Briefing on the Musical Instruments Business

Hiroo Okabe
Director and Managing Executive Officer
Musical Instruments Business Group

July 10, 2008

YAMAHA CORPORATION
Outline of Today’s Presentation

- Outline of Medium-Term Business Plan
- Recognition of Business Environment and Key Issues
- Review of the First Year
- Progress of Key Measures and Future Development
- Projections for the Second Year
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Position of Musical Instruments Business Throughout the Company

The Sound Company

- Musical Instruments/
  Audio/Music Entertainment
- AV Equipment
- Sound Networks
- Semiconductors

Use sound/music/network technologies as a platform to drive group-wide growth by deepening, expanding and creating business in the fields of musical instruments/audio/music entertainment, AV/IT and devices.

Diversification Businesses

Lifestyle-Related Products  Recreation
PT  Golf Products

Inspired by the brand slogan “Creating ‘Kando’* Together,” contribute to increasing group corporate value by utilizing the original technologies and sense built up in the course of Yamaha operations to secure a strong position in each industry and achieve sound business management.

*Kando is a Japanese word that signifies an inspired state of mind

PT: Productive Technology (FA / metallic molds / automobile interior wood components)
Yamaha Group Corporate Philosophy

Corporate Objective

CREATING ‘KANDO’ TOGETHER
Yamaha will continue to create ‘kando’ and enrich culture with technology and passion born of sound and music, together with people all over the world.

Management Philosophy

Customer-Oriented and Quality-Conscious Management
Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

Transparent and Sound Management
Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

Valuing People
Yamaha strives to be an organization where each person’s individuality and creativity are respected and all can demonstrate their full potential through their work.

Harmony with Society
Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

Kando (is a Japanese word that) signifies an inspired state of mind.
Committed to the vision of becoming a brand of which people will proudly proclaim “I play Yamaha,” the Yamaha Group will endeavor to create and develop the musical instruments business as its core business to provide the joy of making music to as many people as possible in every part of the world.
Value of the Musical Instruments Business

■ **Customer Intimacy**

Keep the customer’s perspective in mind at all times, making it possible to develop innovative marketing methods that respond to changes in the purchasing behavior of customers, and thereby earn their trust.

■ **Product Leadership**

Develop products that respond to polarization in the market as well as provide unique products and services in order to establish the overwhelming superiority in the sales power of the products needed to come out on top of specialized manufacturers in various fields.

■ **Operational Excellence**

Clarify objectives and promote integration, standardization, and streamlining of operations, and develop an outstanding business structure that is capable of achieving the objectives while using only a minimum of resources.
Medium-Term Business Plan
(April 2007-March 2010)

Yamaha Growth Plan 2010
~ Act & Change ! ~

The entire company acts as one to steadily implement growth strategies and changes to shift into a growth phase!
## Company-Wide Fundamental Policies

### 1. Realize growth in the “The Sound Company” business domain
- Growth by actively investing management resources

### 2. Substantially strengthen profitability as the foundation for growth
- Increase profitability through reforms in manufacturing and realignment of businesses

### 3. Improve corporate governance to enhance all-round capabilities of the Group
- Further improve the efficiency, transparency, and soundness of management
While centered around substantial strengthening of profitability, management resources will be strategically distributed to growth areas to promote bolstering of businesses that are “uniquely Yamaha,” thereby realizing sustainable growth.
## FY2010.3 Targets

<table>
<thead>
<tr>
<th></th>
<th>Yamaha Group</th>
<th>“The Sound Company” business domain</th>
<th>Musical Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥590.0 billion</td>
<td>¥493.0 billion</td>
<td>¥360.0 billion</td>
</tr>
<tr>
<td>3-year sales growth rate</td>
<td>7.2%</td>
<td>12.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥45.0 billion</td>
<td>¥39.5 billion</td>
<td>¥30.0 billion</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>7.6%</td>
<td>8.0%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>
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Recognition of Business Environment

【Customers】

- **Structural changes in the market**
  - Decreasing birthrate and aging of the Japanese market
  - Growth of demand in emerging markets

- **Polarization of demand**
  - Commoditization of low-priced products
  - Consumer behavior of not being concerned with price once the value is acknowledged
【Sales Network】

- Large-scale capitalization and formation of chains of retail stores
  - Development of musical instruments business by major distributors
  - Rise of mass retailers of musical instruments

- Rise of cross-boarder retail business and information
  - Internet retailing becoming commonplace
  - Globalization of information about products and prices
【Competition】

- Chinese-made products are being used to carry forward low-price strategies
- Development of a second brand by long-established manufacturers
- Development of house brands by major dealers
Recognition of Business Environment

【Areas of Concern】

- US economy is weakening and European economy is patchy
  - Impact on sales

- Continuing high prices for crude oil and raw materials, such as wood and metal
  - Impact on manufacturing costs and distribution costs

- Fluctuation in exchange rates (in particular, a weak US dollar and strong Chinese yuan)
  - Impact on the profits of businesses overseas
Key Issues

1. Accelerate product innovation and development
   - Respond to “polarization of demand”

2. Strengthen manufacturing process
   - Respond to “intensifying competition”

3. Strengthen marketing power
   - Respond to “changes in the market structure”

4. Operate more efficiently
   - Strive for “total optimization”
1. Accelerate Product Innovation and Development

1. Develop high-grade and high added-value products

Policy: Differentiate our products with features that are “uniquely Yamaha”

- Promote Total Piano Strategy
- Build a high added-value strategy that utilizes “Artist Relation”
- Rebuild guitar business

2. Develop affordable price range products that are competitive

Policy: Products with full specifications and high cost performance

- Extensive lineup of affordable price range products
- Develop models in line with the market
2. Strengthen Manufacturing Process

1. Reorganize and reinforce production bases

Policy: Expand bases in Japan, China, and Indonesia as key production bases, and manufacture core product lineups at Yamaha facilities

- Consolidate production bases in Japan
- Strengthen bases in China and Indonesia

2. Improve productivity and reduce costs

Policy: Firmly establish activities to achieve improvements and reduce costs for procuring materials

- Promote Yamaha Productivity Management (YPM) activities
- Strengthen capabilities to procure parts and materials globally
3. Strengthen Marketing Power

1. Build sales system appropriate for market characteristics

Policy: Achieve both comprehensive and specialized capabilities

- Create synergy through “One Yamaha”
- Promote development of “Multi-Specialists”

2. Establish sales methods from customer-oriented perspective

Policy: Put into practice customer-oriented approach

- Promote store strategies that respond to the needs of customers
- Improve quality of sales and service activities
3. Strengthen Marketing Power

3. Increase the population of musical instrument players and producers of music

Policy: Create demand by providing the “opportunity & place”

- Create a school environment that is appreciated by customers
- Developing music entertainment into a core business

4. Increase investments in key markets and product domains

Policy: Continue to actively invest in growth areas

- Markets: China, Russia, and India
- Products: Commercial audio equipment
4. Operate More Efficiently

1. Nurturing and effective utilization of human resources

Policy: Promote transition to next generation and appropriate posting of human resources

- Promote systematic handing down of skills and techniques
- Secure production facility employees globally

2. Progress of SCM

Policy: Achieve streamlining of operations and improvements in customer satisfaction

- Build integrated PSI system
- Implement categorized inventory control system
- Place responsibility for inventories on each business division (production side)
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Increase in income of ¥14 billion overall compared with the previous year
(101% compared with initial projections; 104% of previous year)
Actual year-on-year change, discounting impact of exchange rates
Japan (-1%), North America (-3%), Europe (+4%), China (+20%), Other regions (+18%)
Net Sales (By product)

<table>
<thead>
<tr>
<th>Piano unit sales</th>
<th>FY2007.3</th>
<th>FY2008.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>21,300</td>
<td>19,200</td>
</tr>
<tr>
<td>North America</td>
<td>20,400</td>
<td>18,300</td>
</tr>
<tr>
<td>Europe</td>
<td>18,800</td>
<td>18,700</td>
</tr>
<tr>
<td>China</td>
<td>18,400</td>
<td>24,000</td>
</tr>
<tr>
<td>Others</td>
<td>13,700</td>
<td>15,100</td>
</tr>
<tr>
<td>Total</td>
<td>92,600</td>
<td>95,300</td>
</tr>
</tbody>
</table>

Electronic musical instruments (excluding Electones)

Wind instruments

Electones

String and percussion instruments

Professional audio equipment
Benefiting in part from the effects of exchange rates, an increase of ¥5.9 billion in income compared with the previous year was achieved (116% compared with initial projections; 127% of previous year)
Analysis of Operating Income

Additional expenditures for advertising and promotional costs aimed at realizing sustainable growth
Although initial projections were not reached, a decrease of ¥1.7 billion and 0.1 month compared with the previous year was achieved

(104% compared with initial projections; 97% of previous year)

* Number of months retained in inventory = Value of ending inventory ÷ (Cost of sales for the year ÷ 12)
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Map of Key Measures

9. Promote business development

4. Reorganize and reinforce production bases

5. Expansion measures to open new stores and schools

7. Growth in emerging markets

2. Build high added-value strategies

1. Promote Total Piano Strategy

8. Expansion of commercial audio equipment business

2. Build high added-value strategies

3. Rebuild guitar business

6. Strengthen base of music entertainment business

* Accelerate product innovation and development: 1,2,3; Strengthen manufacturing process: 4; Strengthen marketing power: 5,6,7,8
1. Promote Total Piano Strategy

Create a lineup of pianos from the customer’s perspective

- **Product development**: A new type of piano that is free of the distinction between acoustic and digital
  - Steady progress being made in development of New Hybrid Piano
    - Scheduled to be unveiled in 2009

- **Sales method**: Offer choices that satisfy the demands of customers
  - Start preparations to set up sales system and sales network
    - Implement new marketing approaches

Digital Piano Corner

Japan  U.K.
2. Build High Added-Value Strategies

1. Enhance Artist Relation activities

- **Transfer Artist Relation bases to sales subsidiaries**
  - Shift to a system where sales subsidiary is at the core, and enhance collaboration with marketing teams
    ⇒ Start full-scale activities united with sales personnel

- **Build human relations for acoustic instruments**
  - Establish Europe-wide Yamaha Piano Technicians Guild (YPTG)
    ⇒ Promote closer ties between non-affiliated piano technicians and Yamaha
  - Joint-development with artists of custom-made wind instruments
    ⇒ Further enhance collaboration with atelier technicians
2. Acquisition of Bösendorfer

Company Profile (Company name: L. Bösendorfer Klavierfabrik GmbH)
- Factory location: Outskirts of Vienna, Austria
- Date of establishment: 1828; Number of employees: 180
- Sales amount (2006): 13,533,000 euro (approx. ¥2.2 bil.)
- Piano unit sales (2006): 343 units (GP: 308; UP: 35)

Basic policy following acquisition
- While continuing Bösendorfer’s skills in sound creation, Yamaha’s management resources will be used to revive Bösendorfer and improve its brand value
- Enhance Yamaha pianos through the exchange of technology with Bösendorfer
- Achieve growth in the business by responding to the diverse needs of customers of premium pianos
  1) Yamaha and Bösendorfer shall firmly maintain their own distinctive characteristics in sound creation
  2) Yamaha’s hybrid piano technology will be used in pianos made by both Yamaha and Bösendorfer
  3) Synergy in Artist Relation activities
- Expand the networks in the musical instruments and music industries
3. Rebuild Guitar Business

1. Strengthen structure of guitar business

- Improve stability of quality and manufacturing skills
  - Launch “Project to promote operational reforms” to undertake revision of operational processes
  - Manufacturing reforms are moving forward at production bases in Japan, Indonesia, and China
    ⇒ Revisions and reforms continue to be carried out
3. Rebuild Guitar Business

2. Product development focusing on electric-acoustic guitars

- Strengthen product development
  - Launch project team and focus the resources of the entire Group on development of elemental technologies
    - Accelerate development of wood processing, pick-up, DSP
  - Strengthen Yamaha Artist Service Hollywood (YASH)
    (Enhance collaboration with R&D, Artist Relation, and Sales)
    - Gain high evaluation of Acoustic Resonance Transducer (A.R.T.) and Acoustic Resonance Enhancement (A.R.E.) technologies
3. Rebuild Guitar Business

3. Increase the share of North American market to drive growth in sales

- Focus marketing efforts on North American market
- Start developing outstanding dealers through programs promoting exhibits
  
  Bases: 45 (53 stores) ⇒ 60 dealers
  
  Net Sales (Year-on-year): $1.6 million ⇒ $2 million (124%)
4. Reorganize and Reinforce Production Bases

Reinforce mother functions with the aim of strengthening production bases

- **Japan: Aim for mother factory functions and develop added value**
  - **Pianos:** Redesign of layout of the upright piano process at Kakegawa is proceeding on schedule
    - Preparation to move Hamamatsu grand piano factory to Kakegawa
  - **PA and electronic musical instruments:** Preparations for introducing processes formerly handled externally in order to reinforce mother functions at Toyooka
    - Begin introduction of the processes and production of New Hybrid Piano at Toyooka
  - **Wind, string, and percussion instruments:** Begin in-house production of tympanis and high-end drums
    - Expand lineup of products to be produced within Yamaha

Kakegawa factory
(Pianos)

Toyooka factory
(PA; electronic musical instruments; wind, string, and percussion instruments)
## 4. Reorganize and Reinforce Production Bases

Develop successor products resulting from reorganization of production bases and establish supply system for these products

<table>
<thead>
<tr>
<th>Indonesia: Strengthen supply and manufacturing capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yamaha Indonesia: First stage of expansion of floorspace for pianos is completed</td>
</tr>
<tr>
<td>⇒ Second stage of expansion of floorspace and undertaking of processes that had been carried out externally</td>
</tr>
<tr>
<td>YMMI: Enhance management structure and strengthen guitar manufacturing capabilities</td>
</tr>
<tr>
<td>⇒ Build structure for increasing production of guitars</td>
</tr>
<tr>
<td>YMMA (electronic musical instruments), YMPI (wind and educational instruments): Preparation for incorporating added value and increasing production</td>
</tr>
<tr>
<td>⇒ Further progress to be made in activities to achieve improvement</td>
</tr>
</tbody>
</table>

Yamaha Indonesia (Pianos)
4. Reorganize and Reinforce Production Bases

Develop successor products resulting from reorganization of production bases and establish supply system for these products

- **China: Aim for quality, cost control, and supply capability**
  - **Hangzhou Yamaha:** Construction completed on second building (increase production of pianos and guitars); supply pianos to North America
    - Begin construction of third building
  - **Xiaoshan Yamaha:** Undertake production of wind instruments on factory grounds; supply wind instruments to North America
    - Reorganize processes (Preparation for transferring control of piano parts to Hangzhou; undertake prior stage for wind instruments)
  - **Tianjin Yamaha:** Undertake efforts to continue reducing costs for electronic musical instruments; incorporate added value
    - Continue to reinforce manufacturing structure
  - **Guangzhou Yamaha:** Dissolve joint venture, consolidate production at Hangzhou

Hangzhou Yamaha (Pianos, guitars)  Xiaoshan Yamaha (Wind instruments)
Entire Group: Thorough implementation of quality-oriented creed

In order to realize the high quality demanded by the “Yamaha Standard,” it is necessary to achieve high quality in every aspect of the production process based on the philosophy of “Our products must be made in our own factories,” while giving every possible consideration to the global environment and the rights of our workers.

It is clearly expressed in the words “Made in Yamaha” that what is important is not the country where the product is made, but the company where the product is made.
5. Expansion Measures to Open New Stores and Schools

1. Promote store strategies that respond to the needs of customers

- **Japan**: Build business with a focus on stores capable of pulling in customers
  - Remodeling of subsidiary retail stores is in progress
  - A store with a music school is scheduled to open in a shopping mall in Tsukuba
  - Establish Grand Piano Salons under direct management in Osaka (April) and Fukuoka (May), as well as Sapporo and Nagoya

- **China**: Set up highly-refined, appealing displays of pianos
  - Further expand the number of “Yamaha Piano Corners”
  - 100 (+34 over previous year) ⇒ 120 stores (+20)

- **Other Regions (Asia Pacific)**: Establish market superiority through differentiation from other stores and displays
  - Open “Music Square” comprehensive retail stores and “BEATSPOT” Yamaha combo product corners
  - 22 (+22 over previous year) ⇒ 45 stores (+23)
  - 3 (+2 over previous year) ⇒ 4 locations (+1)
5. Expansion Measures to Open New Stores and Schools

Japan: “Grand Piano Salon”

China: “Yamaha Piano Corner”

Asia Pacific: “Music Square”

Asia Pacific: “BEATSPOT”
## 5. Expansion Measures to Open New Stores and Schools

### 2. Create a school environment that is appreciated by customers

<table>
<thead>
<tr>
<th>Region</th>
<th>Strategy</th>
<th>Previous Year</th>
<th>New Year</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>Carry forward strategies preparations throughout the country</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UniStyle (Yamaha Music Schools)</td>
<td>75 (+12 over previous year) ⇒ 95 locations (+20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core 100 (Schools for adults)</td>
<td>89 (+5 over previous year) ⇒ 110 locations (+21)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>Expansion in three major metropolitan areas (Beijing, Shanghai, and Guangzhou)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centers under direct management</td>
<td>3 (+2 over previous year) ⇒ Turn them into model centers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-store music schools</td>
<td>6 (no increase over previous year) ⇒ 13 locations (+7)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Regions (Asia Pacific)</strong></td>
<td>Get started by establishing model schools in stores under direct management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yamaha Music Schools</td>
<td>22 (+22 over previous year) ⇒ 45 locations (+23)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contempo Music Salon (Pop music) / Piacere Music Club (Adults)</td>
<td>1 (no increase over previous year) ⇒ 2 locations (+1) / 0 ⇒ 1 location (+1)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Expansion Measures to Open New Stores and Schools

Japan: “UniStyle”

Japan: “School for adults”

China: “Yamaha Music School”

Asia Pacific: “Yamaha Music School”

Asia Pacific: “Contempo Music Club”

Asia Pacific: “Piacere Music Salon”
6. Strengthen Base of Music Entertainment Business

Developing music entertainment into a core business

- Strengthen Business Base
  - Realign and integrate music entertainment businesses under Yamaha Music Entertainment Holding, Inc.

Yamaha Music Entertainment Holdings, Inc.

- Marketing
- Listening to/playing (enjoying) music
- Creating/distributing music
- Incubation
- Artist management
- New artists
- New content, etc.
6. Strengthen Base of Music Entertainment Business

Developing music entertainment into a core business

Expansion of Operations

Companies established based on their functions

Yamaha Music Entertainment Holdings, Inc.

- Planning, running musical events (Audio/lighting equipment, etc.)
- Discovering new artists through events, Internet communities, etc.
- Production and labels

Incubation
Artist management

- Planning, production and sale of sheet music, magazines, etc.
- Distribution to mobile phones, PCs, MUMA, etc.

Marketing

- Package sales of CD, DVD, etc.
- Production and labels

Music publications

- Acquisition, management, and use of music copyrights
- Management and use of recording masters
China (including Hong Kong): FY2009.3: 969 million RMB for musical instruments and 102 million RMB for AV equipment
  - FY2008.3: Achieved 120% year on year growth (piano unit sales reached 23,973)
    ⇒ Plans call for double-digit growth in FY2009.3 (Sales target of 27,830 pianos)

Russia: FY2009.3: ¥4.4 billion for musical instruments and ¥3.0 billion for AV equipment
  - Established sales subsidiary in September 2007
    ⇒ Started full-scale business operations in April 2008

India: FY2010.3: ¥2.2 billion for musical instruments and ¥400 million for AV equipment
  - Began preparations for establishing sales subsidiary
    ⇒ Registration of company completed in March 2008, with full-scale business operations to begin in October 2008
8. Expansion of Commercial Audio Equipment Business

1. Progressing towards becoming a system solutions provider

- Maintain No. 1 position for digital mixers
- Secure 80% share of the sales value of the Live Sound Reinforcement and Engineer Installed Sound (EIS) markets
- Strengthen business for output-type products

<table>
<thead>
<tr>
<th>Sales value</th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processors (Year-on-Year)</td>
<td>0.9 (118%)</td>
<td>1.35 (150%)</td>
</tr>
<tr>
<td>Power amplifiers (Year-on-Year)</td>
<td>0.62 (127%)</td>
<td>1.46 (235%)</td>
</tr>
<tr>
<td>Speakers (Year-on-Year)</td>
<td>0.29 (145%)</td>
<td>0.55 (190%)</td>
</tr>
<tr>
<td>Total (Year-on-Year)</td>
<td>1.81 (125%)</td>
<td>3.36 (186%)</td>
</tr>
</tbody>
</table>

(Billions of yen)
8. Expansion of Commercial Audio Equipment Business

2. Accelerate growth of Commercial Audio (CA) business

- Expand scale of business
  - Strengthen platform for CA business
    ⇒ Promote alliance with NEXO - Begin shipping NEXO brand DSP amplifiers
    ⇒ Merger of Fuji Sound and Yamaha Sound Technologies to form new company Yamaha Sound System set to take place in January 2009
    ⇒ Establish Europe-wide CA marketing organization
  - Preparation for full-scale entry into Commercial Installed Sound (CIS) market
    ⇒ Begin full scale shipment of products for the CIS market
9. Promote Business Development

Promote active approach to strategic M&A and business alliances

- Strengthen functions at every management level by setting up responsible organization
  - Place dedicated team in Corporate Planning Division in September 2007
    ⇒ Enhance the team’s capabilities by increasing personnel

- Look into and then establish optimal partnerships
  - Finalized acquisition of Bösendorfer in January 2008
    ⇒ Continue following up on existing issues and uncover new issues
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Increase in income of ¥2.5 billion compared with the previous year is projected (101% of previous year)
Net Sales (By region)

(Billions of yen)

Japan

North America

Europe

China

Others

Eastern Europe

Russia

Latin America

Middle East & Africa

Net Sales (By region)
Net Sales (By region: excluding impact of exchange rates)

(Billions of yen)

Japan

<table>
<thead>
<tr>
<th></th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>135.0</td>
<td>137.8</td>
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</table>

North America

<table>
<thead>
<tr>
<th></th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>66.1</td>
<td>70.2</td>
</tr>
</tbody>
</table>

Europe

<table>
<thead>
<tr>
<th></th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>77.0</td>
<td>82.0</td>
</tr>
</tbody>
</table>

China

<table>
<thead>
<tr>
<th></th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>12.8</td>
<td>14.1</td>
</tr>
</tbody>
</table>

Others

<table>
<thead>
<tr>
<th></th>
<th>FY2008.3</th>
<th>FY2009.3 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>49.1</td>
<td>52.8</td>
</tr>
</tbody>
</table>
Piano unit sales

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2008.3</th>
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<tr>
<td>Japan</td>
<td>19,200</td>
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<tr>
<td>China</td>
<td>24,000</td>
<td>27,800</td>
</tr>
<tr>
<td>Others</td>
<td>15,100</td>
<td>15,400</td>
</tr>
<tr>
<td>Total</td>
<td>95,300</td>
<td>104,600</td>
</tr>
</tbody>
</table>
An increase in income of ¥600 million is projected compared with the previous fiscal year (102% of previous year)
Expected impact of exchange rates and increase in SG & A expenses due to new consolidations and write-offs resulting from projected benefit obligations are included.
Inventories

- Projections call for a ¥100 million, 0.1 month decrease in inventory compared with the previous year

* Number of months retained in inventory = Value of ending inventory ÷ (Cost of sales for the year ÷ 12)
In this report, the figures forecast for the Company’s future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group.

Forecasts are, therefore, subject to risks and uncertainties. Accordingly, actual performance may differ greatly from our predictions depending on changes in our operating and economic conditions, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.