

Lifestyle-Related Products

Fiscal 2009 Performance Overview

Sales in Yamaha's lifestyle-related products business, in which Yamaha Livingtec Corporation is the principal Yamaha Group subsidiary, fell 5.3% from the previous year, to ¥43,121 million. The segment posted an operating loss of ¥305 million, compared to ¥588 million in operating income in the previous year.

Although there was an increase in demand for new housing starts owing to the tax incentive scheme for housing loans effective before the end of December 2008, sales declined due to a massive drop in new housing starts once the limit expired, as well as lower home remodeling demand caused by weaker

consumer spending. Furthermore, the company has decided to withdraw from the kerosene-fired water heater business in light of tremendous changes in the structure of energy demand and the lack of visible prospects for demand in the future.

Business Strengths

- Artificial marble processing technology (MARBLE CRAFT™)
- Wood processing and coating technologies
- Original design capabilities

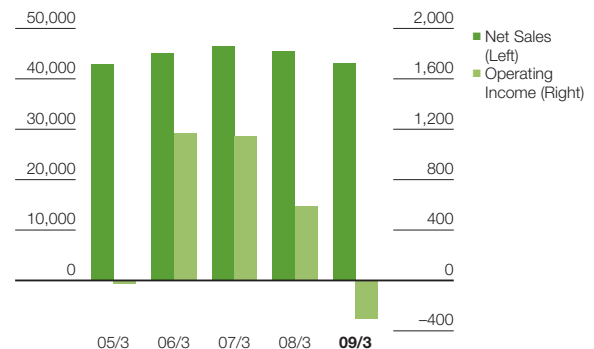
Key Business Indicators

(Millions of Yen)

	05/3	06/3	07/3	08/3	09/3
Net Sales	¥42,844	¥45,214	¥46,573	¥45,520	¥43,121
Operating Income (Loss)	(24)	1,169	1,150	588	(305)
Capital Expenditures	1,195	1,245	1,303	647	1,006
Depreciation Expenses	1,518	1,062	1,007	1,063	1,021
R&D Expenses	1,236	1,260	1,403	1,351	894

Net Sales/Operating Income (Loss)

(Millions of Yen)



Market Trends and Business Strategy

Market Trends

Persistent decline in new housing starts; efforts by all companies to strengthen remodeling business

Consumer sentiment is expected to fall lower amid continued and increasing economic uncertainty. In this climate, competition in the home fixtures and equipment market is expected to increase due to the contraction in Japan's new housing market, which is forecast at around 1 million homes in fiscal 2010, as well as further price drops. Accordingly, companies throughout the industry are channeling their efforts into expanding their respective home remodeling businesses and strengthening business in the Asian market, as well as launching new products and advertising activities, in a race for continued survival. In the remodeling business, it will be vital to build stronger alliances with client companies and to stimulate user demand, as consumer interest in home improvements remains strong.

Business Strategy

Aiming to generate stable earnings in the medium to long term

In the remodeling market, Yamaha Livingtec will promote the material business of "one-point remodeling," encouraging customers to replace their existing kitchen countertops with Yamaha's artificial marble countertop materials. This drive will consist of bolstering initiatives targeting sales channels, mainly through moderately-priced products, in a bid to expand the remodeling business.

For the medium to long term, the company is striving to build a business base capable of generating stable earnings irrespective of new housing demand. To this end, the company will take steps to develop new sales channels for interior building materials, water-related housing equipment, and household equipment, with focus on the remodeling business, as well as energy-related channels, while extensively pursuing efficiency management in all business processes. In particular, the company aims to improve its earnings structure by reducing the retail sales companies' dependence on the manufacturer. To this end, it will clarify the roles of each player and strengthen its links to sales channels that are strong in installations.

The home fixtures and equipment industry is seeing both increased product quality uniformity and more intense price competition. Going forward, the company intends to differentiate its business from competitors by leveraging its strengths in artificial marble processing technology, wood processing and coating technologies, and original design capabilities.