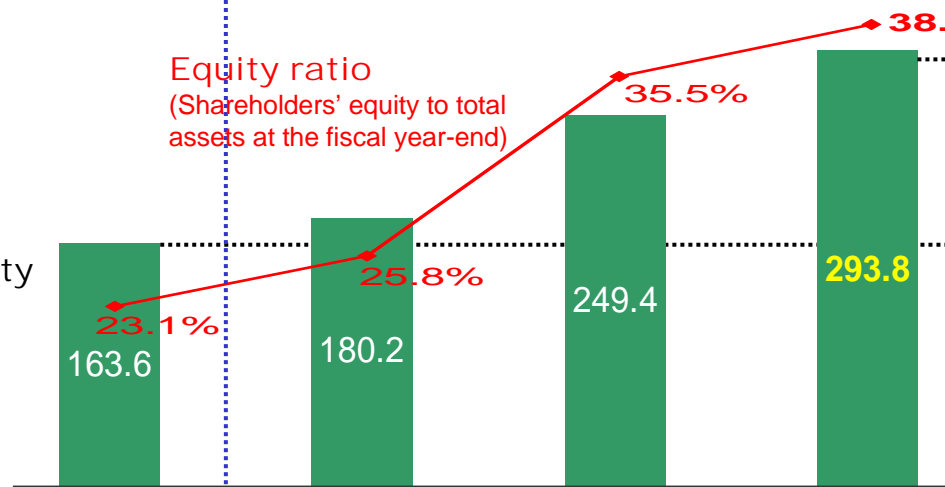
Unit: Billion yen



Equity ratio
(Shareholders' equity to total assets at the fiscal year-end)

Shareholders' equity

Unit: Billion yen



130.2 billion yen increase in shareholders' equity over three years.

Including CB conversion amounting to 46.2 billion yen

FY 02/3

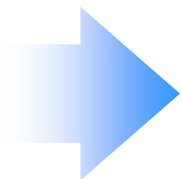
FY 03/3

FY 04/3

FY 04/12

NEXT50

Highest priority on repayment of borrowings to improve the financial structure

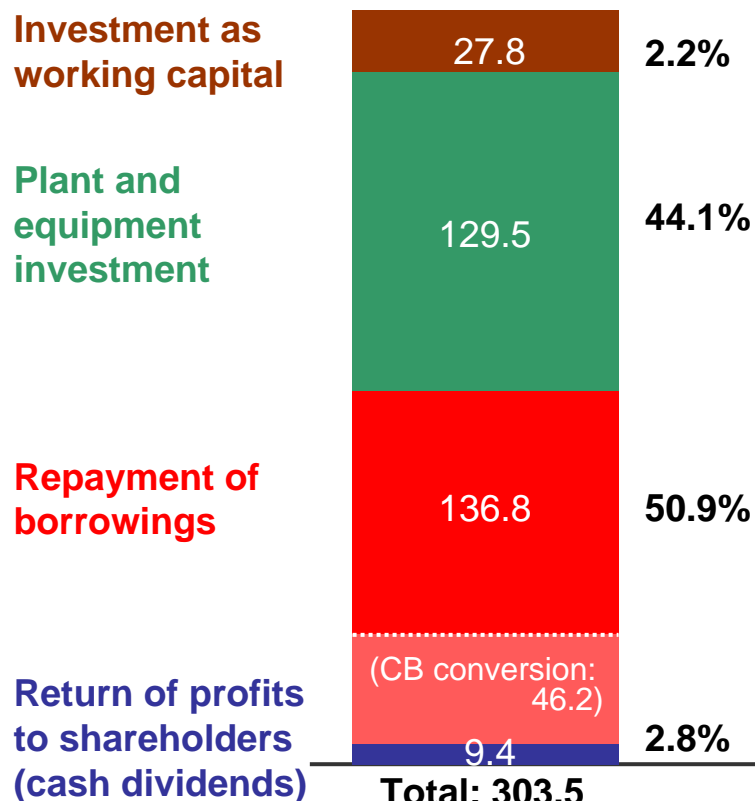


Balanced allocation of cash for investment, aimed at business growth, increased cash dividends to shareholders, and repayment of borrowings

Interest-bearing debt is expected to be reduced to almost zero, even after increasing investment for business growth and doubling cash dividends to shareholders

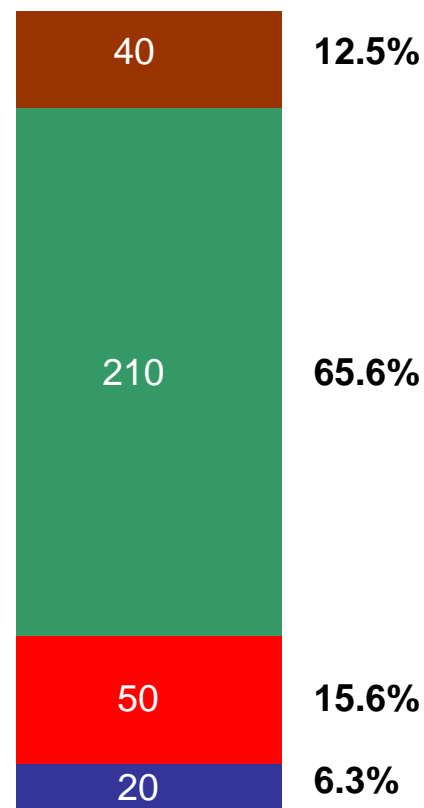
NEXT 50

Unit: Billion yen



**Total: 303.5
(257.3 in real terms)**

New mid-term plan



Total: 320

Corresponding to sales growth
Improved turn-over ratio

60% increase from the previous mid-term plan, to attain higher growth (assumes high investment efficiency projects)

Real-term debt reduced to almost zero, even with expanded investment and increased cash dividends

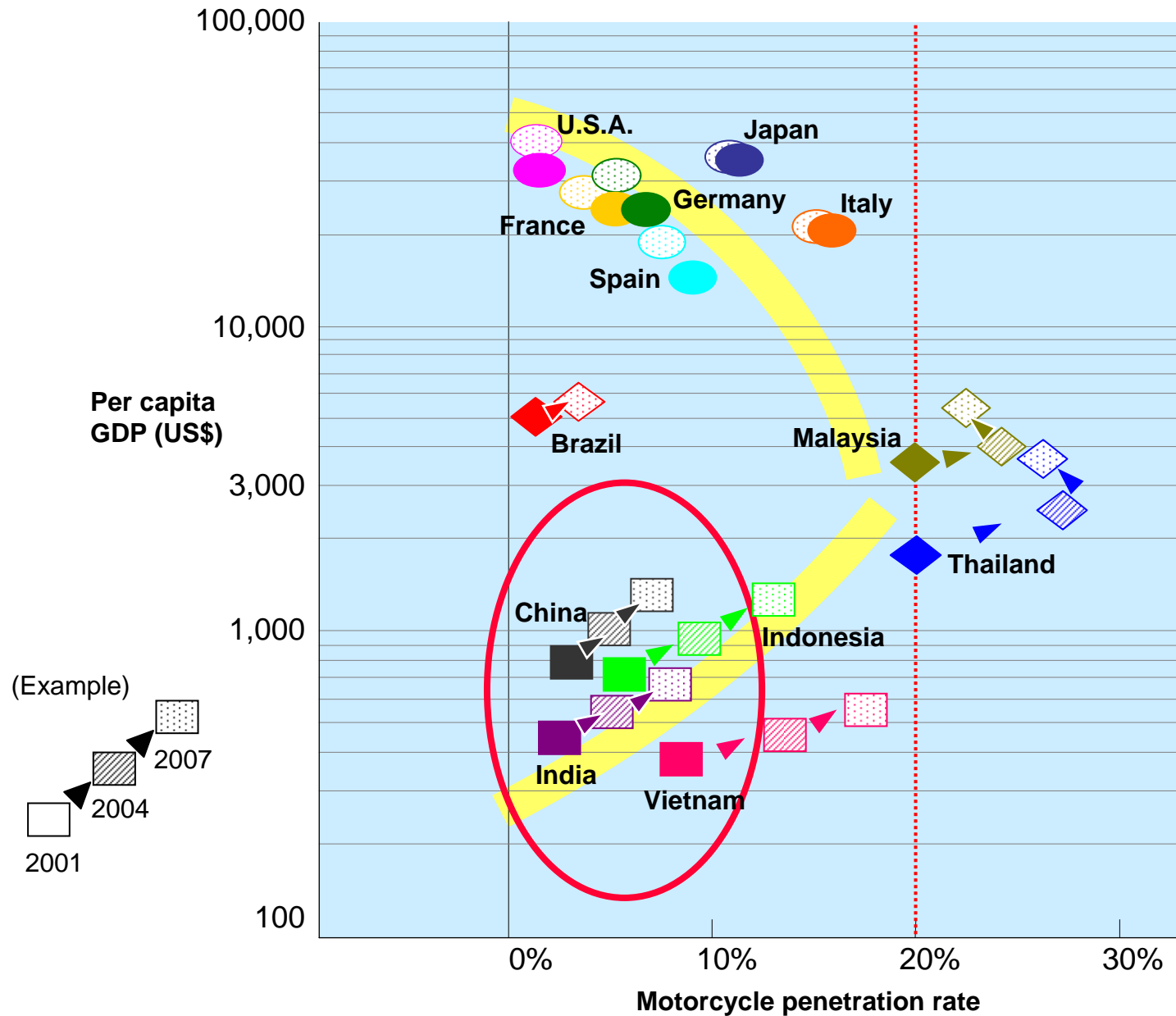
Payout ratio: 10 to 15%
-> Total cash dividends doubled

Note: Repayment of borrowings in NEXT 50 includes 44 billion yen acquired from CB conversion.

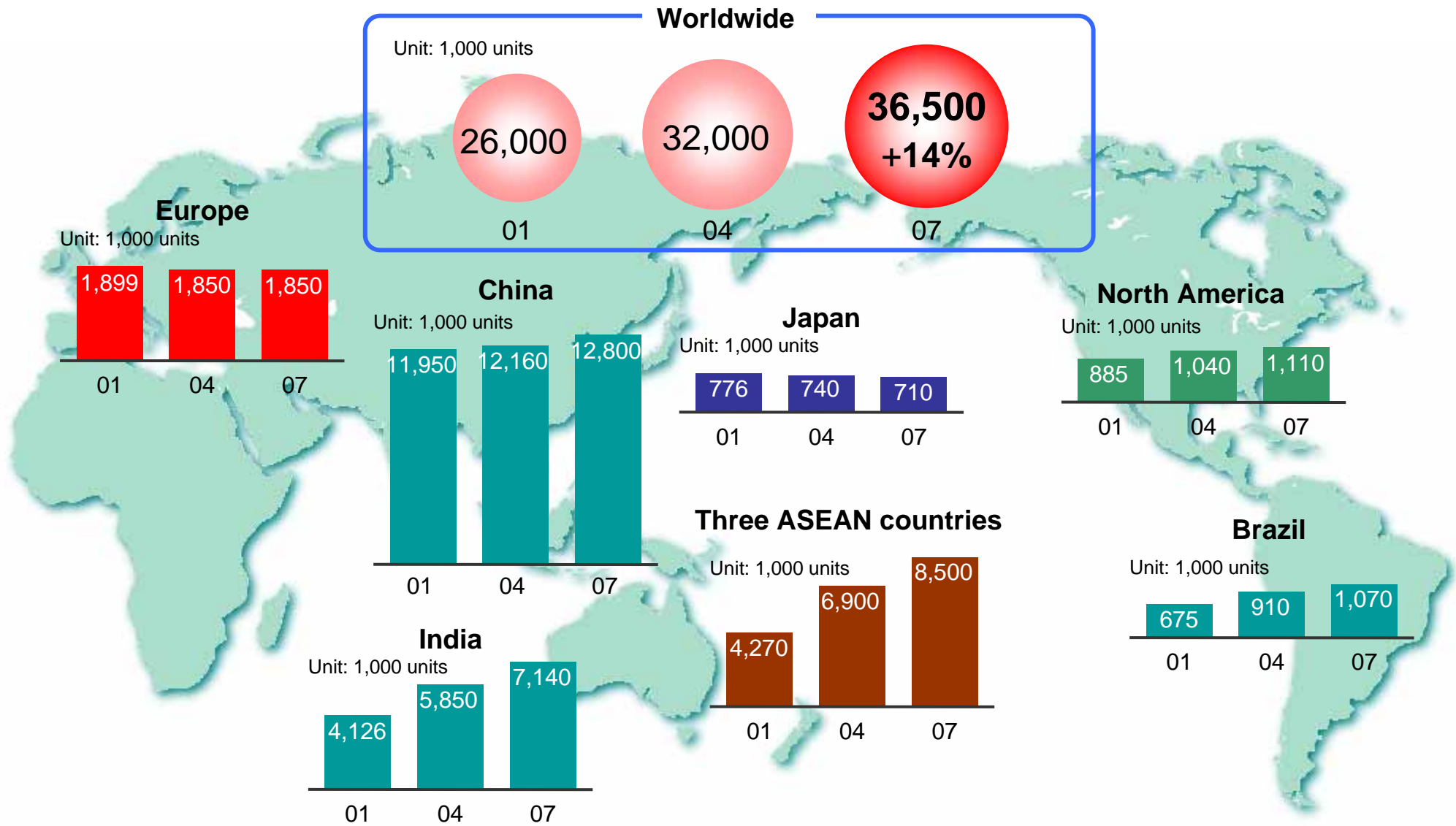
Per Capita GDP and Motorcycle Penetration Rate



Per capita GDP vs. motorcycle penetration rate in different countries



Forecast Worldwide Motorcycle Demand



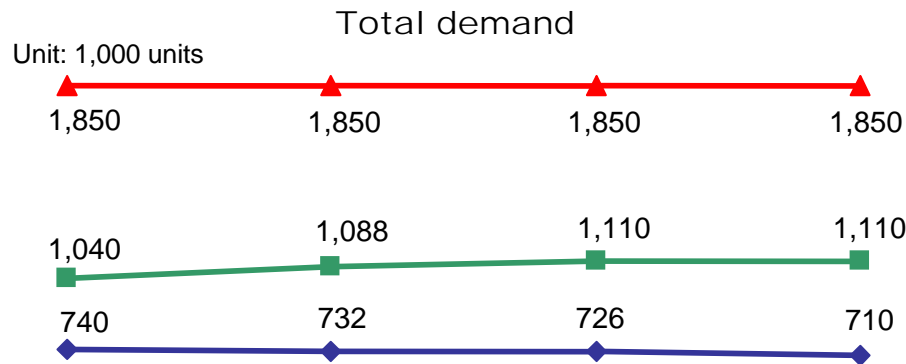
Note: The figures listed above are based on a Yamaha survey, for the period from Jan. 1 through Dec. 31. Worldwide demand includes demand from countries and regions other than those listed above.

Motorcycle Business (Mature Markets: Japan, North America, Europe)



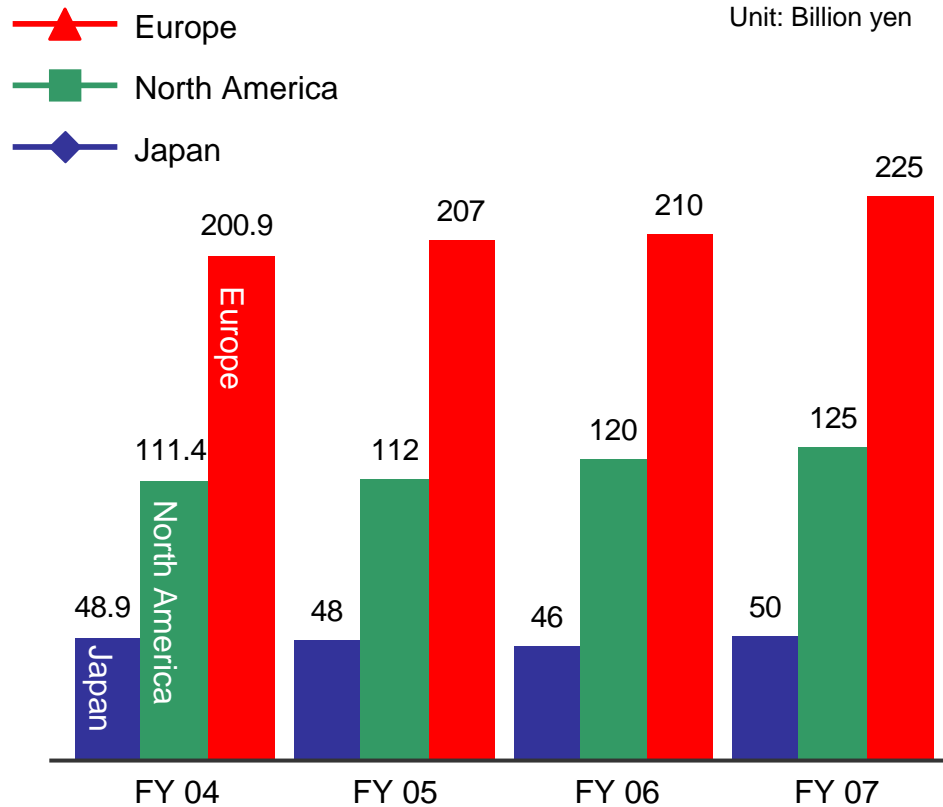
Goal: Improving profitability through the implementation of brand strategy
(value differentiation)

- Measures**
- 1) Continuously introducing new, value-added, large models in mature markets
(Japan: Big scooters; North America: STAR series; Europe: MT series)
 - 2) High-value-added marketing (Creating *Yamaha World*)
 - 3) Reducing costs by continuously promoting the SyS system

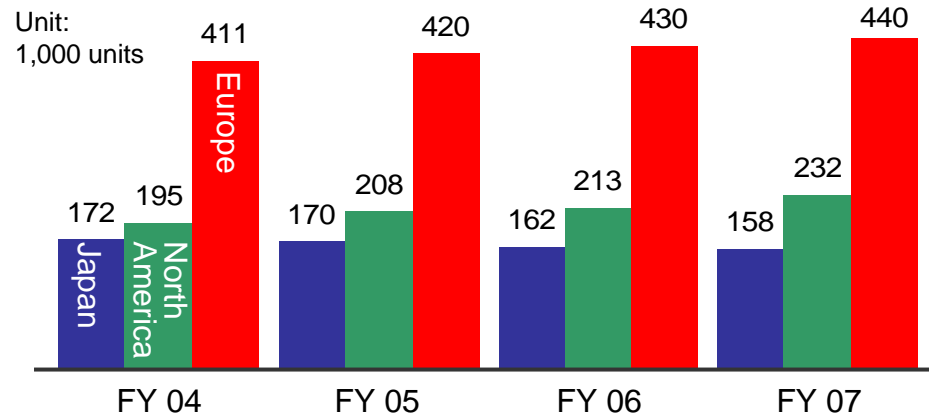


Sales

Unit: Billion yen



Yamaha unit sales



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.



Sporty 4-stroke models
2004 Jupiter-Z



**Popularizing and expanding
the automatic model line**
2004 New Nouvo



**New models incorporating
new technologies**
Infinion-Z concept model

STYLISH SPORTY INNOVATIVE

- Continuous expansion of 4-stroke basic model lineup featuring Yamaha's sporty concept**
- Popularizing and expanding the line of industry-leading all-new products (automatic models)**
- Offering new-value-added models featuring next-generation technologies**



Creating distinctive Yamaha brand value

□ Establishment of flagship shops in individual countries

- Indonesia: Yamaha Flagship Shop
- Thailand: Yamaha Square
- Vietnam: Yamaha Town
 - > Offering new lifestyles/fashions focused on youth, and added value to users

□ Expanding the existing sales network

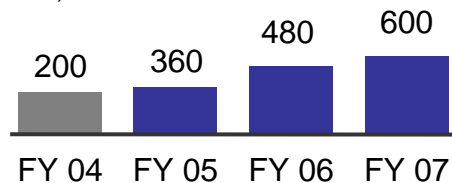
ASEAN (3) Phased Expansion of Production System toward Sales Growth



No. 2 Indonesia plant and Vietnam parts casting plant to commence operations in 2006

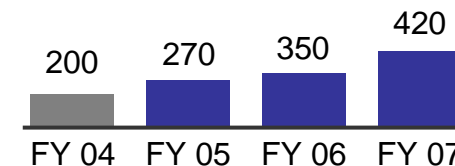
Thailand

Unit: 1,000 units



Vietnam

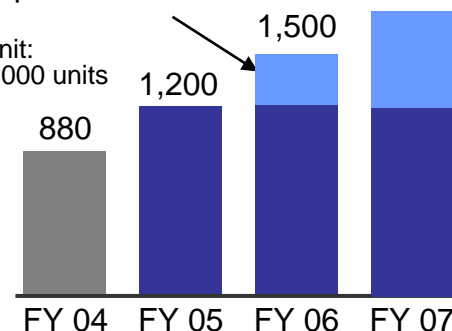
Unit: 1,000 units



Indonesia

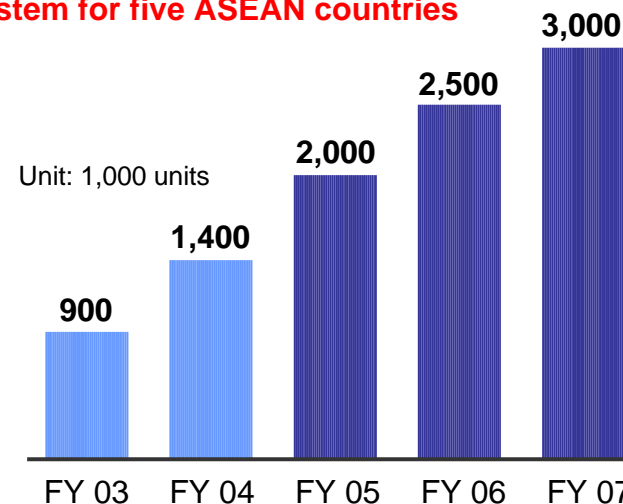
No. 2 plant starts operation

Unit: 1,000 units



Increase of approx. 1.6 million units from FY 2004 to 2007

Establishing 3-million-unit production system for five ASEAN countries



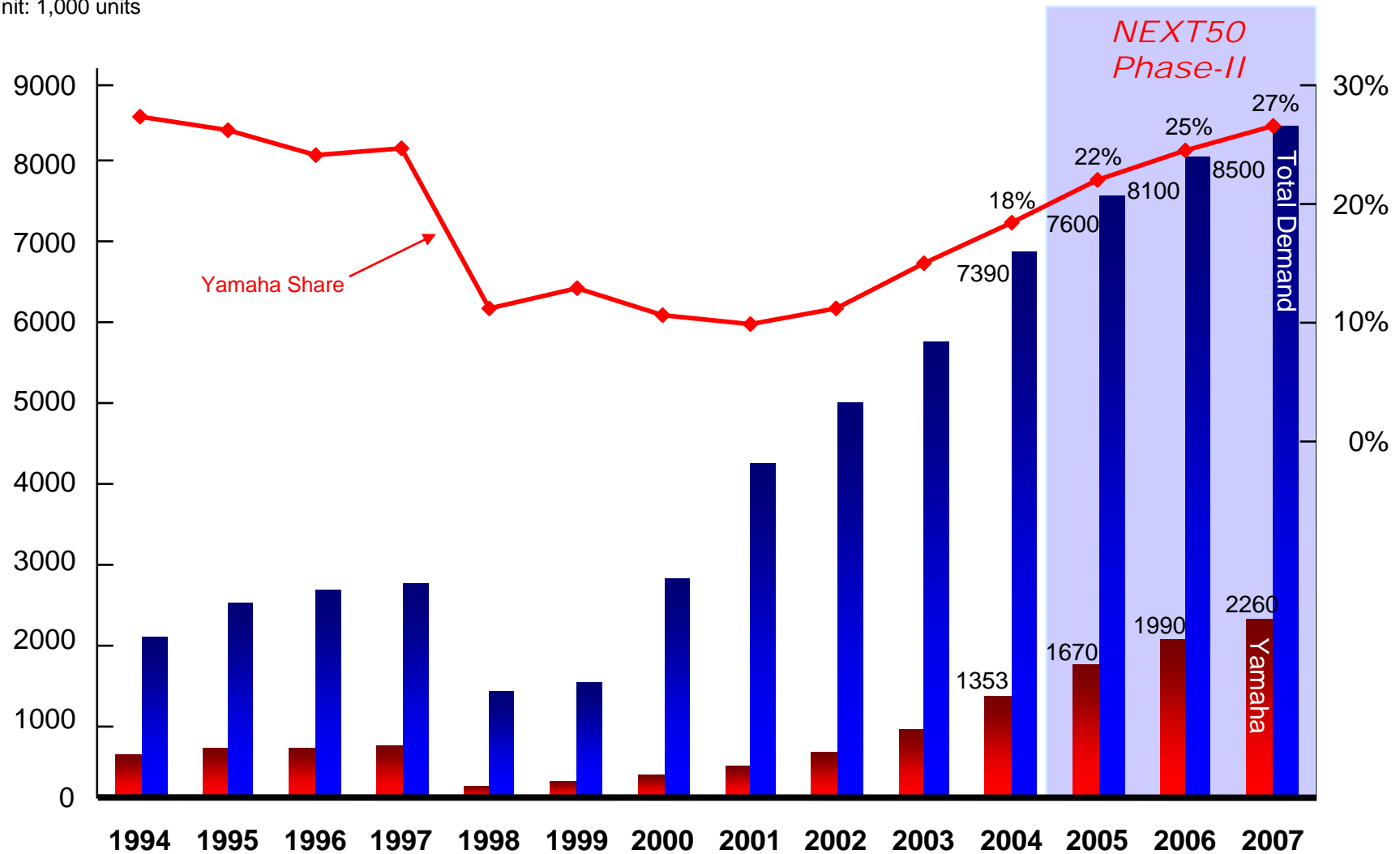
Notes:

- Fiscal years ending Dec. 31, except for FY 03, which ended Mar. 31.
- The above figures include units produced for export.

Total Demand and Yamaha Unit sales in Indonesia, Thailand and Vietnam



Unit: 1,000 units



Note: The number above is the total of Indonesia, Thailand and Vietnam.

Motorcycle Business (Markets Focusing on the Business Foundation: Brazil, India, China)



Goal: Reforming the business foundation in the new mid-term toward future growth

Measures Maximizing business efficiency by optimizing existing production capacities

Brazil

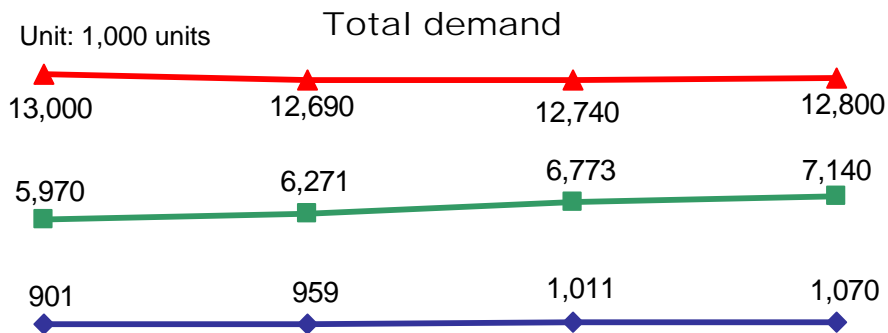
- Raising local-content ratio
- Increasing in-house production ratio
- Utilizing Chinese-manufactured parts
- Strengthening sales network

India

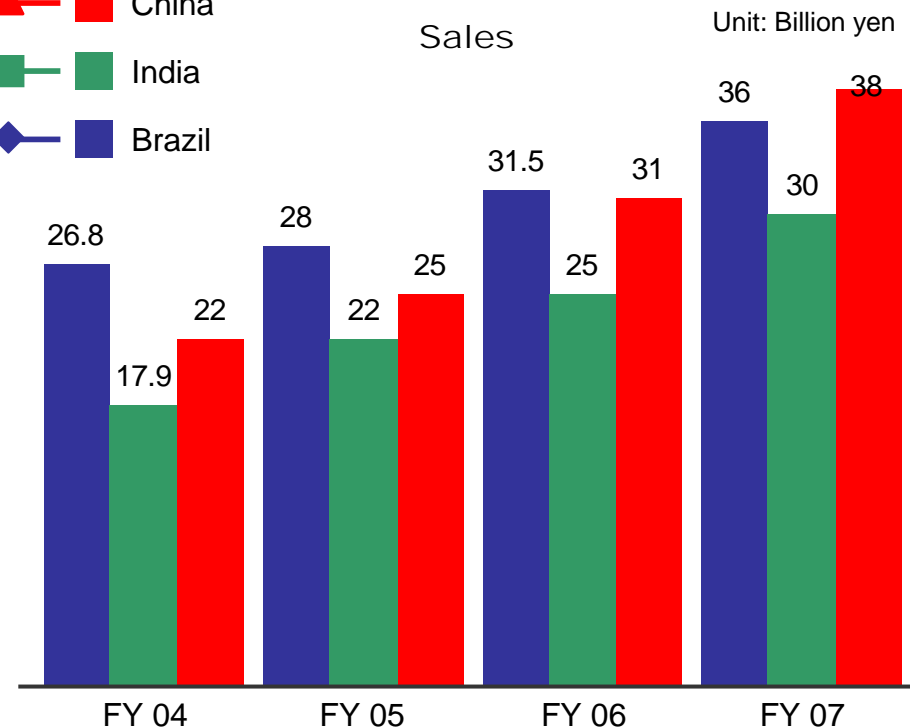
- Restructuring sales network and strengthening marketing capability
- Developing product lineup that meets market needs
- Cost reduction

China

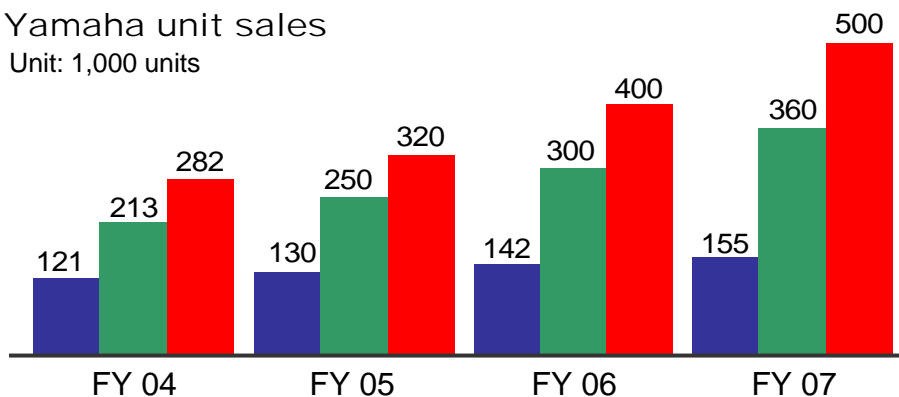
- Strengthening market competitiveness by integrating manufacturing, marketing, engineering, and purchasing capabilities
- Strengthening sales network (integration of sales networks)
- Focusing on target segments



Sales Unit: Billion yen



Yamaha unit sales Unit: 1,000 units



Note: The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.

Development of "Rhino World"

- Offering new value to meet upgraded needs of existing ATV users
- Aggressively strengthening high-value-added category product appeal



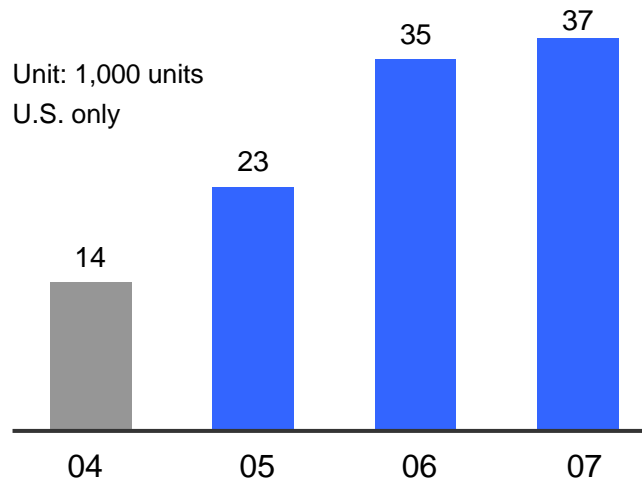
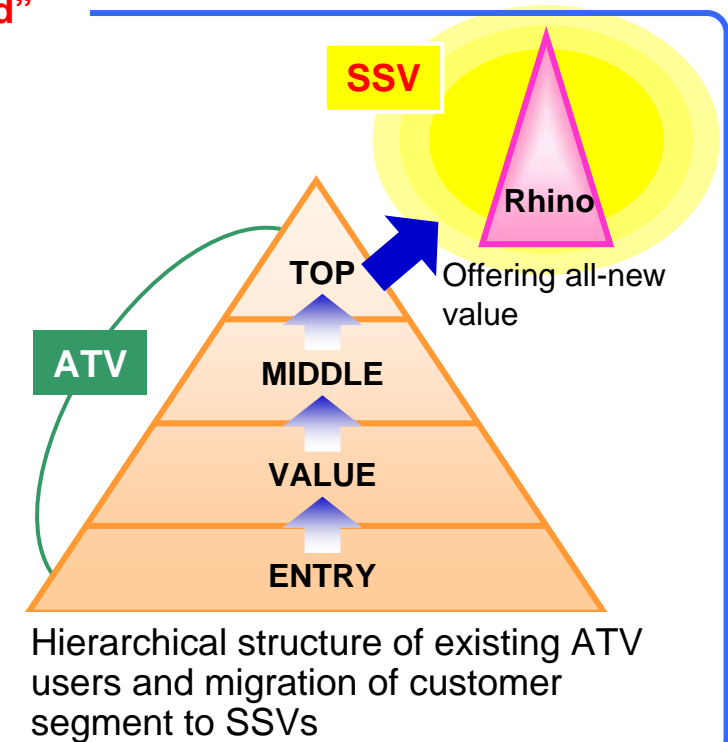
Rhino 660

Expansion of product lineup

Development of accessories business

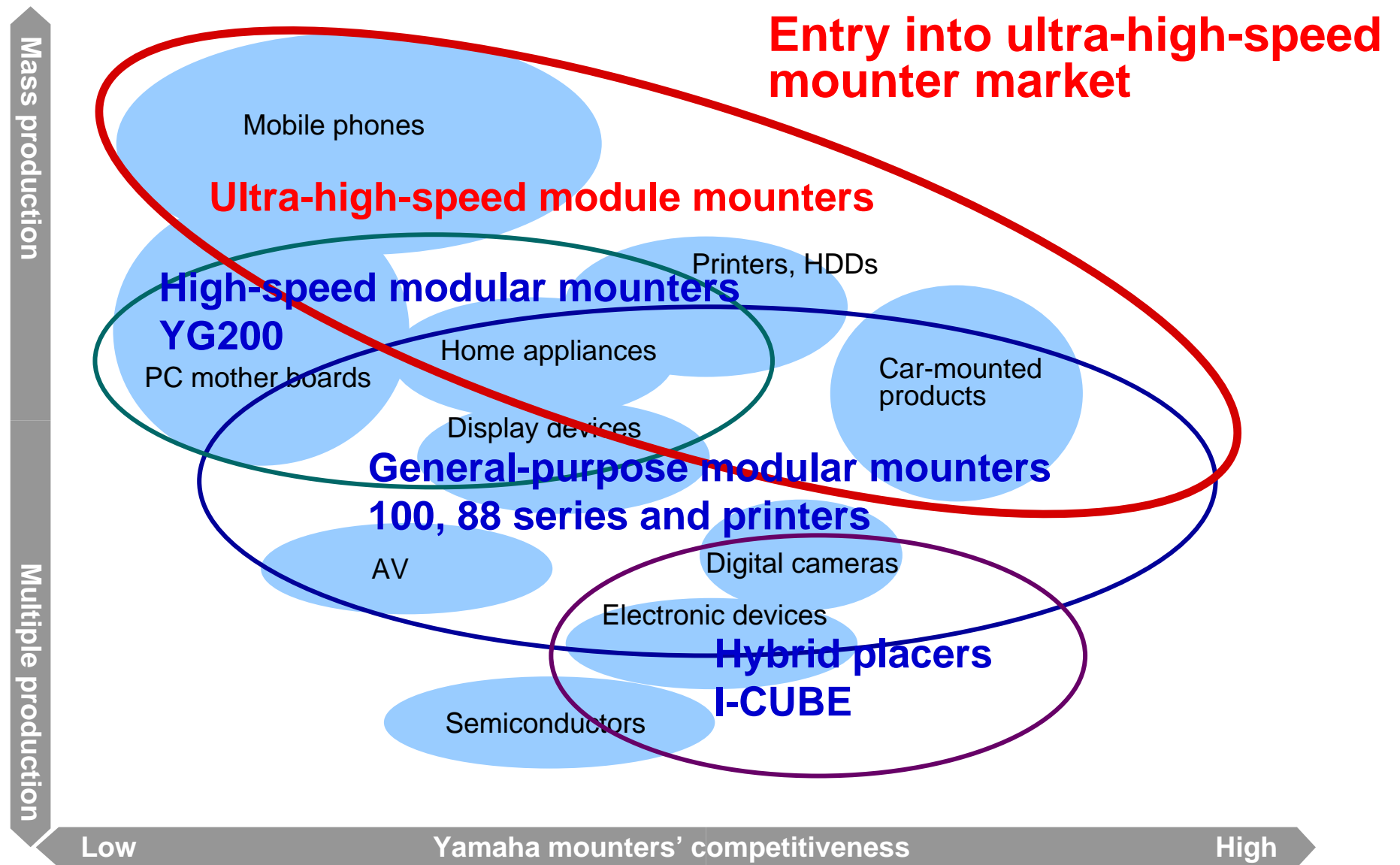
Strengthening product appeal based on core technologies

Establishing a new product category to achieve higher profitability



Notes:

- Fiscal years ending Dec. 31.
- SSV is an acronym for Side-by-Side Vehicle, a category related to, but different from, the ATV. The Yamaha Rhino is emblematic of the SSV category.



Constructing a research center and promoting the biotechnology business in order to achieve annual sales of 30 billion yen after ten years



High-efficiency bio-reactor



Chaetoceros calcitrans

Feed for marine life such as oysters, clams, shrimps, and crabs

Functional materials useful in various areas such as agriculture, food, cosmetics, and health and medical science

Rare marine feed
Diatom

Algae cultivation technology

Aqua-environment control technology

Water purification technology

Sales after 10 years
30 billion yen



Image of Fukuroi Research Center (tentative name)

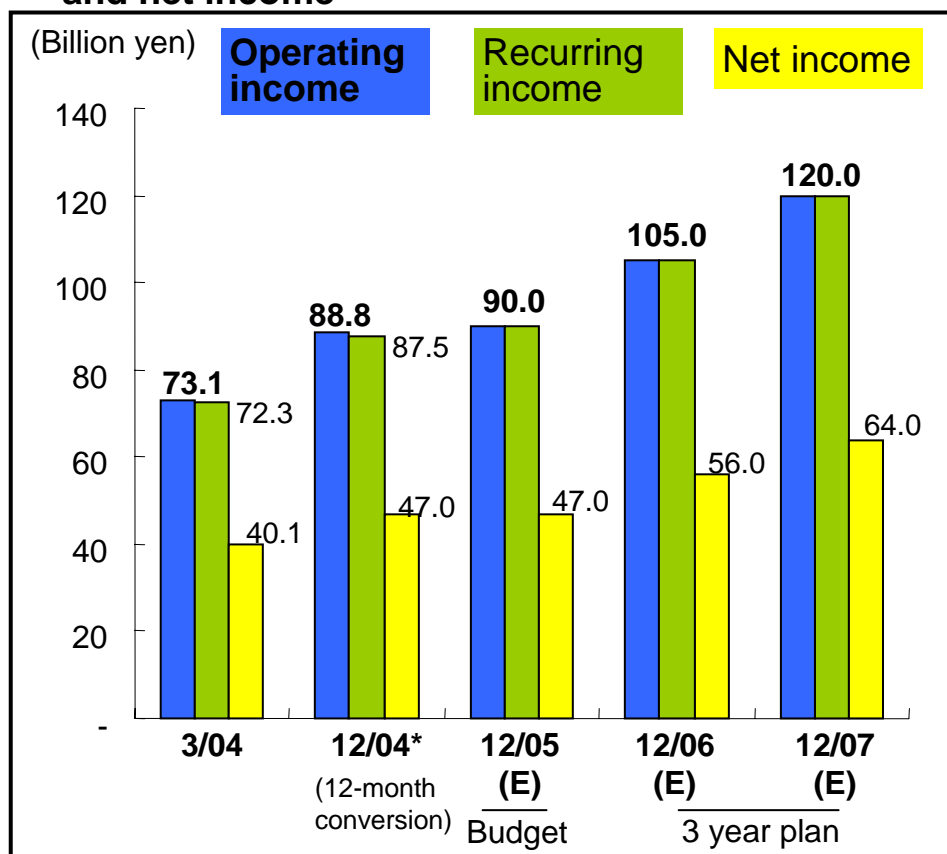
Segment information



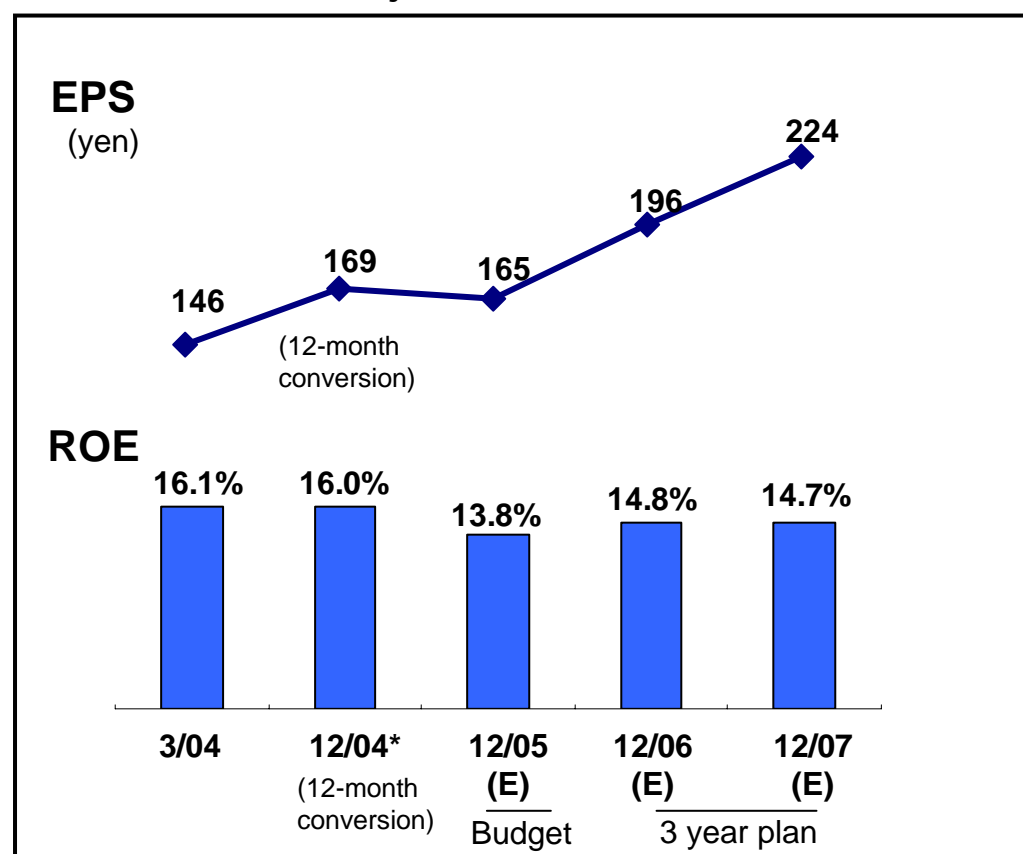
		Results	Results	Results	Irregular 9-month period	12-month Conversion	(Billion yen)		
		2002.3	2003.3	2004.3	Results	Results	Budget	New mid-term plan	
					2004.12	2004.12	2005.12	2006.12	2007.12
Motorcycles	Net sales	496	530	536	581	637	687	751	820
	Op. income	10	20	22	22	26	40	45	51
	Op. income %	2.0%	3.8%	4.0%	3.8%	4.1%	5.7%	6.0%	6.2%
Marine Products	Net sales	188	212	210	178	227	221	235	250
	Op. income	3	15	16	14	20	16	19	23
	Op. income %	1.4%	7.3%	7.8%	7.9%	8.9%	7.4%	8.1%	9.2%
Power products	Net sales	183	191	182	163	198	203	220	230
	Op. income	20	26	25	23	27	22	25	27
	Op. income %	11.1%	13.5%	13.8%	13.9%	13.5%	10.7%	11.1%	11.5%
Others	Net sales	79	81	93	90	115	120	134	150
	Op. income	4	6	10	12	16	13	17	20
	Op. income %	5.3%	8.0%	10.9%	12.8%	13.9%	10.4%	12.3%	13.0%
Total	Net sales	947	1,013	1,020	1,012	1,177	1,230	1,340	1,450
	Op. income	37	68	73	70	89	90	105	120
	Op. income %	3.9%	6.7%	7.2%	6.9%	7.5%	7.3%	7.8%	8.3%
Exchange rate	US\$	121	123	114	109	108	102	105	105
	EURO	108	117	128	132	132	133	128	128
Motorcycles + ATV (includeing SSV)	Net sales	614	660	659	695	774	828	901	972
	Op. income	28	44	43	44	49	60	66	73
	Op. income %	4.5%	6.7%	6.6%	6.3%	6.3%	7.2%	7.3%	7.5%

Annual growth of 10% or higher in operating profit and earnings per share (EPS) during the new medium-term

Change in operating income, recurring income and net income

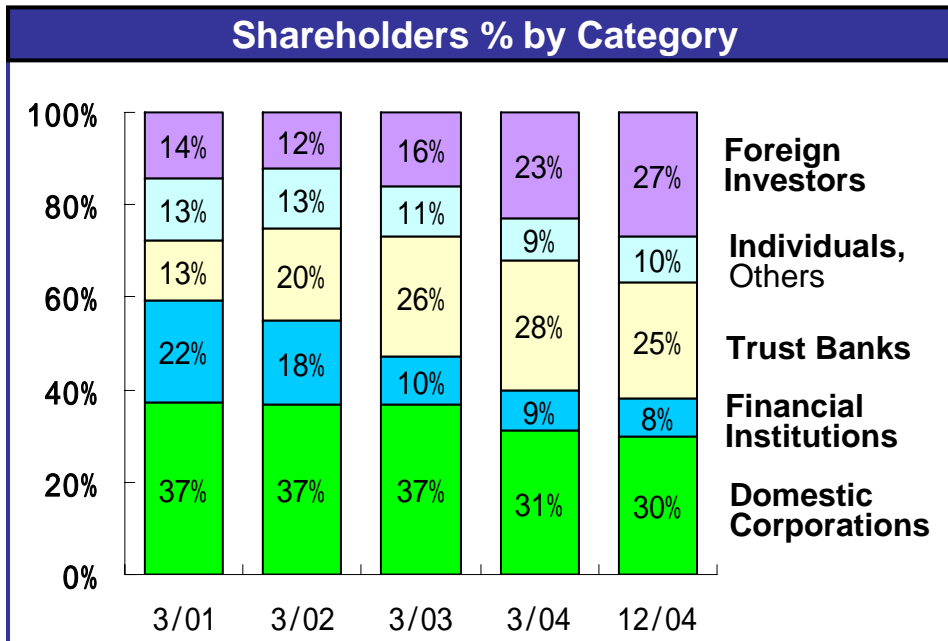


Projected EPS and ROE



Notes:

- The results for the fiscal year ended December 31, 2004 stated herein have been converted for the twelve-month period running from January 1 through December 31, 2004.
- Number of shares for FY 07 stands at 285,000,000, which is computed based on the number of shares outstanding after factoring in the dilutive potential of shares to be issued upon the full conversion of the 4th convertible bonds.
- Shareholders' equity in computing ROE and the number of shares outstanding in EPS are forecasts at the fiscal year-end, provided only for convenience.



Principal Shareholders (%)

■ Yamaha Corporation	22.86
■ The Master Trust Bank of Japan, Ltd. (Trust Account)	6.11
■ Japan Trustee Services Bank, Ltd. (Trust Account)	5.41
■ Toyota Motor Corporation	4.43
■ Mizuho Trust & Banking Co.,Ltd. (Employee Retirement Benefit Trust, Mizuho Bank Account)	3.88
■ The Shizuoka Bank, Ltd.	2.06
■ Mellon Bank, N.A. as Agent For Its Client Mellon Omnibus US Pension	1.61
■ Investors Bank and Trust Company (West) Pension Fund Clients	1.39
■ HSBC Fund Services, Sparx Asset Management Ltd - US Client	1.31
■ State Street Bank and Trust Company	1.24

