YAMAHA FACT BOOK 2008

English Edition

YAMAHA

The “Yamaha Fact Book 2008” 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.

Notes: •Figures presented in the Yamaha Fact Book 2008 are either rounded off to the nearest whole number or to one decimal place.
•Generally, the facts and figures presented in the Yamaha Fact Book 2008 are as of December 31, 2007.

Contents

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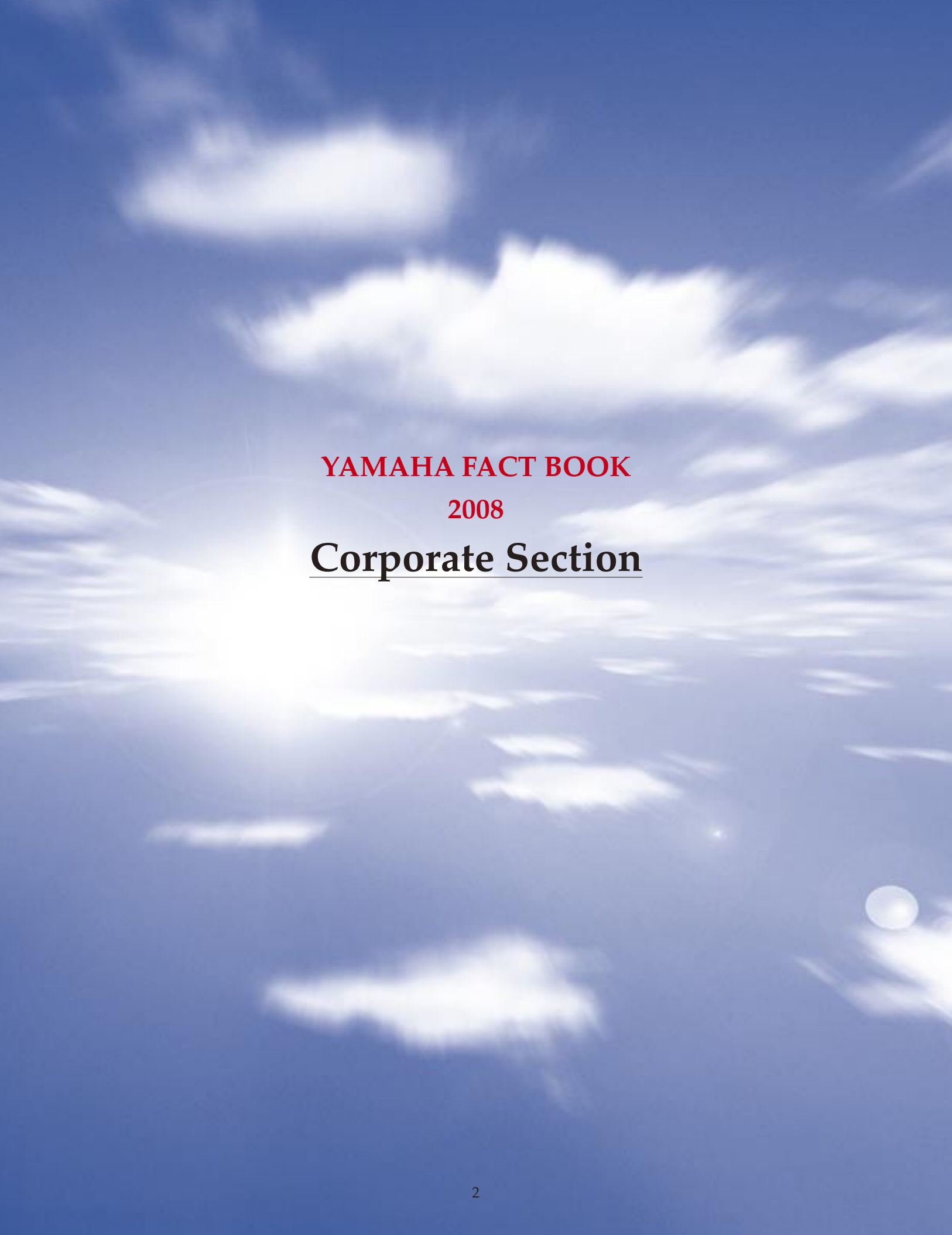
•Consolidated Business Results in the Fiscal Year Ended December 31, 2007 3
•Corporate Facts 7
•Corporate Mission 8
•Management Principles 8
•Organization Chart 9
•Board of Directors, Corporate Auditors and Executive Officers 10
•Three-Year Medium-Term Management Plan 11
•Long-Term Vision 12
•Operating Performance (Consolidated Basis) 13
•Sales Breakdown by Business (Consolidated Basis) 14
•Sales Breakdown by Region (Consolidated Basis) 14
•Change in Number of Employees 15
•Change in Number of Recruited Graduates (Yamaha Motor Co., Ltd.) 15

Product Business Section

•Motorcycles 17
•Marine Engines 23
•Personal Watercraft 26
•Boats 29
•Swimming Pools 32
•All-Terrain Vehicles & Side-by-Side Vehicles 35
•Snowmobiles 37
•Golf Cars 40
•Generators 42
•Snow Throwers 43
•Racing Karts 44
•Electric Wheelchairs 45
•Surface Mounters & Industrial Robots 47
•Automobile Engines 50
•PAS 52
•Unmanned Industrial Helicopters 55
•Life Science Business 56
•Other Products 58



YAMAHA FACT BOOK
2008
Corporate Section

Consolidated Business Results in the Fiscal Year Ended December 31, 2007

Business Developments and Results

During the fiscal year ended December 31, 2007 (fiscal 2007), the U.S. economy experienced a slowdown due to declining personal consumption amid soaring crude oil prices throughout the year. This was coupled with turmoil in the financial markets, triggered by the subprime debacle in the second half of the year. Meanwhile, the economy in Japan maintained mild growth during the period, reflecting increased exports and expanded capital investments. Nevertheless, prospects for the Japanese economy remain uncertain, due to soaring prices for crude oil and raw materials.

Against this backdrop, Yamaha Motor Co., Ltd. and its consolidated subsidiaries (the "Company" or "Group") kept the focus on three key priorities specified in its three-year medium-term management plan — NEXT50-Phase II — during fiscal 2007, the final year of the plan: maximizing opportunities for business growth; continuing the profit-oriented approach; and creating value that differentiates Yamaha.

In terms of maximizing opportunities for business growth, the Group seized growth opportunities in markets in Indonesia, Vietnam, and other ASEAN countries, and invested aggressively in line with the growth of these markets, thus expanding both sales and profits. The Company established a new manufacturing and marketing subsidiary in the Philippines. Meanwhile in Russia and Brazil, sales exceeded the targets specified in the plan, driven by robust demand.

In respect to results attained by continuing the profit-oriented approach, the operating income margin remained high in the motorcycle business in the ASEAN region. However, in the motorcycle business in the advanced countries, and in the all-terrain vehicle, outboard motor and surface mounter businesses, the operating income margin did not reach the targets specified in the plan, due mainly to stagnant demand, intensified competition, and soaring raw material prices.

With regard to creating value that differentiates Yamaha from its competition, the Company successfully enhanced the Yamaha brand value in the ASEAN region through its marketing activities, including product promotions, sales network revitalization programs, advertisements and service campaigns, and as a result, won a high market share in the region. In addition, the Group introduced the world's most powerful four-stroke outboard motor on a commercial basis, with 350-horsepower at its maximum output.

Consequent to all of these Group operations and activities, consolidated net sales for fiscal 2007 increased 11.0% from fiscal 2006, to ¥1,756.7 billion. Operating income rose 2.8%, to ¥127.0 billion. Ordinary income also increased 11.9%, to ¥140.3 billion. However, net income decreased 7.8%, to ¥71.2 billion.

Review by Business Segment

Motorcycles

In Japan, motorcycle sales decreased from the previous year, owing mainly to reduced unit sales in the small-sized (engine displacement of 251cc and over) and mini-sized (126cc to 250cc) categories, although unit sales in the Class-1 category (50cc and under) increased.

Sales in Asia (excluding Japan) soared, reflecting significant sales growth in Indonesia and Vietnam, driven by robust demand. However, sales in India decreased, affected by sluggish demand and other negative factors. Sales in Latin America also climbed substantially, as demand in the region expanded. However, in the United States, sales decreased, reflecting a slowing economy. In Europe, sales increased, due mainly to the weaker yen against the euro.

Marine Products

In Japan, sales of marine products for fiscal 2007 decreased from fiscal 2006, due to demand slowed by plunging stock prices in the second half of the year, high crude oil prices and other negative factors.

In the United States, marine product sales rose significantly, although personal watercraft demand remained flat. Outboard motor sales fell, owing to sluggish boat demand amid an economic slowdown and high crude oil prices, among other negative factors. In Europe, sales increased, thanks to expansion in Russia, coupled with the weaker yen against the euro.

Power Products

Sales of all-terrain vehicles for fiscal 2007 decreased in the United States from fiscal 2006, although total demand remained virtually unchanged. Meanwhile, sales of side-by-side vehicles grew substantially.

Other Products

Surface mounter sales for fiscal 2007 decreased from fiscal 2006, due mainly to slow demand in Japan and other Asian countries. Sales of automobile engines also fell from fiscal 2006.

Business segment	Sales		Sales as a percentage of net sales (%)	Overseas sales as a percentage of net sales (%)	Operating income	
	Amount (millions of yen)	Annual change (%)			Amount (millions of yen)	Annual change (%)
Motorcycles	1,056,212	+15.5	60.1	95.6	63,030	15.4
Marine products	289,867	+8.8	16.5	89.8	28,204	21.6
Power products	265,606	+6.1	15.1	94.6	22,214	-19.5
Other products	145,021	-3.5	8.3	37.0	13,549	-25.3
Total	1,756,707	+11.0	100.0	89.7	126,998	2.8

Capital Expenditures

Capital expenditures for fiscal 2007 amounted to ¥84.8 billion, most of which was invested in facilities to boost production. In Japan, the Company invested in manufacturing equipment for new motorcycle models and enhanced facilities for the marine product business. Overseas, the Company invested to strengthen production capacity in motorcycle plants in Indonesia and Vietnam.

Yamaha Marine Co., Ltd. Fukuroi Factory

Production line at YMMWJ (Indonesia)

Key Priorities the Group Must Address

In the spirit of its corporate mission — offering new excitement and a fulfilling life for people all over the world — the Company works together with other Group companies in a diversity of global business activities. By maximizing its ingenuity and enthusiasm, the Yamaha Motor Group is committed to becoming a company of value that people can always count on to take *Kando** to the next stage, and help realize their dreams.

**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.

In the previous three-year medium-term management plan, NEXT50-Phase II, completed in 2007, the Group implemented a business strategy designed to balance value, profitability and growth, thus making Yamaha *Your Only One* brand for consumers in the global marketplace.

Sales figures and operating income exceeded the targets specified in the previous medium-term management plan, although the operating income margin did not meet the target, due to such negative factors as higher raw material prices and motorcycle inventory adjustment in North America. With regard to the business strategies outlined in the plan, the Group achieved concrete results in a diversity of fields. It succeeded in building and expanding the market foundation in the ASEAN region, Russia and Brazil; introducing the world's most powerful four-stroke outboard motors, with 350-horsepower at maximum output; and launching the Life Science business. On the other hand, outstanding issues remain. These involve restructuring the motorcycle business in India; improving the profitability of the businesses in Japan, the United States and Europe; and strengthening brand equity. Meanwhile, in establishing a strong corporate foundation, the Company focused on fulfilling corporate social responsibility (CSR); enhancing corporate governance; and vitalizing personnel and organizations. However, there are still some outstanding issues: attaining full-scale implementation of CSR activities throughout the Group companies; improving the internal control system; and securing human resources toward further business growth.

Against this backdrop, the Group has formulated a long-term vision, known as *Frontier 2020*. It suggests a direction for the Group's management and businesses progress toward the year 2020. As the first phase of its drive to realize the vision, the Group has launched a new medium-term management plan to run from 2008 through 2010. With the new plan, the Group is focusing on increasing profits, achieving further growth, and creating higher customer value, in order to build the foundation to move forward to the next era.

To this end, the Group is determined to address the following key priorities during the new medium term.

Ultimately, the effort represents a commitment to realizing the Group's corporate mission — becoming a *Kando** Creating company.

- Strengthening management quality to earn public trust
- Creating value from a long-term perspective
- Investing management resources strategically in strengthening management quality and creating value

With regard to risk management and compliance issues, the Group is implementing recommendations put forth by the Compliance Special Committee. These measures will continue until a risk management system and compliance approach is shared everywhere throughout the Group companies.

Corporate Facts

Founded:	July 1, 1955
Capital:	¥48,300 million
President:	Takashi Kajikawa
No. of employees:	Non-consolidated basis: 9,019 Consolidated basis: 46,850
Head office:	2500, Shingai, Iwata, Shizuoka 438-8501, Japan
Lines of business:	Manufacture and marketing of motorcycles, scooters, electro-hybrid bicycles, boats, sail boats, personal watercraft, pools, utility boats, fishing boats, outboard motors, diesel engines, all-terrain vehicles, side-by-side vehicles, racing karts, golf cars, multi-purpose engines, generators, water pumps, snowmobiles, small-size snow throwers, automobile engines, intelligent machinery, unmanned industrial helicopters, electrical power units for wheelchairs, and helmets; biotechnological production and processing of agricultural and marine products and microorganisms and marketing of these products; import and sale of various products; development of tourist businesses and management of leisure, recreational facilities and related services
Yamaha Motor Group:	Number of consolidated subsidiaries: 111 (Japan: 32 overseas: 79) Number of non-consolidated subsidiaries accounted for by the equity method: 11 Number of non-consolidated affiliates accounted for by the equity method: 27

Yamaha Motor Co., Ltd.
Head Office

Takashi Kajikawa
President, Chief Executive Officer
and Representative Director

As of December 31, 2007

Corporate Mission

Kando Creating Company

Yamaha, a company offering new excitement and a more fulfilling life for people all over the world

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.

Management Principles

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

1. Creating value that surpasses customer's 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

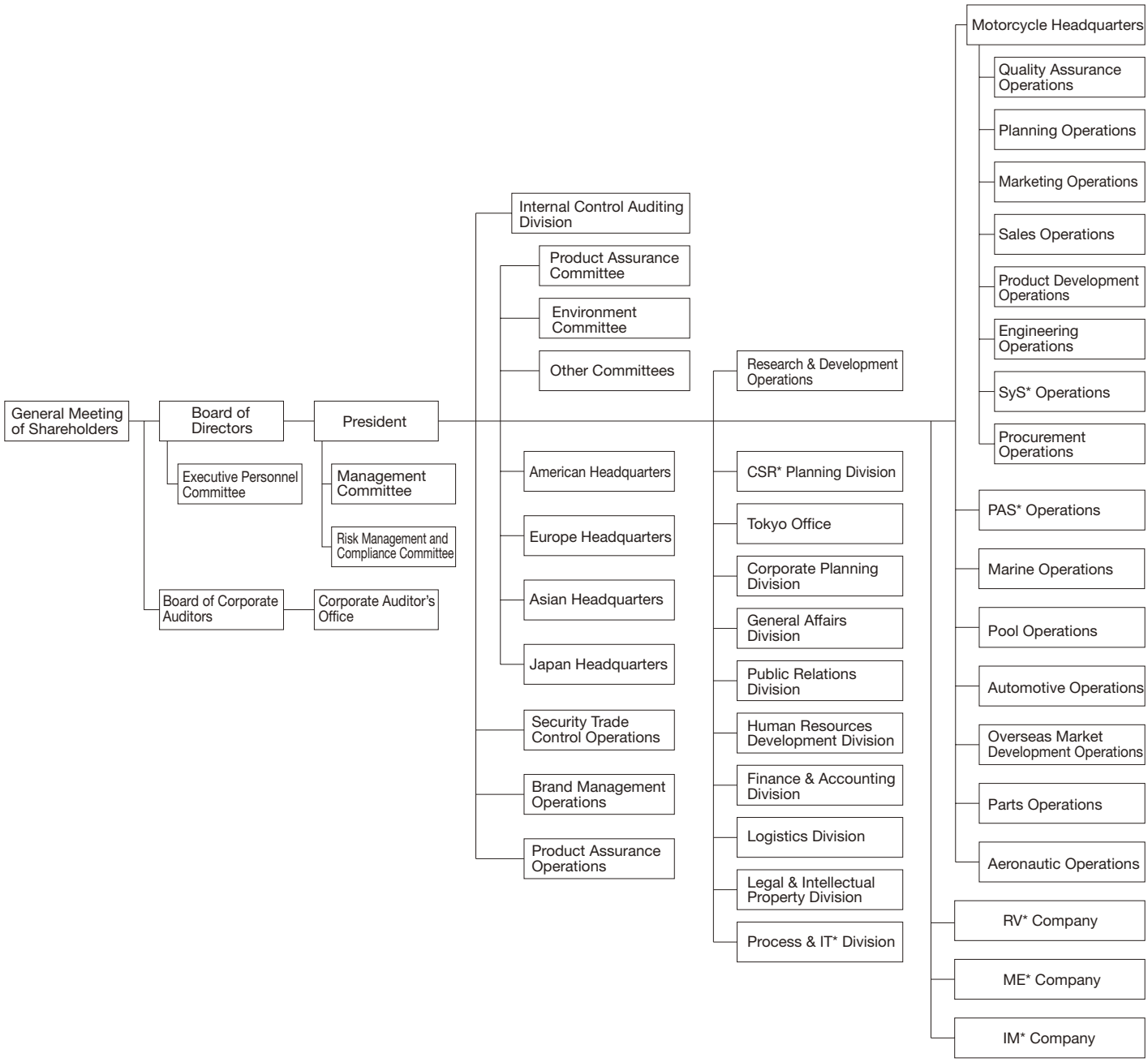
Our corporate environment should be peopled with autonomous, empowered employees. In cultivating our employees' creativity and abilities, we will establish an equitable system of evaluation and rewards.

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, 2008)



*Abbrevations:

CSR: Corporate Social Responsibility
IT: Information Technology
SyS: System Supplier
PAS: Power Assist System
RV: Recreational Vehicle
ME: Marine Engine
IM: Intelligent Machinery

Board of Directors, Corporate Auditors and Executive Officers

(As of April 1, 2008)

Board of Directors

Chairman and Director
Tsuneji Togami

President and Representative Director
Takashi Kajikawa

Representative Director
Tetsuo Uchiyama

Director
Hiroyasu Miyao

Director
Toru Watabiki

Director (Outside)
Shuji Ito

Director
Shohei Kato

Director
Toyoo Ohtsubo

Director
Takaaki Kimura

Director
Masahito Suzuki

Director (Outside)
Masayoshi Furuhata

Director (Outside)
Eizo Kobayashi

Corporate Auditors

Standing Corporate Auditor
Haruhiko Wakuda

Standing Corporate Auditor
Hiroshi Tanaka

Corporate Auditor (Outside)
Naomoto Ohta

Corporate Auditor (Outside)
Norihiko Shimizu

Note:
A Substitute Corporate Auditor to prepare for the contingency that the number of Outside Corporate Auditors could fall below the minimum stipulated in the Corporate Law: **Tetsuo Kawawa**

Executive Officers

President and Chief Executive Officer
Takashi Kajikawa
In charge of brand promotion

Managing Executive Officer
Tetsuo Uchiyama
In charge of finance, and Senior General Manager of Japan Headquarters

Managing Executive Officer
Hiroyasu Miyao
In charge of public affairs (stationed at Tokyo Office), Senior General Manager of Security Trade Control Operations, and General Manager of Licensing Division, Security Trade Control Operations

Managing Executive Officer
Toru Watabiki
Chief General Manager of Motorcycle Headquarters

Senior Executive Officer
Shohei Kato
President of the ME Company and President of Yamaha Marine Co., Ltd.*

Senior Executive Officer
Toyoo Ohtsubo
In charge of corporate quality assurance, and Senior General Manager of Product Assurance Operations

Senior Executive Officer
Takaaki Kimura
Senior General Manager of Automotive Operations

Senior Executive Officer
Masahito Suzuki
Senior General Manager of Research & Development Operations and General Manager of Life Science Business Division, Research & Development Operations

Senior Executive Officer
Akira Araki
Senior General Manager of Product Development Operations, Motorcycle Headquarters

Executive Officer
Toshimitsu Iio
President of Yamaha Motor Manufacturing Corporation of America

Executive Officer
Masahiro Inumaru
Senior General Manager of Brand Management Operations and Senior General Manager of Marketing Operations, Motorcycle Headquarters

Executive Officer
Noritaka Shibata
Senior General Manager of Parts Operations

Executive Officer
Masao Furusawa
Senior General Manager of Engineering Operations, Motorcycle Headquarters

Executive Officer
Nobuaki Shiraishi
President of the RV Company*

Executive Officer
Tadakazu Ishibashi
In charge of special issues for the ME Company, and General Manager of Business Planning Division, ME*Company*

Executive Officer
Takahiko Takeda
Senior General Manager of Sales Operations, Motorcycle Headquarters, and Senior General Manager of the Asian Headquarters

Executive Officer
Yoshiteru Takahashi
President of PT. Yamaha Indonesia Motor Manufacturing and President of PT. Yamaha Motor Manufacturing West Java

Executive Officer
Hiroyuki Yanagi
Senior General Manager of SyS Operations, Motorcycle Headquarters*

Executive Officer
Souichi Sasagawa
Senior General Manager of Marine Operations

Executive Officer
Kazuya Kinpara
Senior General Manager of Planning Operations, Motorcycle Headquarters

Executive Officer
Hiroyuki Suzuki
Senior General Manager of Quality Assurance Operations, Motorcycle Headquarters

Executive Officer
Hajime Yamaji
Senior General Manager of Overseas Market Development Operations and General Manager of Russia·CIS Division, Overseas Market Development Operations

Executive Officer
Toshizumi Kato
President of IM Company and General Manager of Production Division, IM* Company*

**Abbreviations:*
ME: Marine Engine
RV: Recreational Vehicle
SyS: System Supplier
IM: Intelligent Machinery

Three-Year Medium-Term Management Plan (January, 2008 through December, 2010)

Yamaha Motor initiated a new three-year medium-term management plan, encompassing management issues, business strategies and numerical targets for the three-year period from 2008 through 2010. It is also phase one of our long-term vision for the year 2020, which we have named *Frontier 2020*. And it aims to further develop the Yamaha Motor Group by leveraging achievements made in the preceding medium-term plan, while tackling issues that still remain unresolved.

Outline of the New Medium-Term Management Plan

Goals

As it implements the new plan, Yamaha Motor is focused on increasing profits, achieving further growth, and creating higher customer value.

To this end, the company is determined to strengthen its management quality and to enhance value from a long-term perspective.

This, in turn, requires investing management resources strategically, another of the company's priorities moving forward.

Ultimately, the company's efforts represent a commitment to realizing its corporate mission — becoming a *Kando* Creating company.

Numerical Targets

1. Targets for the fiscal year ending December 31, 2010 on a consolidated basis (premised on an exchange rate of 105 yen against the U.S. dollar and 155 yen against the euro)

- Net sales ¥2,100 billion
- Operating income ¥143 billion
  (Operating income margin: 6.8%)
- Ordinary income ¥150 billion

2. Capital Expenditures

During the three-year medium term, Yamaha Motor will make investments of ¥300 billion (an increase of ¥55 billion over the previous medium term) toward realizing its twin objectives of further growth and value creation.

In particular, the Company intends to focus on growth investment, allotting ¥109 billion — a 50% increase from the previous medium term — for the purpose, mostly to expand the motorcycle business in Asia and Latin America.

In terms of improving profitability, the Company plans to invest in new model development centering in the North America and Europe, and in cost reduction activities. On the value creation front, it plans investments in the production system for magnesium and other new-material parts, while also investing to expand the Life Science business.

Overview

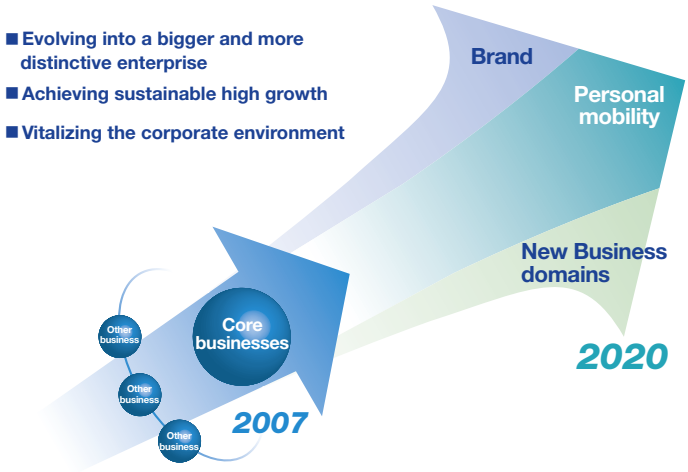
Outline of the Long-Term Vision Frontier 2020

Yamaha Motor has formulated its new long-term vision, *Frontier 2020*, based on a thorough review of the assets, characteristics and competitive advantages the Yamaha Motor Group has accumulated through its long experience, as well as the external environment facing the Group. The vision suggests a direction for the Group's management and business progress toward the year 2020.

Goals

In realizing this long-term vision, the Company aims to transform the quality of its growth, and to evolve into a bigger, more distinctive enterprise, comprised of multiple core businesses with diverse types of value. In addition to qualitative improvement, it seeks to maintain a high level of growth in quantitative terms, while vitalizing its corporate environment in support of this expansion.

The Company will aggressively pursue personal mobility domains, including motorcycles, as these represent its core competencies, and the main direction among its diverse types of value. At the same time, the Company intends to expand in other domains by maximizing its customer-oriented approach and branding strategy, and to launch new businesses created by its technological and engineering capabilities.



Four Frontiers

In its long-term vision, Yamaha Motor has defined the "Four Frontiers" for business expansion, and the direction the Company will take in respect to each.

1. Personal Mobility Frontier
   The Company will offer optimal mobility solutions from a broader perspective that includes not only its products but also the overall transportation system as well as lifestyle-oriented approaches. Specifically, this frontier encompasses domains including motorcycles with superior environmental performance, low-priced motorcycles and new concept personal commuter vehicles, in addition to such personal mobility mainstays as PAS electro-hybrid bicycles and electric vehicles.
2. Yamaha Brand Frontier
   In this area, the Company offers valuable intangibles — the so-called "software" aspect of the business — to customers who enjoy Yamaha Motor products worldwide, thus further enhancing brand value. These include peripheral services and recreational solutions for Yamaha users.
3. Engine/Component Frontier
   Based on the expertise it has gained through personal mobility development and manufacturing engineering, the Company seeks to grow its business by developing engine components into a core competency. Specifically, this includes commercializing power sources such as power assist systems, automobile engines, and next-generation engines, in addition to motorcycle components and aluminum and magnesium parts.
4. New Business Frontier
   Here the Company seeks to build on its element technologies to achieve further expansion in new applications.

   In concrete terms, the Company will apply such element technologies as control technologies — acquired in the development of industrial robots and industrial unmanned helicopters — and biotechnology, derived from the Life Science business, to different domains in creating new businesses.

By meeting the developmental challenges presented by each of these "Four Frontiers", Yamaha Motor will transform the quality of its growth, evolving into both a bigger and more distinctive enterprise.

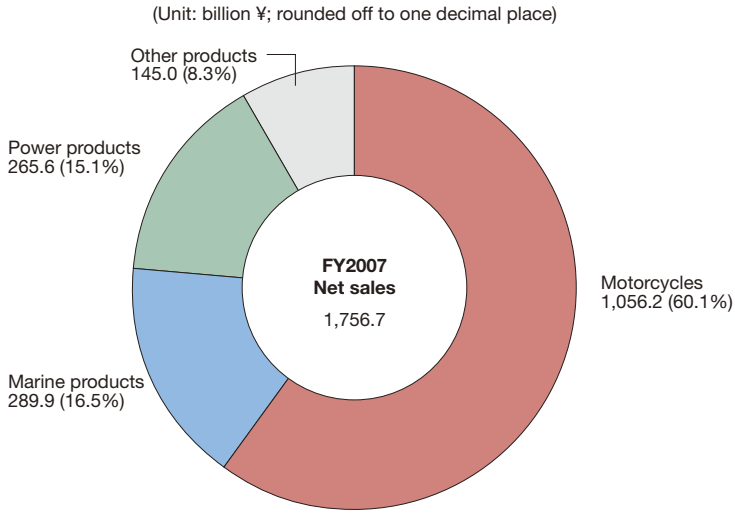
Operating Performance (Consolidated Basis)

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

	FY2005	FY2006	FY2007	FY2008 (plan)
Net sales	1,375.2	1,582.0	1,756.7	1,830.0
Net income	64.0	77.2	71.2	59.0
Operating income	103.3	123.5	127.0	103.0
Ordinary income	103.1	125.4	140.3	110.0
Capital expenditures	76.8	83.0	84.8	102.3
Depreciation expenses	39.9	47.4	54.6	67.8
Research and development expenses	71.6	77.1	85.6	—
Equity ratio	40.1%	41.7%	42.1%	43.3%
ROE	16.7%	16.4%	13.4%	10.7%
Interest-bearing debt	154.0	195.2	229.8	—
Exchange rate (¥: US$/euro)	107/136	114/141	117/156	105/155
Percentage of overseas sales	86.6%	88.1%	89.7%	89.6%
Percentage of motorcycle business sales	55.2%	57.8%	60.1%	62.0%
Number of consolidated subsidiaries	98	108	111	—
Net cash provided by operating activities	66.3	94.2	122.7	—
Net cash used in investing activities	(72.1)	(79.7)	(105.8)	—
Net cash provided by (used in) financing activities	(0.03)	18.7	11.2	—
Cash and cash equivalents at the end of the year	38.7	74.4	102.1	—

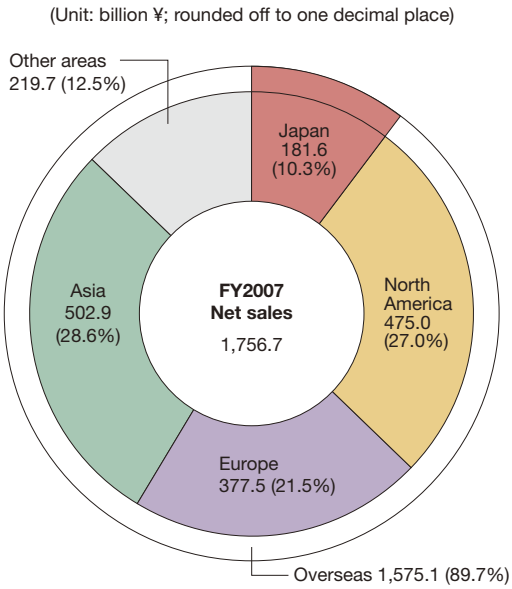
Note: Fiscal years ending December 31 of the year indicated.

Sales Breakdown by Business (Consolidated Basis)



Major products in the motorcycles segment include: motorcycles and knockdown parts for overseas production; in the marine products segment: outboard motors, personal watercraft, pleasure-use boats, fiberglass-reinforced plastic pools, fishing boats, utility boats and diesel engines; in the power products segment: all-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-size snow throwers and multi-purpose engines; and in the "other products" segment: surface mounters, industrial robots, automobile engines, automobile components, electro-hybrid bicycles, unmanned industrial helicopters, electrically powered wheelchairs and the intermediate parts for products in all business segments.

Sales Breakdown by Region (Consolidated Basis)



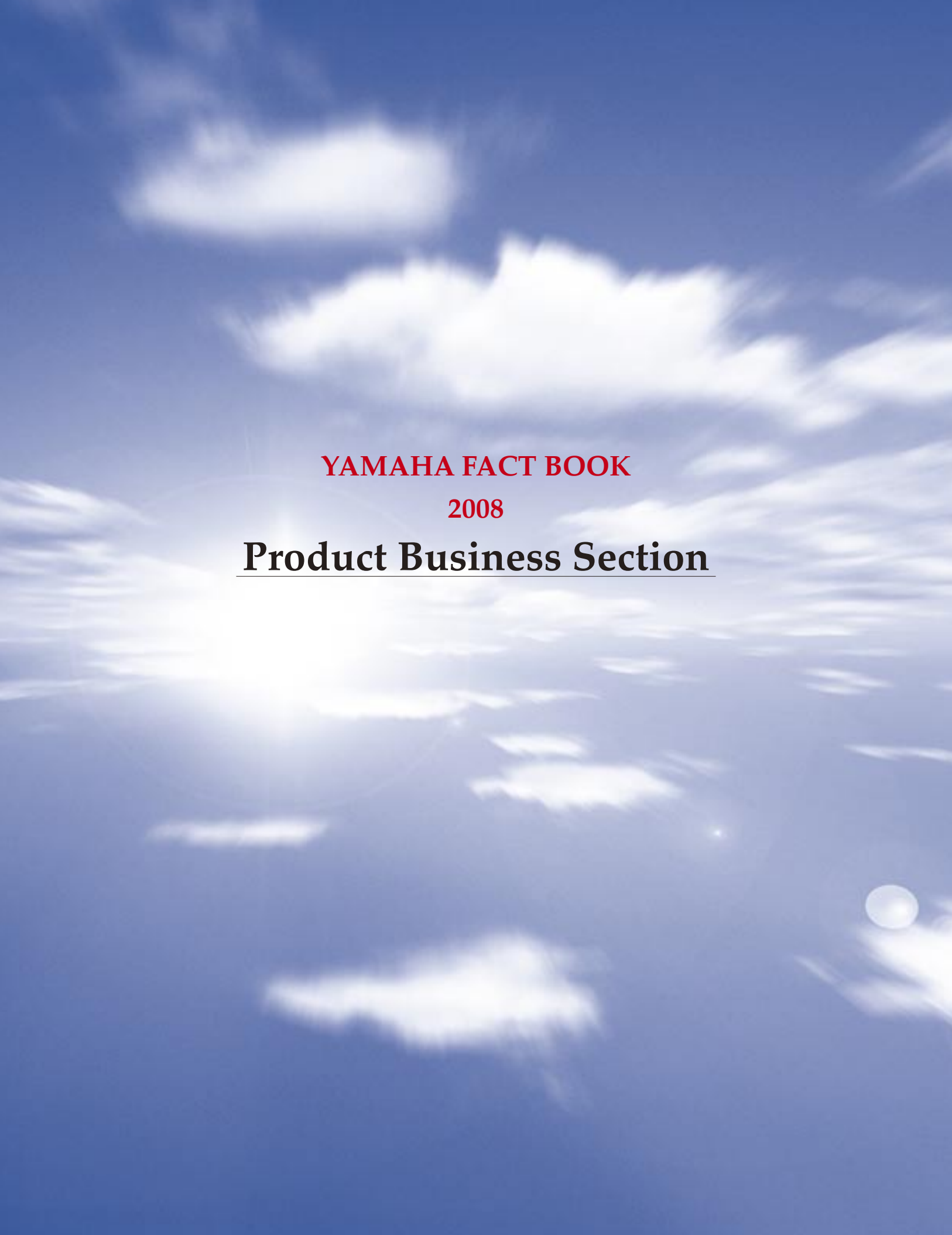
Change in Number of Employees

At the end of fiscal year		2002/3	2003/3	2004/3	2004/12	2005/12	2006/12	2007/12
Number of employees	Yamaha Motor (average age)	8,198 (40.0 years old)	8,168 (40.2 years old)	8,078 (40.5 years old)	8,099 (40.7 years old)	8,136 (40.9 years old)	8,461 (40.9 years old)	9,019 (41.0 years old)
	Consolidated companies	22,794	23,898	25,616	28,569	31,245	33,497	37,831
	Total	30,992	32,066	33,694	36,668	39,381	41,958	46,850

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

Fiscal year	2003/3	2004/3	2004/12	2005/12	2006/12	2007/12	2008/12	2009/12 (Plan)
Graduates of four-year colleges and graduate schools	68	111	132	112	128	148	172	240
(Office work, marketing)	(26)	(36)	(35)	(22)	(32)	(39)	(36)	(40)
(Engineering, production-related work)	(42)	(75)	(97)	(90)	(96)	(108)	(136)	(200)
Two-year/technical college graduates	17	19	13	8	22	31	20	20
High school graduates	81	54	21	30	86	100	95	100
Total	166	184	166	150	236	279	287	360

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.



YAMAHA FACT BOOK

2008

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:	Motor-driven cycle
Up to 125cc:	Standard motorcycle with small-size engine
Up to 400cc:	Standard motorcycle
Unlimited displacement:	Large motorcycle

In addition, a new license limited to the operation of automatic transmission (AT) motorcycles has been introduced.

(License for AT motorcycles only)

Up to 125 cc:	Small AT motorcycle
Up to 400 cc:	Standard AT motorcycle
Up to 650 cc:	Large AT motorcycle

Applications (User Profile)

Motorcycles are popular in utility applications, 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, motorcycles are in widespread use 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 Japan's post-World War II restoration, Nippon Gakki (presently Yamaha Corporation) was seeking 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.

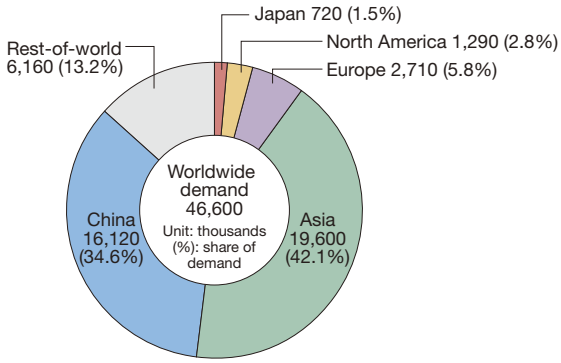
In its first entries on the racing circuit, the YA-1 made a dramatically successful debut, winning the championship in the Mt. Fuji Ascent Race and the Asama Highlands All-Japan Endurance Motorcycle Race, two of the major motorcycle races in Japan at that time. In the 1960s, Yamaha motorcycles competed in the World Championship Road Racing series. Through its outstanding performance in motorcycle racing, the Company gained the expertise to develop and manufacture a highly acclaimed line of motorcycles to a global standard. The Company 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

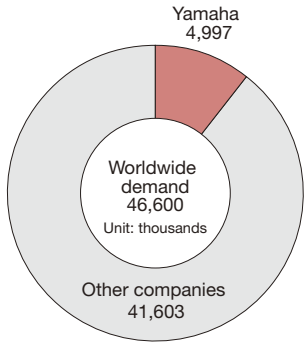
Yamaha's big sportbikes are popular in Europe and the United States. The YZF-R series, incorporating state of the art G.E.N.I.C.H. electronic control technology, and the Star series — Yamaha's exclusive cruiser line — are among the models that have been well received in these markets.

In Japan, Yamaha's big Majesty 250cc scooter, sportbikes such as the FZ1 series, and WR250R and WR250X off-road models are attracting great attention, as they satisfy the emerging needs of the era and keep the Company a step ahead of the competition.

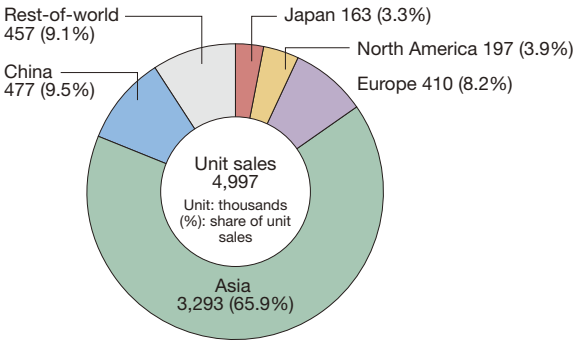
FY2007/12 regional breakdown of worldwide demand[*1]



FY2007/12 worldwide demand and Yamaha unit sales[*1]

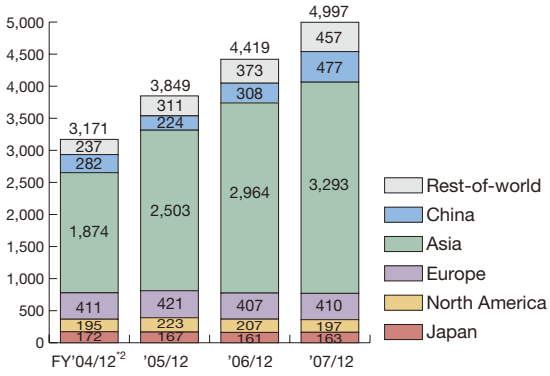


FY2007/12 Yamaha unit sales by region (consolidated basis)



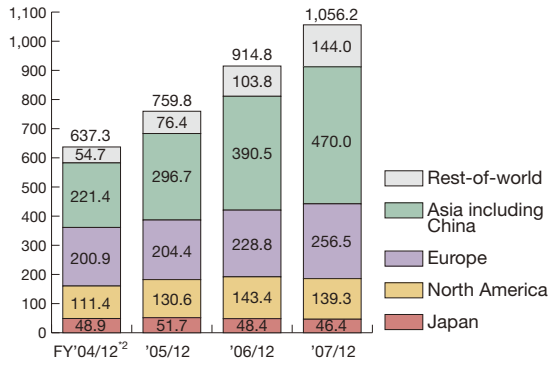
Yamaha unit sales (consolidated basis)

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.

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.

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 Mio, Fino, NOUVO and the newly developed sporty moped T135 — to efficiently implement local procurement, and to aggressively promote cross-trading. Thus, the reform is designed to enhance overall competitiveness in the ASEAN region. In May 2006, the Company began operating the Global Parts Center, central to the global supply-chain management strategy, designed to link parts supply centers in Japan and six regions worldwide.

In India, the Company established India Yamaha Motor Private Limited, a joint venture with Mitsui & Co., Ltd., and took over the factory and office facilities of the previous subsidiary, Yamaha Motor India Pvt. Ltd. (YMI) for this new company. In addition, Bussan Auto Finance India Pvt. Ltd. (BAF India), a motorcycle financing company, was founded in India.

In China, the Company established Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. in May 2004. Through the new sales subsidiary, the Company is striving to enhance the product 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 as well as in business. 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 grown over the past several years. In addition, demand for supersport models has been growing in recent 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 for years in Europe, the expansion stopped due to the negative effects of legal revisions, such as the change in Italian legislation requiring riders of 50cc motorcycles to wear helmets. In this environment, current demand remains stable.

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. Meanwhile, total motorcycle demand in the country is growing, with annual production exceeding 16 million units (most of which are used as daily commuter vehicles), making China the largest market in the world.

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. With annual production of more than 7 million units, India's motorcycle market is 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

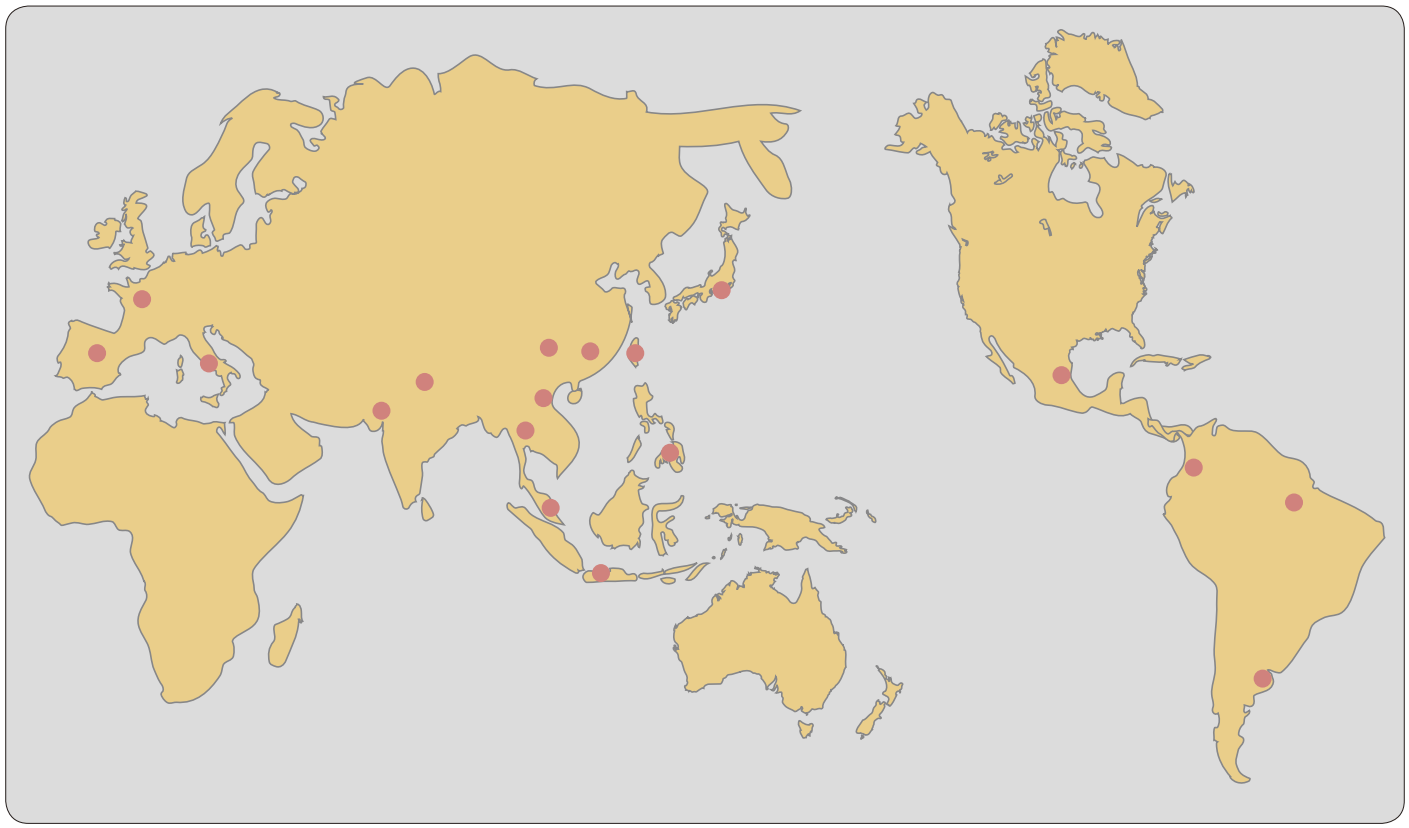
Japan: 1st Iwata Factory at the Head Office

Europe: France, Spain, Italy

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

Latin America: Brazil, Mexico, Colombia, Argentina

Completed vehicle assembly factories only. Excludes factories that receive technical assistance from Yamaha Motor.



Major Models


YZF-R6


FJR1300AS


RAIDER


TT-R50E


TMAX


FZ1 FAZER


YBR125


WR250R


Force


CYGNUS-X

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.

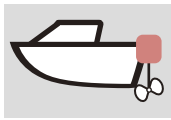
Yamaha Motor primarily manufactures and markets outboard motors for small vessels such as pleasure boats and utility boats. Outboard motors account for more than 90% of the Company's marine engine business.

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

Reference

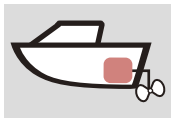
Outboard motor

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



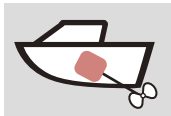
Stern drive (Inboard-outboard motor)

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 outboard motors for their livelihood, and these 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.

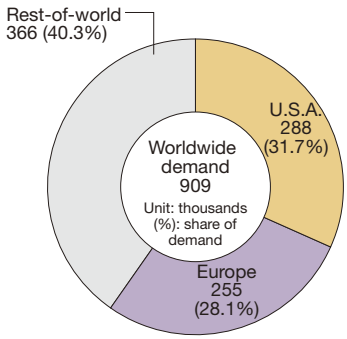
Background of the Business

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.

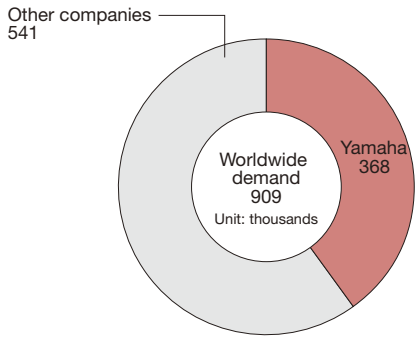
Yamaha outboard motors are used more commonly for leisure purposes in the United States and Europe, while they are essential in fishing and transportation applications in Africa, Southeast Asia and other areas. Yamaha Motor has created the Enduro models for utility uses, with the goal of supporting fishery and improving the standard of living in developing countries. For more than 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]

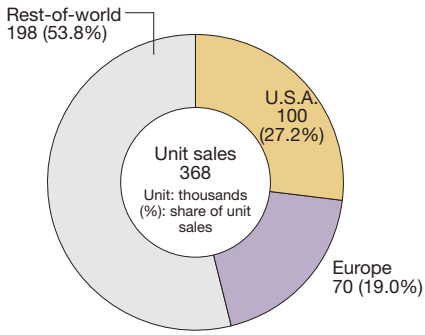
FY2007/12 regional breakdown of worldwide demand[*2]



FY2007/12 worldwide demand and Yamaha unit sales[*2]

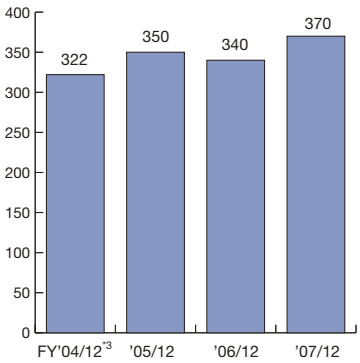


FY2007/12 Yamaha unit sales by region (consolidated basis)



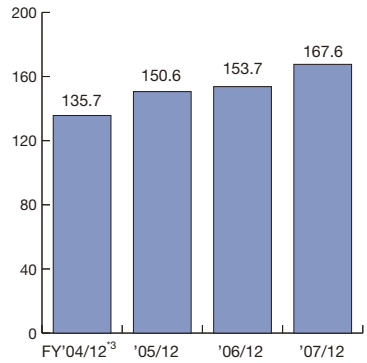
Yamaha unit sales (consolidated basis)

Unit: thousands



Yamaha sales (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 48 years of operation, Yamaha Motor has continuously expanded its product lineup, which includes 2-stroke models ranging from 5 to 200 horsepower (including environmentally-friendly models) and 4-stroke models producing 2 to 350 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, the Company enjoys an excellent reputation in world markets.

Environmental regulations

Yamaha outboard motors for the U.S. market comply with the 2008 exhaust emission standards of the California Air Resources Board (CARB) — regarded as the most stringent environmental regulations in the world, earning the CARB three-star label. All Yamaha 4-stroke models with at least 50 horsepower equipped with an electronically controlled fuel injection system meet the CARB standards.

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-size 4-stroke outboard motors and 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

F350AETX (4-stroke)

F15CMHL (4-stroke)

Personal Watercraft

Product Profile

Personal watercraft (PWC) 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 three 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 PWC 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.

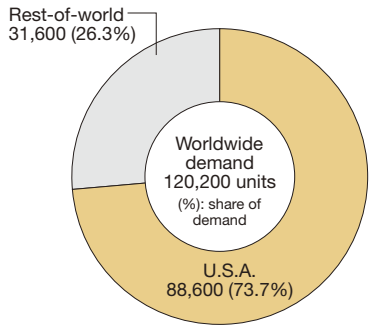
In the spring of 2002, the Company introduced the FX140, the first model of its kind in the world to incorporate a 4-stroke engine. The 2003 model lineup included the GP1300R, featuring a 2-stroke E.F.I.* (Electronic Fuel Injection) engine, in compliance with the latest environmental standards. In 2008, the Company released the FX Cruiser SHO, a high-performance model equipped with a supercharged engine. The Company will continue to expand the lineup for both types of products: 2-stroke models for excellent acceleration performance, and 4-stroke models offering more economical, quieter operation to meet the diverse needs of users who enjoy cruising on the water.

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

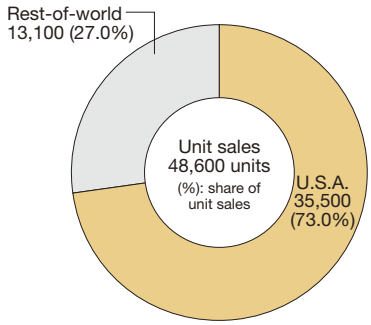
Environmental concerns

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.

2007 regional breakdown of worldwide demand[*1]

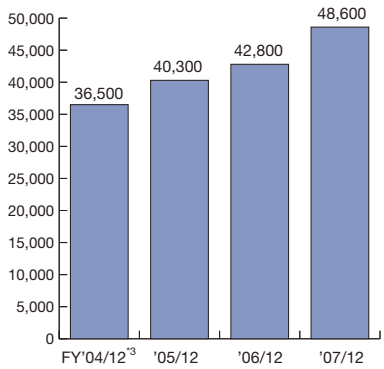


FY2007/12 Yamaha unit sales by region



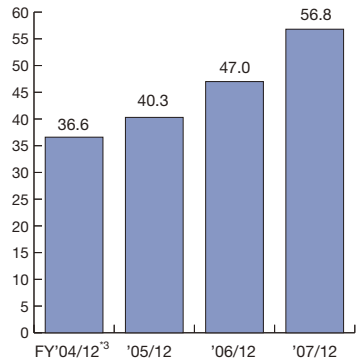
Yamaha unit sales (consolidated basis)[*2]

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

MJ-FX Cruiser SHO (4-stroke)

MJ-Super Jet (4-stroke)

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 qualification levels in the three license categories.

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, the Company started producing outboard motors. Since then, the Company 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, the Company 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

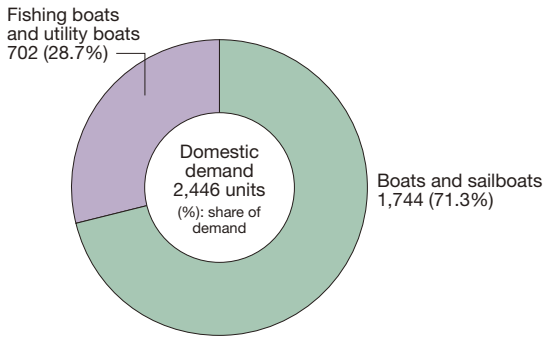
Delivering Reliable Quality and High Performance

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.

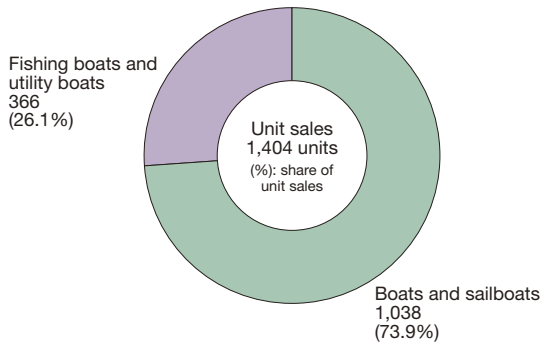
High-Precision NC Technology for Machining and Molding

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.

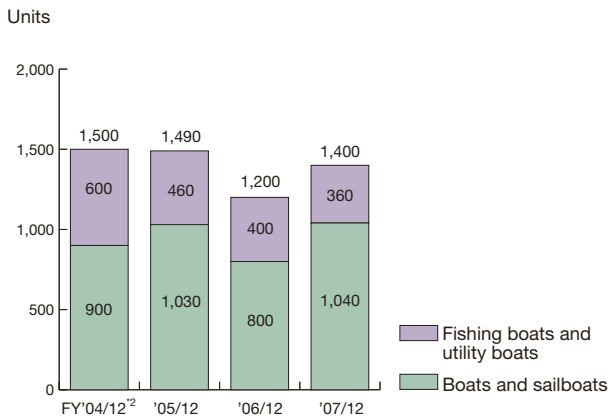
FY2007/12 domestic demand*1



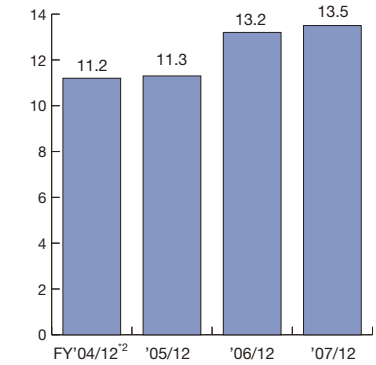
FY2007/12 Yamaha unit sales (consolidated basis)



Yamaha unit sales (consolidated basis)



Yamaha sales (consolidated basis)



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 Company's 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

Large boats:

Shido Factory, Marine Operations
Location: Sanuki City, Kagawa Prefecture, Japan

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

Representative Models

YAMAHA EXULT 45 CONVERTIBLE

FR-32EX

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 25m-size 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 by applying its FRP boat production technology. Sine then, the Company has delivered more than 27,000 swimming pools throughout Japan.

The Company incorporates various user safety features such as a dispersed water intake system that keeps users safe from being sucked in by the filtration system; pool decks and ladder steps featuring slipless patterns; and ladder steps built directly into the side wall. In addition, the Company is applying innovative original technologies to protect FRP from the adverse effects of chlorine used to maintain water quality, including a resin hardening agent that resists chemicals and causes no chemical reaction.

The Company's efforts to create safe, sanitary, comfortable swimming pools are widely recognized, and cumulative shipments of swimming pools to schools reached 5,000 units in 2007. The Company has become the top-ranked swimming 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

Plans for the construction of swimming pools for the health-promoting purposes in public facilities operated by local governments and other organizations have been increasing in recent years, and the Company is expanding its market share in this business segment as well. Opening of public swimming pools broadens the range of users from small children to the elderly. The Company provides its expertise and know-how for the construction of such swimming pools in order to help promote healthy lifestyles and help create amenities for people of all ages.

The Company sees an emerging need for more community facilities to enable people to enjoy an aquatic environment and the water itself. In meeting this need, the Company is developing pools for hospitals and other healthcare institutions to encourage safe water exercise and rehabilitation for the older and physically challenged members of the community.

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.

Recreational swimming pool

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.

School swimming pool

Environmental Concerns

Since April 2001, the Japan Reinforced Plastics Society (JRPS) has been researching a continuous recycling operation using a cement incineration process in a newly constructed plant. The study, conducted with the guidance and financial support of the Ministry of Economy, Trade and Industry of Japan, is based on the Waste FRP Product Recycling Verification Program.

As a member of JRPS, Yamaha Motor is participating in the continuous recycling program. It is ready to begin these recycling operations at its own plant.

The Company's swimming pool manufacturing plant has acquired ISO 14001 certification and ISO 9001 certification. This is testimony to the product quality assurance activities conducted at the facilities.

Aquatic exercise at a health center swimming pool

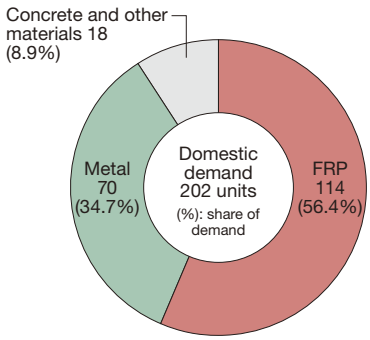
Production System

Arai Factory

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

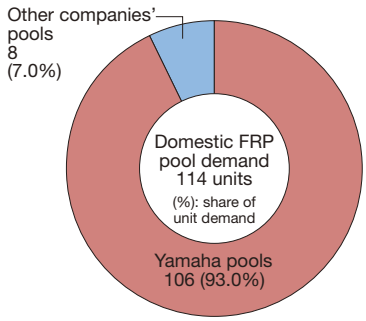
FY2007/12 domestic pool demand by material[*1]

Pool size: over 20m



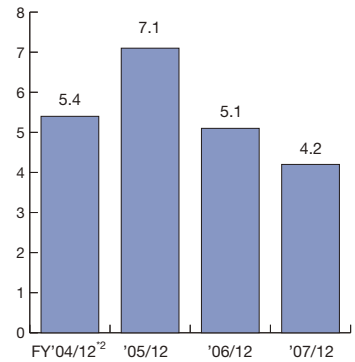
FY2007/12 Yamaha share for domestic FRP pools[*1]

Pool size: over 20m



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.

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, paved 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 about 80% of worldwide demand — has particularly large amounts of ranches, stretches of unpaved roads and natural terrain such as fields and marshes where ATVs perform well. New users account for about 40% of total ATV riders in the United States.

Yamaha Motor meets diverse needs with a wide range of products, including utility, sports, and youth-oriented models. In 2003, the Company introduced the YFZ450, the first Yamaha 4-stroke sport ATV featuring a liquid-cooled DOHC 5-valve plated-cylinder engine.

In 2005, the Company introduced the Raptor 700 in overseas markets. This top-of-the-line sport ATV features an electronically controlled fuel injection engine.

In May 2006, the Company released the Grizzly 700 — an all-new 4WD ATV incorporating an electric power steering system (EPS) — in markets outside Japan. It followed in 2007 by releasing the Grizzly 700 in Japan, as well as the Raptor 250 (sold as YFM250R in the Japanese market) — an entry-level sport model with a manual clutch, designed to meet the diverse needs of a wide range of customers.

The Company has also been marketing side-by-side vehicles (SSVs) in North America since 2003. It has upgraded the Rhino 660 SSV, incorporating its electronically controlled fuel injection system and increasing its engine displacement into the all-new 700cc Rhino 700, which went on the overseas market in October 2007. With two Rhino models — the Rhino 700 and Rhino 450 — the Company aims to create new demand.

Production System

Yamaha Motor Powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

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

Representative Models

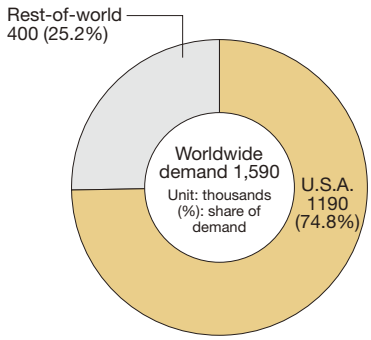
Raptor 250/YFM 250R

GRIZZLY 700 FI

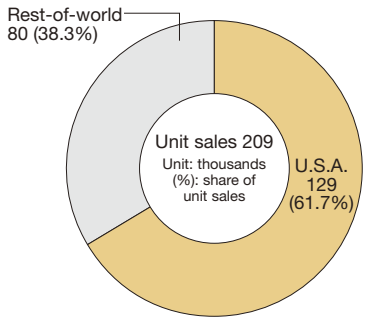
FI: Electronically controlled fuel injection

Rhino 700 FI Auto with accessories

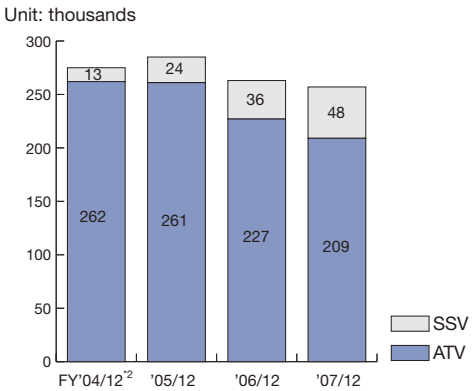
FY2007/12 regional breakdown of worldwide ATV demand*1



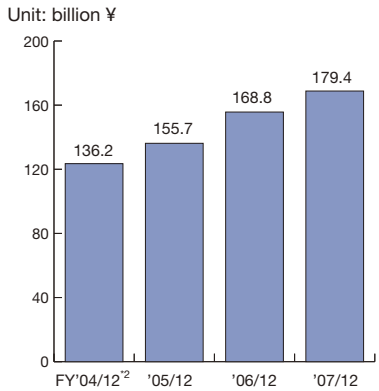
FY2007/12 regional breakdown of Yamaha ATV unit sales (consolidated basis)



Yamaha unit sales for ATVs and SSVs (consolidated basis)



Yamaha sales for ATVs and SSVs (consolidated basis)



Notes: *1 Yamaha surveys

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Snowmobiles

Product Profile

The snowmobile originated in Canada. Its body incorporates two skis at the front and two track belts at the rear for propulsion. It has developed into a vital means of transportation for people in snowy 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. For leisure, they are used for touring, cruising and racing.

Reference

Operation of snowmobiles is prohibited on public roads, private property 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 addition, people ride snowmobiles for leisure in snowy areas.

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 in Japan that manufactures complete snowmobile units in-house.

Current Business Conditions — Product Features and Technologies

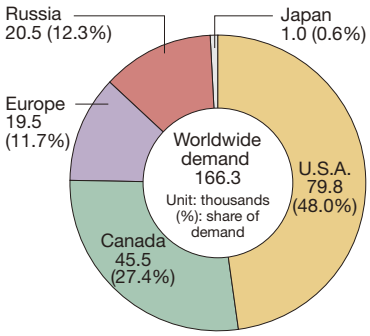
From the time Yamaha Motor introduced its first snowmobile — the SL350 — in 1968, the Company has been providing a wide range of products to meet user demand for winter sport, leisure and business applications. The 2008 year models mark the 40th anniversary for Yamaha snowmobiles.

While 2-stroke engines remain the mainstream in the snowmobile industry, the Company has been taking the initiative in deploying 4-stroke engines. In 2002, the Company released its first 4-stroke snowmobiles, the RX-1 and RX-1 Mountain. These products have earned high acclaim for their excellent riding and environmental performance. In 2004, the Company launched the second-generation 4-stroke model, the RS Vector ER, following in 2006 with the third-generation PHAZER and PHAZER Mountain Lite models, thus solidifying the popularity of Yamaha 4-stroke snowmobiles.

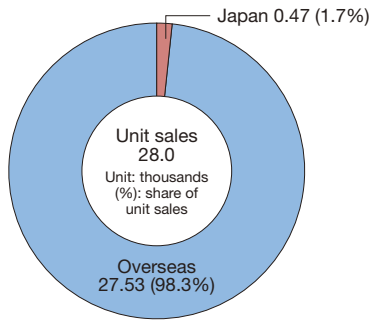
The Company entered the All-Japan Snowmobile Championship race with 4-stroke models for the first time in 2004, and won overall victory in 2005. In 2006, the Company expanded the scope of its snowmobile racing activity to the United States, the mecca of snowmobile racing. It captured its first victory there in the third round of the WPSA Power Sports Snowmobile Tour (USA) 2006-2007.

Then, in 2007, the Company marketed the FX Nytro R-TX and FX Nytro M-TX ER, featuring a newly designed chassis and incorporating the same engine mounted on the RS Vector ER, but with an electronically controlled fuel injection system. With racing technologies built in, these new models realize superb performance on rough trails and fresh deep snow. In 2008, the Company released two new models — the FX Nitro R-TX SE and PHAZER R-TX. The Company continues to bring excitement to the world of winter sports with its race-tested 4-stroke snowmobiles.

Regional breakdown of worldwide demand in 2006-2007 season[*1]

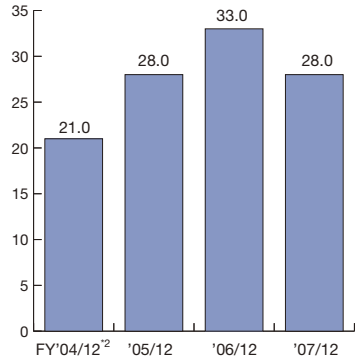


FY2007/12 Yamaha unit sales (consolidated basis)



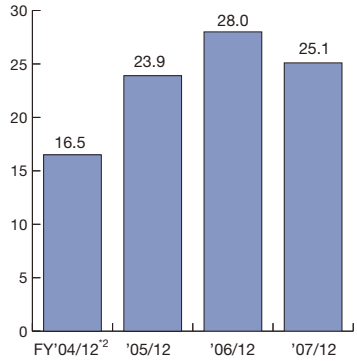
Yamaha unit sales (consolidated basis)

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.

Production System

1st Iwata Factory at Yamaha Motor Head Office

Location: Iwata City, Shizuoka Prefecture, Japan

Representative Models

FX Nytro R-TX SE

PHAZER R-TX

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.

Yamaha Motor offers an extensive lineup of golf cars with different versions designed to accommodate one, two, or as many as five players and caddies. The Company has developed both gasoline engine and electric motor models.

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). Later, the Company started developing golf cars, and introduced the YG292 two-passenger gasoline engine golf cars in 1975. Since then, the Company's golf car business has expanded. To respond to growing demand, the Company constructed a plant in Georgia (USA) in 1988 for the production of two-passenger golf cars, in addition to the plant for the manufacture of five-passenger golf cars in Japan. With both plants producing the popular golf cars, cumulative production reached one million units.

Current Business Conditions — Product Features and Technologies

Yamaha Motor introduced the Turf Joy G15-A 5-passenger golf car in 1994, and followed with the Turf Liner G17-A in 1996, which was based on the G15-A and incorporates an electromagnetic induction system*1. Next, the Company introduced the Turf Liner G17-E — with a battery-powered electric motor for environmentally-friendly operation — in 2000. It has attracted attention in the industry for its quiet but powerful performance. In 2005, the Company released the G30A/E and G31A/AP with five color variations and a host of options, including a sliding window shield. In 2006, the Company upgraded the Turf Liner G30E by incorporating a new EV controller, designed for enhanced comfort and ease of operation.

The Company released The Drive — featuring the industry's first mechanical wet brake*2 — in the United States in 2006, and has been marketing it aggressively. This model was released in Japan and other countries in 2007 as the YDR.

*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.

*2 Mechanical wet brake
A wet-type multi-disc brake system. Multiple brake discs are installed inside the transmission case, and braking operation presses these discs to provide braking force.

Production System

Yamaha Motor Powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

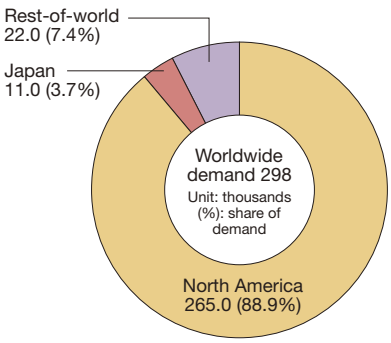
Yamaha Motor Manufacturing Corporation of America (YMMC) (Manufacturing subsidiary)
Location: Georgia, U.S.A.

Representative Models

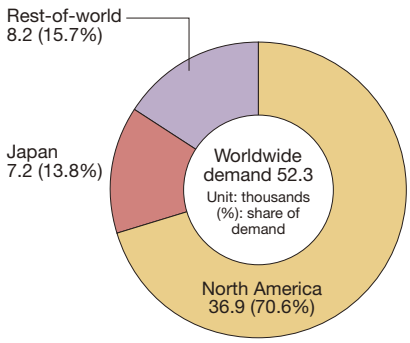
Turf Liner G30E

YDR/The Drive

FY2007/12 regional breakdown of worldwide demand[*1]

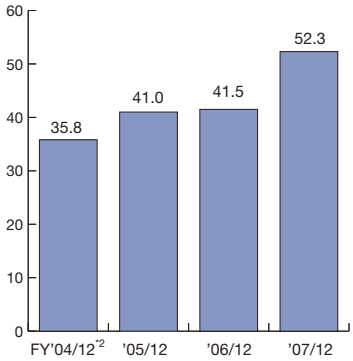


FY2007/12 Yamaha unit sales (consolidated basis)



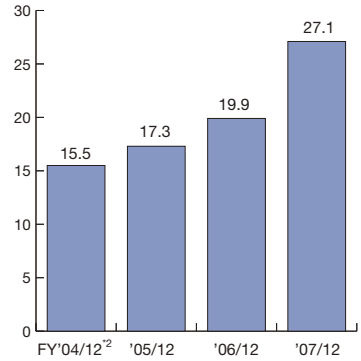
Yamaha unit sales (consolidated basis)

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.

Generators

Product Profile

Generators are used in utility applications and as emergency power sources. Use of generators for leisure purposes has also been increasing in recent years. 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.

Sales of high-performance inverter-type generators, which can be used to power precision machines, have been growing in recent years.

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. Generators are also utilized as emergency power sources in a variety of fields, reflecting rising concerns for disaster preparedness.

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.

Yamaha Motor 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.

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

Demand for generators as an emergency backup power source has been growing in recent years, due to rising awareness of the need for disaster preparedness.

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. The Company is also focused on the development of quiet models.

Production System

Yamaha Motor Powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

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

Representative Models

EF900iS

EF2500i

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, Kita-Kanto, Hokuriku, Koushinetsu and Sanin 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.

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 10 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.

In 2006, the Company released the YT1280/1390 series with more horsepower, developed based on the previous YT1080/1290 series business-use models.

Production System

Engines: Yamaha Motor Powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

Yamaha Motor Taizhou O.P.E. Co., Ltd.
Location: Jiangsu, China

Representative Models

YS-1070

YS-1390AR

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 kids and teens segment (8-15 years) expanding rapidly in recent years, primarily because more rental kart courses are being built nationwide. Racing competitions held year-round — for competitors ranging from novices to international-class drivers — 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. The Company believes that providing driving pleasure to more people is one of its social missions.

Current Business Conditions — Product Features and Technologies

The only Japanese manufacturer that produces kart engines in-house, Yamaha Motor markets these engines worldwide.

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:Yamaha Motor Powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

Representative Models

KT100SD KT100SEC KT100SEJ

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.

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 our 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 limited-area marketing of the first in the series — the JW-I — designed to convert a standard wheelchair to an electrically-powered version, and started nationwide marketing in October of the following year. 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, the Company 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.

In February 2005, the Company released the JWX-1, an all-new version of the JW-1 that offers greater ease of use.

Current Business Conditions — Product Features and Technologies

Electric Power Assist Units for Wheelchairs

Yamaha Motor offers three power assist units in the Joy Unit series that can easily be installed in manual wheelchairs to electrically power them — the JW-I, JWX-1 and JW-II.

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.

JW Active and Towny Joy — Lightweight, Electrically-Powered Wheelchair

These models are lightweight electric wheelchairs that not only reduce the burden on the caregiver but also offer easy use. Moreover, they are ergonomically designed to 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

JW Active

JWX-I
Electric power assist units for wheelchairs

Surface Mounters & Industrial Robots

Product Profile

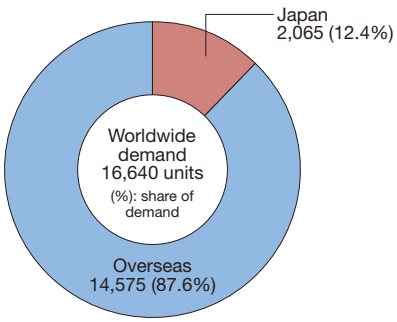
Yamaha Motor's IM (Intelligent Machinery) business is mainly responsible for two types of products: surface mounters and industrial robots.

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. The Company 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

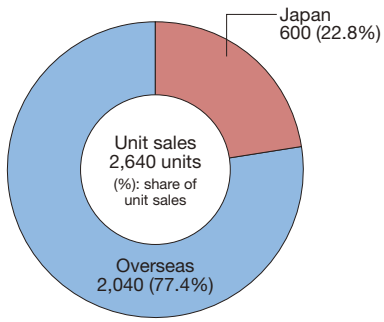
FY2007/12 regional breakdown of worldwide demand*1

Surface mounters



FY2007/12 Yamaha unit sales (consolidated basis)

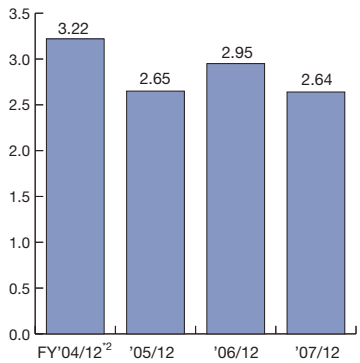
Surface mounters



Yamaha unit sales (consolidated basis)

Surface mounters

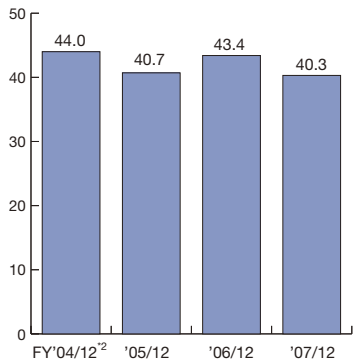
Unit: thousands



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, the Company entered the industrial robot business in 1981. The Company has since developed a diverse line of robots, and began marketing surface mounters in 1987. In September 2007, surface mounter cumulative sales reached 20,000 units.

Yamaha Motor adopted an "in-house company" system for its IM Operations for the first time in its history in April 2000, enabling speedier, more market-responsive decision-making on key management issues.

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

Current Business Conditions — Product Features and Technologies

Surface mounters, the mainstay products of Yamaha Motor's IM business, are high-speed modular type models that boast superb mounting speed and in both standalone applications and multiple-unit configurations. Yamaha Motor is a leading company in general-purpose surface mounters with a lineup offering exceptional precision, speed and versatility.

In 2006, the Company moved into the high-speed mounter segment when it developed the YG300 surface mounter, which has achieved the industry's highest throughput of 105 thousand chips per hour. At the same time, the Company expanded the product lineup by adding printed circuit board testers and handlers, screen printers and other products. As a comprehensive manufacturer of chip mounting equipment, the Company is actively promoting business operations in this field.

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.

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

YS12
Compact high-speed modular surface mounter

YVi-LH
Optical printed circuit board tester

YK220XC
SCARA cleaning robot

SS Feeder
Motor-driven feeder

Cartesian robot NXY

Automobile Engines

Product Profile

Yamaha Motor manufactures and supplies high-performance automobile engines, primarily for automakers inside and outside Japan.

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, the Company entered a development and manufacturing venture for the Toyota 2000GT sports car together with Toyota Motor Corporation. Subsequently, the joint efforts of the two companies led to the development of the Toyota 1600GT and the Toyota 7. Presently Yamaha Motor supplies engines to Toyota Motor Corporation and AB Volvo.

The Company 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 — both of which are highly evaluated by the industry.

In 2000, REAS received an award*1 from the Society of Automotive Engineers of Japan. 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.

The Performance Damper won the Chairman's Award at the third "Prize for Promoting Machine Industry*2" held in 2005. It also received the Technological Development Award at the 56th "Society of Automotive Engineers of Japan Awards" in 2006, and the Contribution Award at the 40th "Ichimura Industrial Award*3" presentation in 2008.

Notes: *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.

*2 *Prize for Promoting Machine Industry*
The Japan Society for the Promotion of Machine Industry established this award to promote development of technologies by the machine industry in Japan. Judges evaluate technologies developed by large corporations and small-/medium-size companies on equal footing on the criterion of advancing technical development standards.

*3 *Ichimura Industrial Award*
The New Technology Development Foundation presents this award to individuals and groups involved in technology development who have helped advance science and technology, industry, and culture, improved safety and well-being in Japan, in addition to realizing achievements in developing excellent domestic technologies.

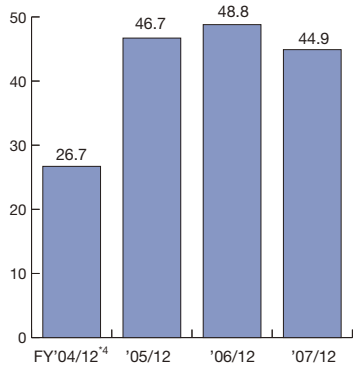
Production System

1st Iwata Factory at the Head Office

Location: Iwata City, Shizuoka Prefecture, Japan

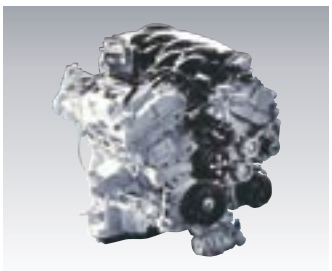
Yamaha sales (consolidated basis)

Unit: billion ¥



Note: *4 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 (2,500cc)

IS250 (Lexus)

CV8 (4,400cc)

XC90 (Volvo)

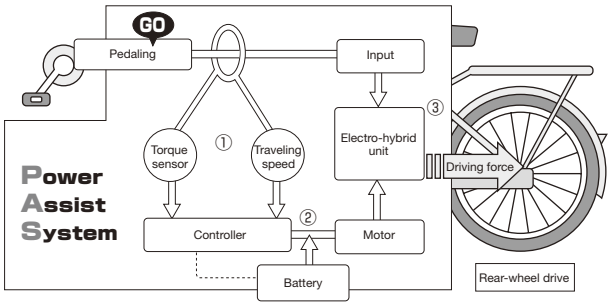
Performance Damper

Fairlady Z Version NISMO (NISMO)

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 using Yamaha PAS bicycles in their daily operations, in addition to personal uses.

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.

The Company 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 corporate mission "*Kando* Creating Company," 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, the 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. In order to provide a better "assist" feel to users, the Company has made many improvements, such as reducing the product's weight. It has been solving problems that have stood in the way of popularizing electro-hybrid bicycles and meeting more users' needs. The charging time has been shortened and the process simplified, cruising distance per charge has been extended, and there are more riding modes available. Meanwhile, the Company has introduced a new pricing system for the PAS.

The Yamaha PAS is designed for ease, comfort, and an enhanced riding feel — its defining quality. The PAS provides the optimal degree of power assistance under any riding condition. From the 2004 model year, the PAS incorporates lithium-ion batteries and features a Power Mode that provides additional assistance under high-load conditions. The 2006 models are equipped with an Auto Eco Mode that extends cruising distance while maintaining a strong power assist. In its 2007 models, the Company incorporated the Auto Eco Mode Plus, which evolved from the Auto Eco Mode, but offers more intelligent function. In 2008, the Company improved battery performance and comprehensively revamped the assist control program, making the PAS more comfortable and convenient to use. To meet both diverse personal and commercial needs, the Company 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 various operating conditions and environments.

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 electric commuter vehicles. Today, alternative fuel vehicles are attracting a great deal of attention because they reduce environmental impact and promote effective use of resources. Yamaha Motor will maximize the technologies developed with the Yamaha PAS to create environmentally friendly products in the future.

Production System

Power units:

Yamaha Motor Electronics Co., Ltd. (Electric parts manufacturing subsidiary)
Location: Morimachi, Shuchi-gun, Shizuoka Prefecture, Japan

Bicycle bodies:

Outsourced production by Bridgestone Cycle Co., Ltd.

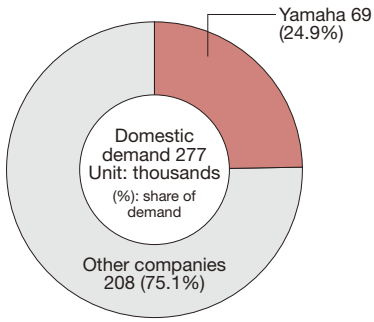
Sales Routes

In Japan, Yamaha PAS electro-hybrid bicycles are sold through 7,500 PAS Shops outlets nationwide. Yamaha Motor also supplies PAS units to a total of five companies in Japan and overseas on an OEM basis. The OEM business started in 1997.

Representative Models

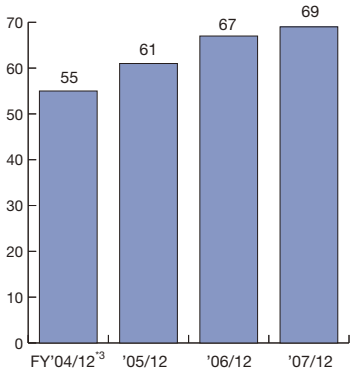
PAS Lithium

FY2007/12 domestic demand*1



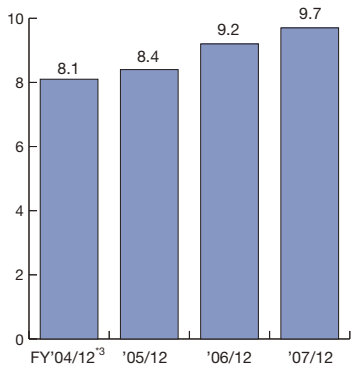
Yamaha unit sales (CBU*2 models) (consolidated basis)

Unit: thousands



Yamaha sales (CBU*2+OEM) (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.

Unmanned Industrial Helicopters

Product Profile

Remote-Control Unmanned Industrial Helicopters

Yamaha Motor offers RMAX Type II and Type IIG unmanned agricultural-use helicopters, mainly for crop dusting, and the RMAX G1 autonomous unmanned helicopter 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.

For survey and observation purposes, Yamaha autonomous unmanned helicopters are supplied mainly to government organizations engaged in land preservation surveys and disaster prevention research, 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. It is designed to compliment manned helicopters in agricultural crop dusting operations.

In 1987, the Company established a new business division for full-scale marketing of the R-50. In 1989, the Company established a new business division in order to promote its full-scale marketing.

Current Business Conditions — Product Features and Technologies

Excellent Operability and High Payload Capacity

In 1995, Yamaha Motor developed the Yamaha Altitude Control System (YACS) by applying control technology, one of its core competencies. This original system 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, features a new GPS-based speed control function for easier operation. In March 2006, the Company began marketing the RMAX G1 autonomous unmanned helicopter.

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

Thus, Yamaha Motor is helping modernize agriculture in Japan as the nation's manufacturer of unmanned helicopters.

Production System

Engines, Transmissions, etc.:
Yamaha Motor powered Products Co., Ltd.
(Manufacturing subsidiary)
Location: Kakegawa City, Shizuoka Prefecture, Japan

Control, electric related:
Yamaha Motor Electronics 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.

Representative Models

Autonomous unmanned helicopters RMAX G1

Life Science Business

Product Profile

Astaxanthin, a carotenoid produced by *Haematococcus* algae through photosynthesis, is a beta-carotene and a red natural pigment. Yamaha Motor has been focusing on astaxanthin, and has developed a proprietary large-scale cultivation technology and mass-production system for astaxanthin preparation, called PURESTA.

Applications (User Profile)

PURESTA is gaining interest as a raw material for health supplements and cosmetic products. Yamaha Motor began full-scale supply of PURESTA astaxanthin preparation to supplement, food and cosmetics manufacturers in October 2006.

The Company is striving to fulfill its social mission — helping people enjoy a long, healthy life and increasing well-being — by applying the biotechnologies it has developed over years of research. Supplying PURESTA astaxanthin preparation represents another step in that direction.

Background of the Business

As a manufacturer and seller of motorcycles and other products powered by small engines, Yamaha Motor has been in the forefront addressing global environmental issues. In addition to conducting engineering studies toward reducing the environmental impact of engines, and developing electric vehicles and fuel cells, the Company has been vigorously researching in the biotechnology field since 1997.

In the course of its research, the Company focused on the photosynthesis function of microalgae, and announced the development of technologies for absorbing and fixing carbon dioxide using microalgae in 2002. With the new process, the Company realized high-density, large-scale cultivation of a diatom called Chaetoceros calcitrans, a rare marine bait essential for the larval stage of shellfish in aquaculture. While researching and developing practical applications to commercialize this technology, the Company took notice of *Haematococcus* algae, which contains astaxanthin in high concentration. In 2005, the Company established another proprietary mass cultivation and indoor production system for the astaxanthin algae.

Current Business Conditions — Product Features and Technologies

Although astaxanthin occurs in a variety of aquatic wildlife, such as microalgae, shellfish and fish, it has been considered difficult to obtain stable yields of astaxanthin as raw material in large quantities using conventional techniques.

Yamaha Motor developed the "Yamaha High-efficiency Bio Reactor," an original production system for indoor cultivation of microalgae using artificial light and advanced fluid control technology. The Company incorporated the Bio Reactor and other cutting-edge technologies in its production facility, while establishing a manufacturing system in compliance with Japan's Good Manufacturing Practice (GMP) guidelines for raw materials in health foods. With this approach, the Company has achieved a stable supply of safe, high-quality astaxanthin in a high concentration (8%, as astaxanthin dialcohol).

The Company's astaxanthin raw material manufacturing plant commenced full-scale operation in October 2006. On the same premises, the Company has constructed the Life Science Laboratory, the research and development center for its Life Science business. By integrating R&D and production in this way, the Company aims to achieve higher productivity.

Production System

Astaxanthin raw material plant
Location: Fukuroi City, Shizuoka Prefecture, Japan

Sales Routes

Yamaha Motor supplies astaxanthin as a raw material to manufacturers in fields including foods, supplements, and cosmetics. It also sells astaxanthin supplements through mail order.

Representative Products

Astaxanthin preparation

- PURESTA Oil80 (oil preparation)
- PURESTA W-05 (water-soluble preparation)

Astaxanthin supplement

- ASTIVO

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.

Pleasure Boat Mooring 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.

Clean Seawater Supply System

Yamaha Motor markets clean seawater supply systems designed to maintain a proper seawater environment to keep fish healthy.

Oil Separator

Yamaha Motor markets high-performance oil separators (for industrial applications and kitchens use) that separate oil from water without producing any new waste materials.

YAMAHA
In harmony with nature

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