

**Analyst and Investor Briefing on
the First Half of the Fiscal Year
Ending March 31, 2006
(April 1, 2005 to September 30, 2005)**

**November 1, 2005
YAMAHA CORPORATION**

Overview of Performance in the First Half



First Half Results

- Net sales and operating income were lower than both the previous year and initial projections on April 28.

Net sales declined ¥11.4 billion compared to the first half of last year. Electronic equipment and metal products decreased ¥10.1 billion.

Net sales were ¥4.3 billion lower than initial projections. Lifestyle-related products reported net sales was ¥1.6 billion higher than projected, while musical instruments and AV/IT were ¥3.2 billion and ¥2.5 billion lower, respectively.

Operating income decreased ¥9.8 billion from the first half of the previous year. Lifestyle-related products increased ¥1.1 billion, while electronic equipment and metal products dropped ¥8.1 billion.

Operating income was ¥0.6 billion lower than initial projections, with lifestyle-related products exceeding forecasts by ¥1.0 billion and musical instruments falling short by ¥1.9 billion.

- Net income came in higher than initial projections owing to increased equity method income.
- Inventories at the end of the first half increased ¥1.3 billion over the first half of the previous year, primarily for musical instruments and AV products (increase of ¥9.7 billion over initial projections).

2Q Results

- 2Q net sales and operating income declined compared to the second quarter of the previous year.

Net sales decreased ¥2.6 billion from the second quarter of a year ago as electronic equipment and metal products fell ¥2.7 billion.

Operating income declined ¥1.7 billion from the second quarter of a year ago. Lifestyle-related products increased ¥0.7 billion, but electronic equipment and metal products decreased ¥3.0 billion.

- Inventory adjustments were made by cutting production, etc., but this has not led to reduced inventories because of substantial sales declines in the musical instruments and AV/IT businesses.

Business Performance in First Half FY March 2006



➤ Net sales and operating income declined from the first half of the previous year and were lower than initial projections.

(Billions of yen)

	FY Mar 05 (1H)	FY Mar 06 (1H)	Change from FY Mar 05 (1H)	FY Mar 06 (1H) Projections	Change from Projections	2Q Results
Net Sales	268.6	257.2	(4.2%)	261.5	(1.6%)	133.1
Operating Income (Operating Income Ratio)	24.2	14.4 (5.6%)	(40.6%)	15.0	(4.0%)	7.5
Recurring Profit (Recurring Profit Ratio)	28.3	21.3 (8.3%)	(24.6%)	18.0	+18.3%	9.7
Net Income (Net Income Ratio)	(6.1)	16.5 (6.4%)	-	12.0	+37.5%	6.7
Equity Method Income	5.6	8.5		5.6		3.2

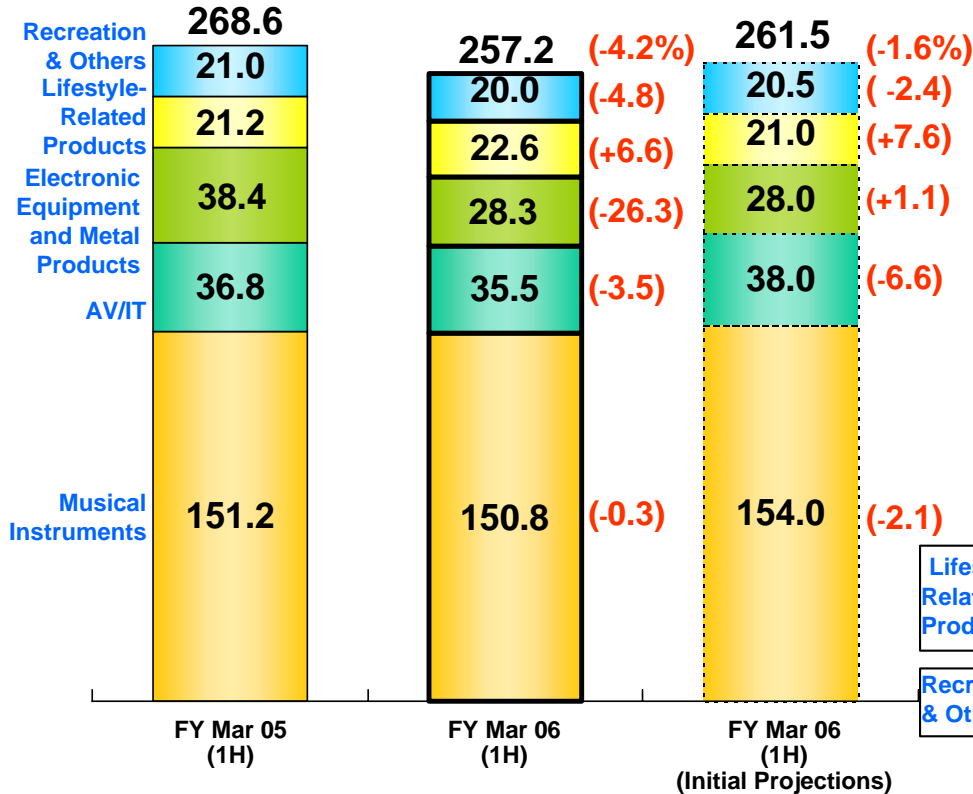
Currency Exchange Rate

Net Sales	US\$	110	110	105
	EUR	133	136	134
Operating Income	US\$	110	110	105
	EUR	132	134	134

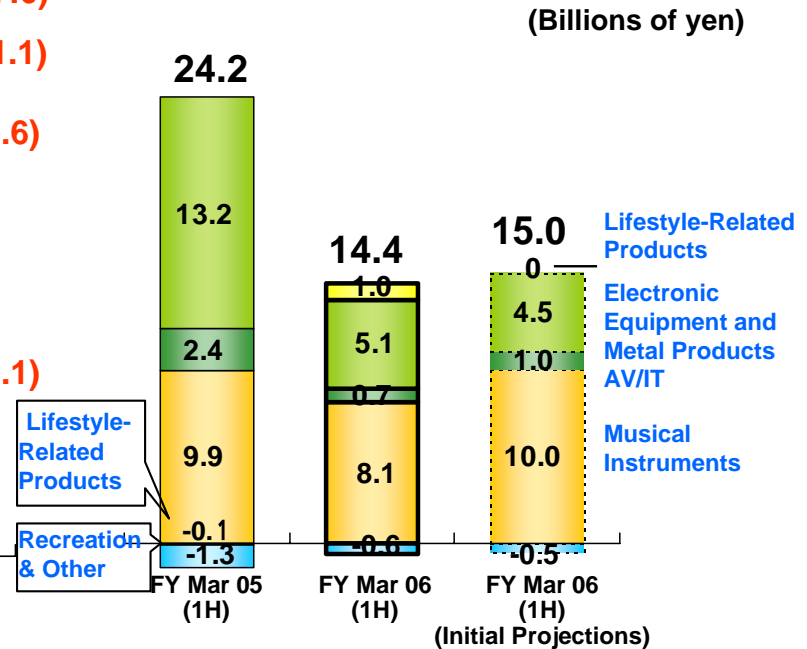
Performance by Business Segment in First Half FY March 2006



Net Sales



Operating Income



Figures in parentheses represent change from the same period of the previous year or initial projections

Year-on-year after translation adjustments: up ¥1.5 billion (musical instruments up ¥1.2 billion, AV/IT up ¥0.3 billion)
 Verses initial projections after translation adjustments: up ¥3.3 billion (musical instruments up ¥2.5 billion, AV/IT up ¥0.8 billion)

Year-on-year after translation adjustments: up ¥0.7 billion (musical instruments up ¥0.6 billion, AV/IT up ¥0.1 billion)
 Verses initial projections after translation adjustments: up ¥0.1 billion (musical instruments up ¥0.7 billion, AV/IT down ¥0.5 billion, electronic equipment and metal products down ¥0.1 billion)

Forecast for Business Performance in FY March 2006 (Full Year)



➤ Downward revision of full year net sales and operating income

(Billions of yen)

	FY Mar 05 Actual			FY Mar 06 Projections			Change from Previous Fiscal Year	(Initial Projections)
	1H	2H	Total	1H	2H	Total		
Net Sales	268.6	265.5	534.1	257.2	279.3	536.5	+0.4%	(546.0)
Operating Income (Operating Income Ratio)	24.2	11.5	35.7 (6.7%)	14.4	18.1	32.5 (6.1%)	-9.0%	(37.0)
Recurring Profit (Recurring Profit Ratio)	28.3	13.0	41.3 (7.7%)	21.3	20.2	41.5 (7.7%)	+0.5%	(42.5)
Net Income (Net Income Ratio)	-6.1	25.8	19.7 (3.7%)	16.5	12.5	29.0 (5.4%)	+47.2%	(29.0)

Equity Method Income 5.6 3.5 9.1 8.5 5.2 13.7

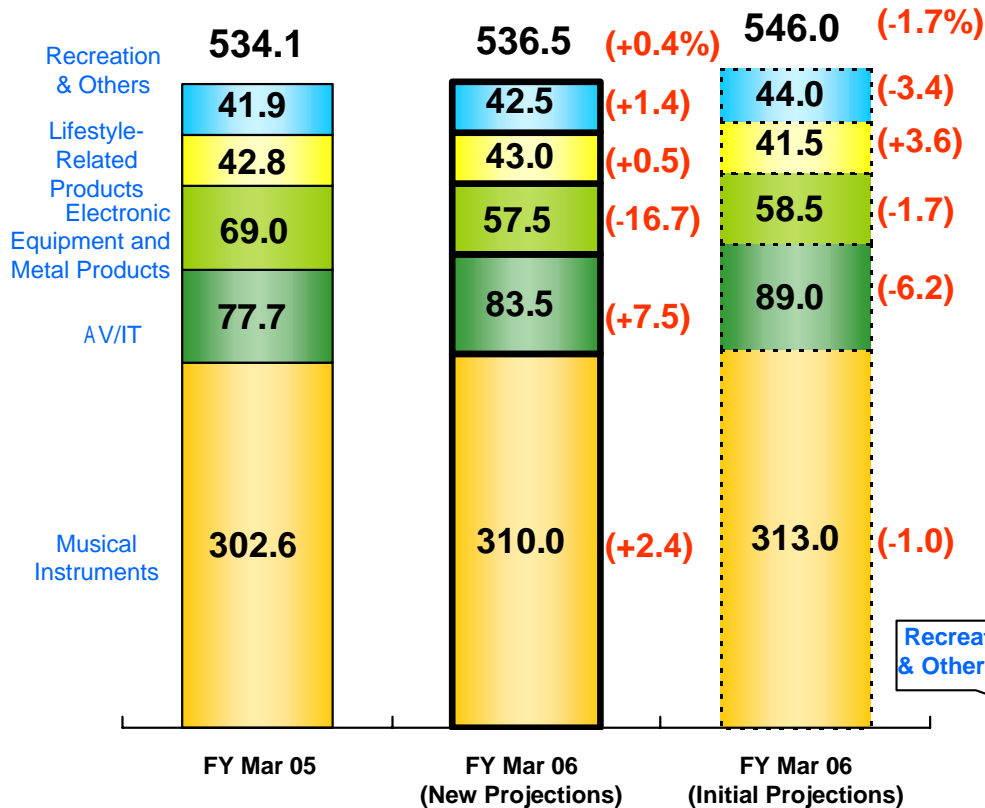
Currency Exchange Rate

Net Sales	US\$	110	105	108	110	105	107	105
	EUR	133	137	135	136	134	135	134
Operating Income	US\$	110	106	108	110	105	108	105
	EUR	132	134	133	134	134	134	134

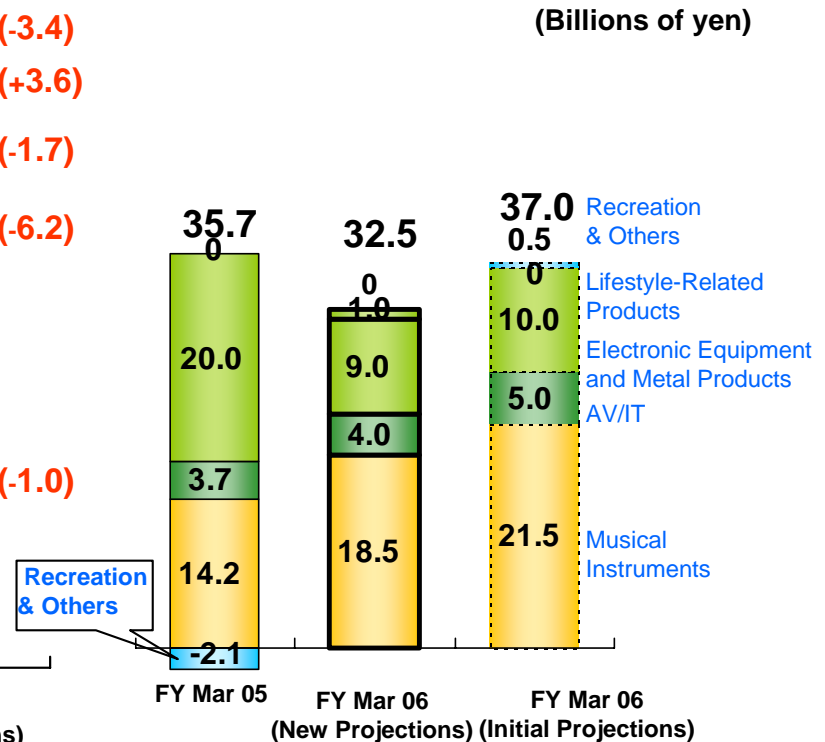
Forecast for Performance by Segment in FY March 2006 (Full Year)



Net Sales



Operating Income



Figures in parentheses represent year-on-year change

Year-on-year after translation adjustments: up ¥0.5 billion (musical instruments up ¥0.6 billion, AV/IT down ¥0.1 billion)
Verses initial projections after translation adjustments: up ¥3.6 billion (musical instruments up ¥2.7 billion, AV/IT up ¥0.9 billion)

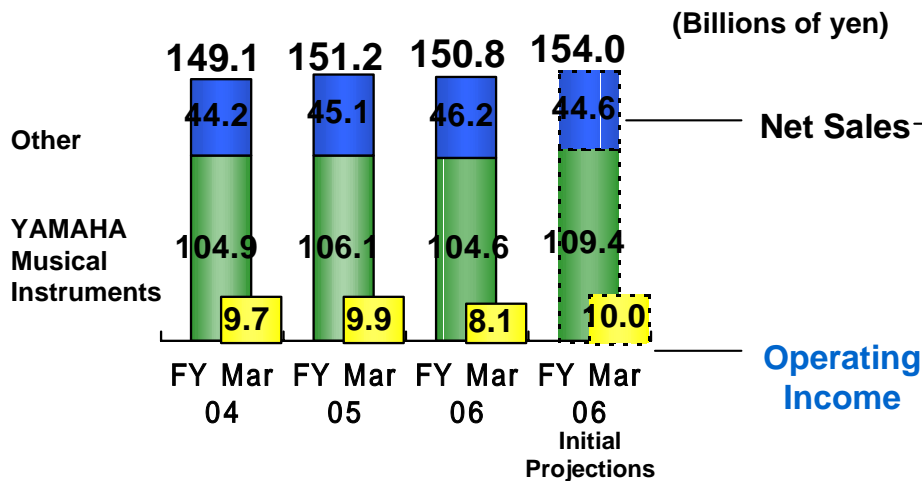
Year-on-year after translation adjustments: up ¥0.8 billion (musical instruments up ¥0.5 billion, AV/IT up ¥0.3 billion)
Verses initial projections after translation adjustments: up ¥0.2 billion (musical instruments up ¥0.8 billion, AV/IT down ¥0.5 billion, electronic equipment and metal products down ¥0.1 billion)

Musical Instruments



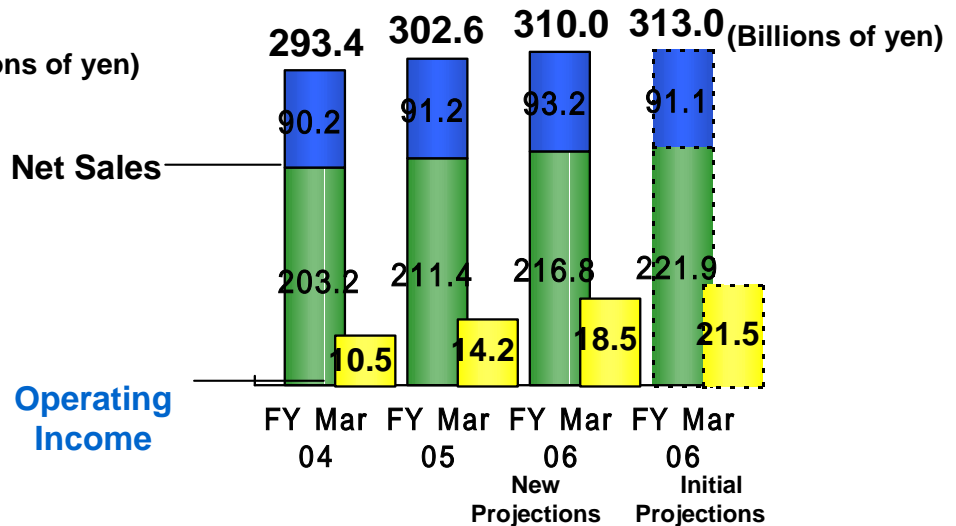
1H Overview

- Lower sales and income than year-ago 1H and initial projections
- Real sales after translation adjustment decreased 1.1% year-on-year. The major factor was substantially lower Electone™ sales (¥8.9 bn to ¥4.9 bn) as demand ran its course.
- Real sales fell 3.7% against initial projections. Electone™ sales in Japan and electronic musical instrument sales in Europe and the U.S. fell short of projections.
- South Korea remained strong while Central and South America were steady.
- Operating income was down year-on-year and lower than projections due in part to lower gross profit caused by changes in the makeup of sales and higher distribution costs.
- Inventories at end-1H were higher than year-ago 1H and initial projections due to not achieving the sales plan.
- Continued high inventory level especially in the U.S.



Full Year Overview and 2H Priorities

- Projections for full year performance revised downward: Plan net sales at ¥310.0 billion and operating income at ¥18.5 billion.
- Steadily introduce new products to the market timed with the year-end sales rush in Europe and the U.S.
- Highly functional keyboard Tyros2 and digital mixer M7CL
- Further expand CA business centering on Europe and the U.S.
- March shipments planned for STAGEA™ entry model
- Optimize inventory levels
- Speed up manufacturing structure reforms
- Promote policies for the Chinese market



Toward Medium-Term Growth and Improved Profitability



1. Laying Groundwork for Growth Markets

Chinese Market

- Yamaha music schools
November grand opening – 100 sites and 20,000 pupils by 2010
- Continue developing piano sales network
Plan to prepare 60 sites by term-end
- Move forward on increasing production at Hangzhou Yamaha
Targeting production of 8,000 pianos and 45,000 guitars in fiscal year to March 2006



Central and Eastern European Markets

- Representative office established in Moscow in September
- Develop system for direct sales in expanded EU market (Czech Republic, Slovakia, Hungary, Slovenia)

2. Strengthening CA Business

- Business alliance with France's NEXO in June
Intend to develop system solutions and launch full-fledged commercial speaker business
- Established European Support Center in April

Toward Medium-Term Growth and Improved Profitability



3. Stimulating the Domestic Market

- Increase enrollment at music schools

Children increased year-on-year for the first time in 15 years. Adults topped 100 thousand. Estimating 80 “Core 100” urban schools for adults by March 31, 2006; medium-term target of 100 sites.

Estimating 60 “UniStyle” suburban-type concept schools; medium-term target of 200 sites.

4. Reducing Costs, Increasing Productivity

- Effects of promoting measures to increase productivity gradually materializing.

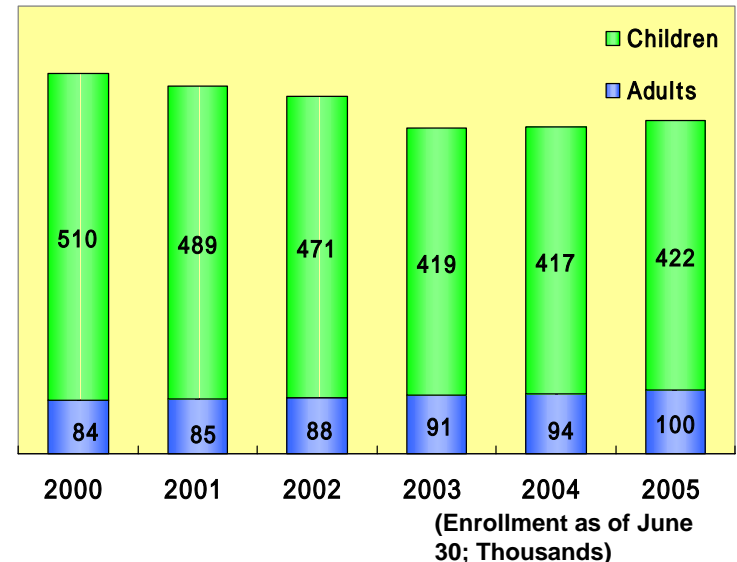
Develop TPS activities, shorten production lead times (piano three months, other instruments two months)

Start considering production site consolidation and restructuring

Train core personnel (pass on skills)

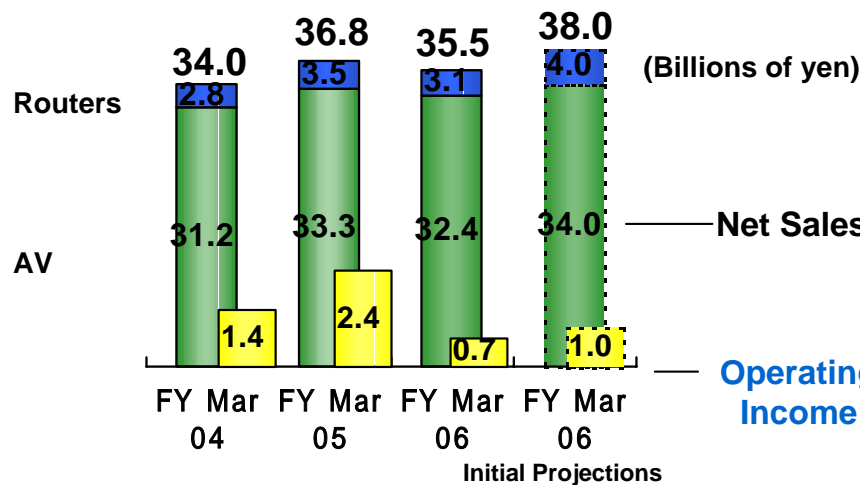
Improve business processes (implement SAP/R3), start inventory reduction project

Music School Enrollment



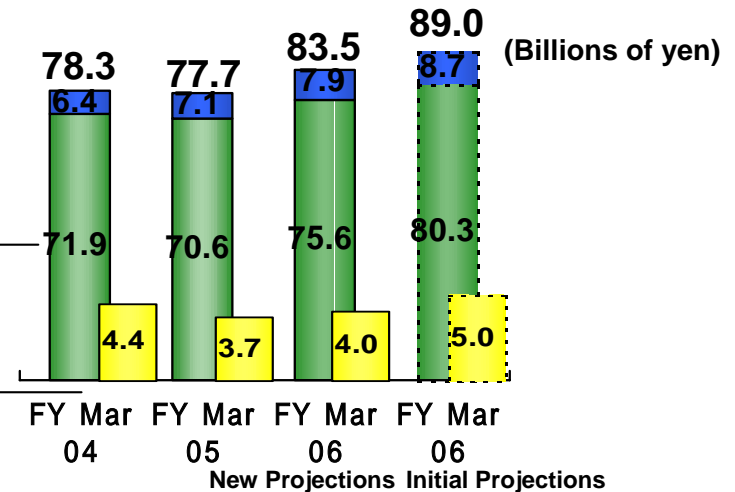
1H Overview

- Lower sales and income than year-ago 1H and initial projections
- Real sales after translation adjustment decreased 4.3% year-on-year. Home theater sales decreased primarily in Japanese, Chinese and Asian markets.
- Operating income was lower than initial projections due to lower sales and translation losses caused by a weak yen.
- Solid shipments of YSP speakers, a product for which expectations are high (23,000 units shipped in first half)
- Router sales were lower than year-ago 1H and initial projections due to heightened competition.



Full Year Overview and 2H Priorities

- Full year sales projections revised downward by ¥5.5 billion to ¥83.5 billion. Operating income also revised downward to ¥4.0 billion.
- Expect shipments to exceed 100,000 units on a full year basis for “YSP” 2 models, which was launched in September.
- Initiatives to shorten shipment schedules for AV products (from 90 days this term to 56 days next term)
- Revitalize router business by enhancing lineup and strengthening solution proposals
- Develop sales network in Asian markets, including China



Electronic Equipment and Metal Products

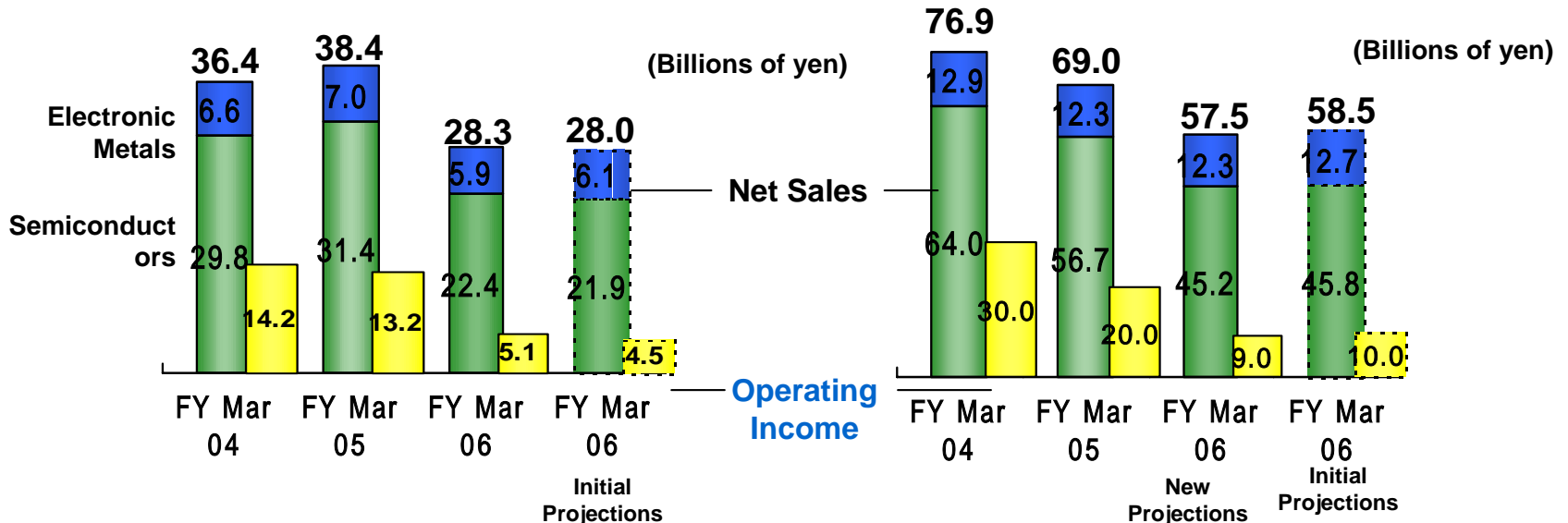


1H Overview

- Year-on-year decline in sales and income due to lower demand for LSI sound chips for mobile phones and falling unit prices. But both sales and income higher than initial projections.
- Solid shipment levels of new LSI sound products for mobile phones launched in June
- Decrease in shipments of sound LSI chips for Chinese mobile phone manufacturers
- Starting to see recovery in electronic metals since summer

Full Year Overview and 2H Priorities

- Downward revision of full year results projections
- Secure market share by increasing sales of new LSI sound products for mobile phones
- Increase sales of existing LSI chips for applications other than mobile phones like chips for pachinko
- Develop and market new devices
- Continue investment in 0.18 μ processes at semiconductor plants. Results expected starting in 2007.
- For electronic metal materials, continue efforts to reduce costs and ramp up production for copper connectors



Lifestyle-Related Products

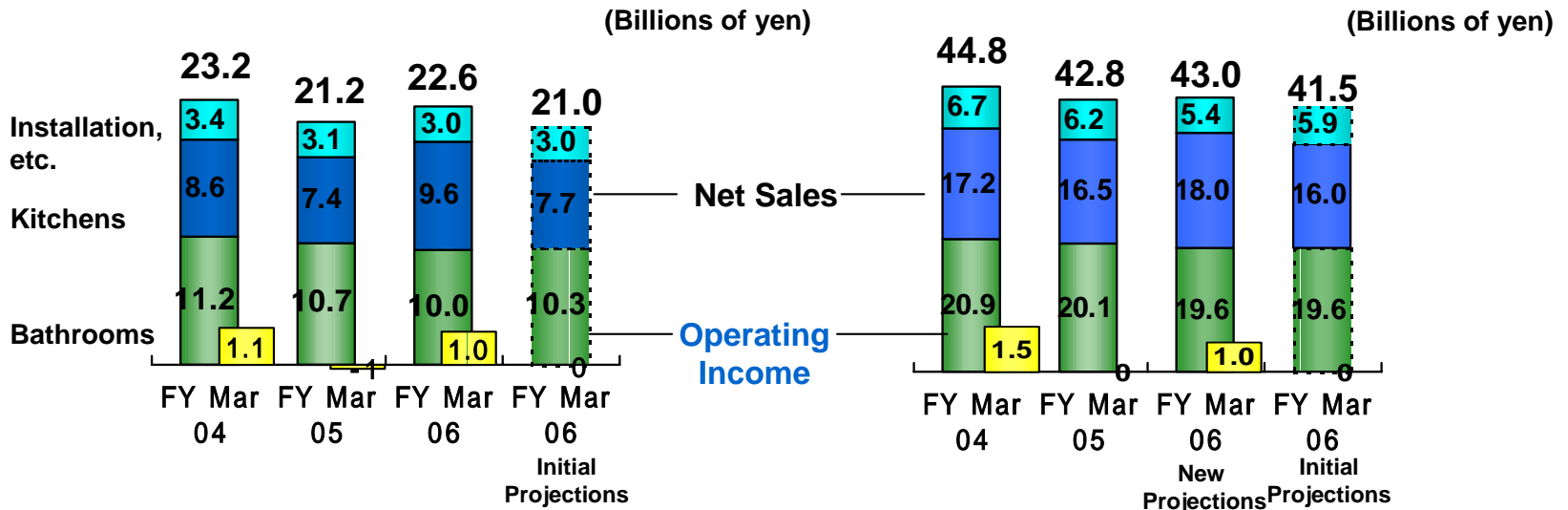


1H Overview

- Higher sales and income than year-ago 1H and initial projections.
- Considerable year-on-year sales growth due to recovery in market share for system kitchens
- Posted ¥1.0 billion in operating income due to higher sales, decreased personnel costs and other fixed expenditures, and effects of rationalization measures.
- Solid sales to Air Water Emoto

Full Year Overview and 2H Priorities

- 2H net sales and operating income right at initial projections
- Steadily market new products including the “double-heating” system bathroom launched in October.
- Strengthen remodeling business by enhancing showrooms, etc.
- Reduce costs by further promoting manufacturing reforms



Recreation

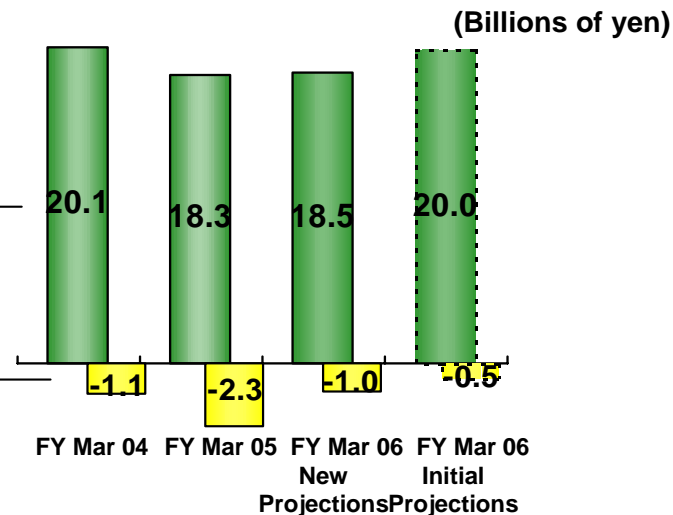
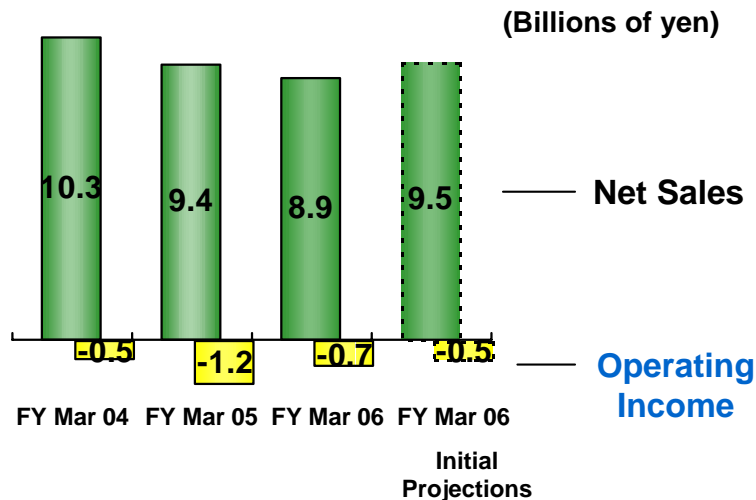


1H Overview

- Lodging was generally solid owing in part to more rooms at Haimurubushi™, but sales overall were lower than both year-ago 1H levels and initial projections due to fewer day trips and weddings.
- Operating income improved substantially year-on-year thanks to lower depreciation and streamlining administrative costs, but the loss was larger than initial projections.

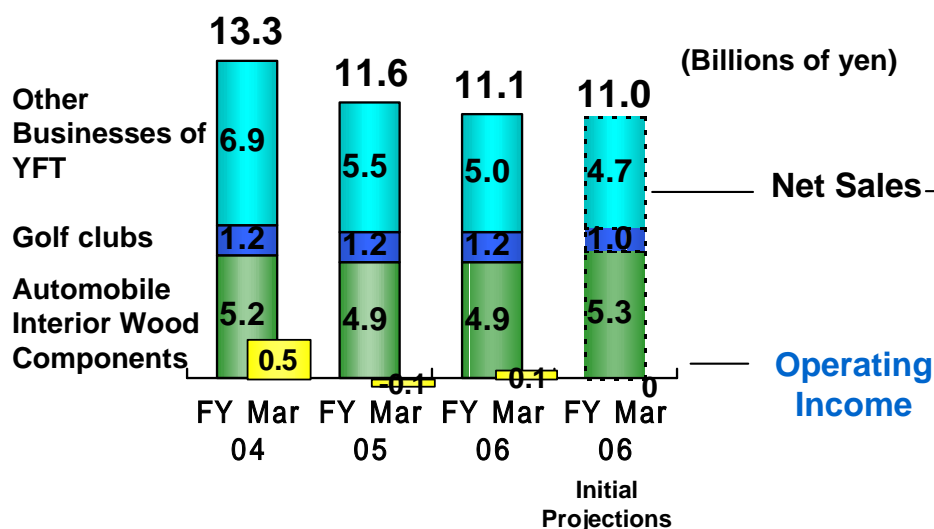
Full Year Overview and 2H Priorities

- Downward revision of full year results projections.
- Aim to improve income by developing measures to attract lodging and day-trip guests for each facility and by further improving operating efficiency.



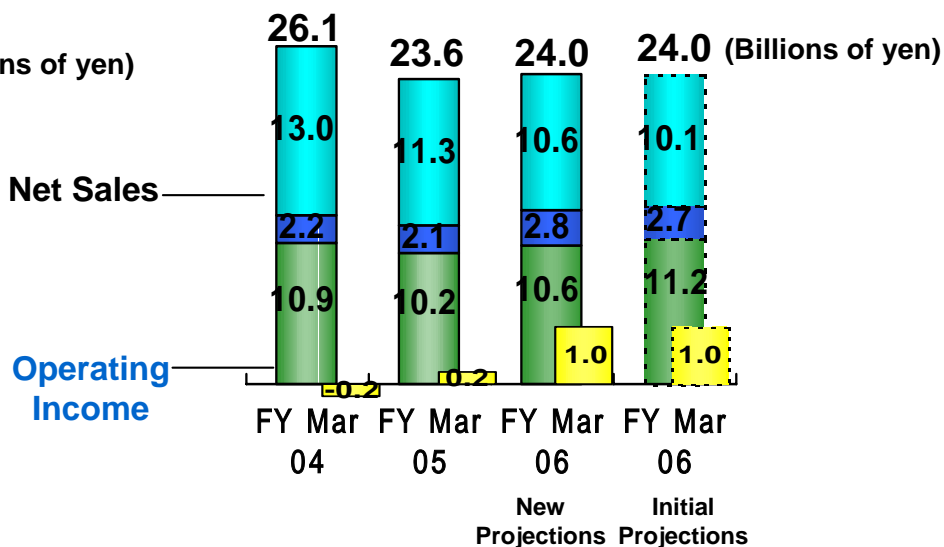
1H Overview

- Lower sales than year-ago 1H for the segment overall, but higher than initial projections.
- Sales of automobile interior wood components and golf clubs maintained the same level as the previous year, but sales of metallic molds and components decreased.
- Operating income returned to the black thanks to lower manufacturing costs for automobile interior wood components and factory automations, etc.



Full Year Overview and 2H Priorities

- Full year forecast has not changed from initial projections.
- For automobile interior wood components, continue to reduce manufacturing costs and establish optimal production methods
- Develop new customers for magnesium molds and components in sectors such as mobile phones and digital cameras, and secure production capacity by increasing production.



2H Priority Products - 1



●Tyros2

Shipments commenced in October primarily to Europe (November for North America), The Tyros2 is the successor to Tyros™, which sold 25,000 units after put on the market in September 2002.

New MEGA VOICE added to previous model, which was particularly well-received by semiprofessionals in Europe. Tones increased from 10 to 19 and more realistic tones like guitar strings added. In terms of function, storage capacity and play capacity were raised thanks to the hard drive-based recorder/player.

Plans call for sales in Europe of 6,000 units.

Current Market Price: 3,599 euro



●Digital Mixer M7CL

Targets analog mixer customers in the mid-size sound recording market (small concert venues, etc.) due to easy operation enabled by Centralogic and more compact size. Made a major impact on markets immediately after launch in October. Expect sales of 1,350 units in the second half.

M7CL-48: Current Market Price (with tax): ¥2.9 million

M7CL-32: Current Market Price (with tax): ¥2.4 million



2H Priority Products - 2



● Digital Sound Producers YSP800 and YSP1000

32-inch compatible YSP800 and 42-inch compatible YSP1000, the successor to the YSP1, both launched on market in September. Plan to ship approximately 90,000 units domestically and to overseas.

YSP800: Current Market Price \$799

YSP1000: Current Market Price \$1499



● AudioEngine (MA-7)

AudioEngine™, a 128 note LSI chip for mobile phones, is comprised of a proprietary hybrid synthesizer, high quality sound processor, low power class-D amp, etc. It provides high sound quality and functionality for all sound generated by mobile phones, including ring tone melodies.



● “Double-Heating” System Bathroom

New type of system bathroom that heats both the bathtub and the bathroom and helps maintain the heat of the water in the bathtub over a long period. Launched in October

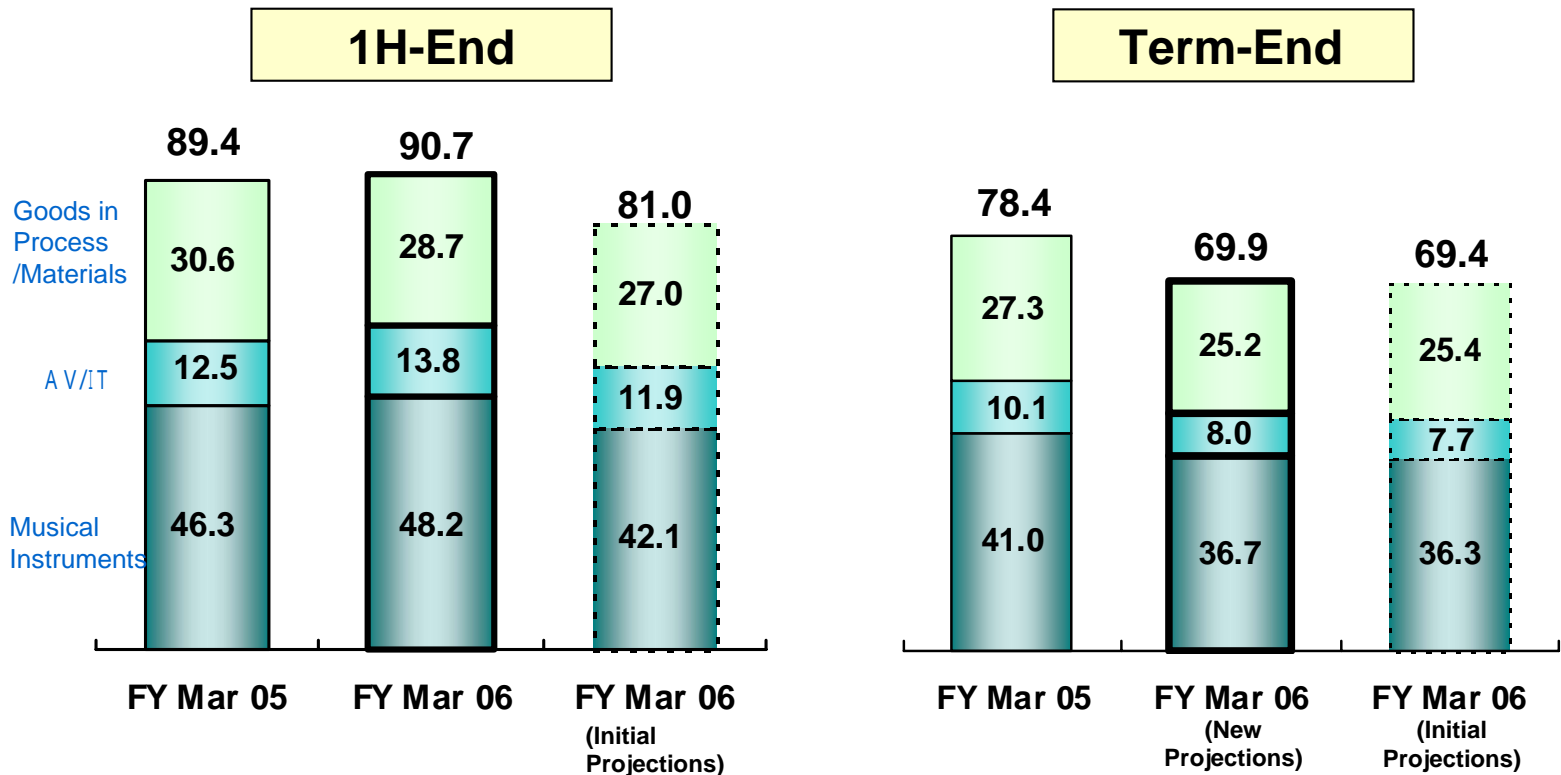


Inventories



Inventories at the end of the first half were higher than the previous year and initial projections. We will work to reduce inventories ahead of the term-end.

(Billions of yen)



Appendix

Non-Operating Income/Loss & Extraordinary Income/Loss for First Half FY March 2006



	FY Mar 05 (1H)	FY Mar 06 (1H)	FY Mar 06 (1H) (Initial Projections)
Non-Operating Income (Loss)			(Billions of yen)
Equity method income	5.6	8.5	5.6
Net financial income (loss)	0.1	0	(0.2)
Other	(1.6)	(1.6)	(2.4)
Total	+ 4.1	+ 6.9	+ 3.0
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	(0.4)	0.5	(0.1)
Impairment loss	(32.5)	0.3	(0.4)
Other	0.3		
Total	(32.6)	+ 0.8	(0.5)
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	1.4	5.3	5.3
Minority interests in consolidated subsidiaries	0.4	0.3	0.2
Total	1.8	5.6	5.5

Full Year Non-Operating Income/Loss, Extraordinary Income/Loss for FY March 2006



	FY Mar 05	FY Mar 06 New Projections	FY Mar 06 Initial Projections
(Billions of yen)			
Non-Operating Income (Loss)			
Equity method income	9.1	13.7	11.0
Net financial income (loss)	(0.3)	(0.6)	(0.6)
Other	(3.2)	(4.1)	(4.9)
Total	+ 5.6	+ 9.0	+5.5
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	(1.1)	0	(0.4)
	(6.7)	0	(0.6)
Other			
Total	(7.8)	0	(1.0)
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	13.4	12.1	12.1
Minority interests in consolidated subsidiaries, etc.	0.4	0.4	0.4
Total	13.8	12.5	12.5

•Gain on return of substitutional portion: 19.9
 •Gain on asset disposal : 6.5
 •Impairment loss: -32.7

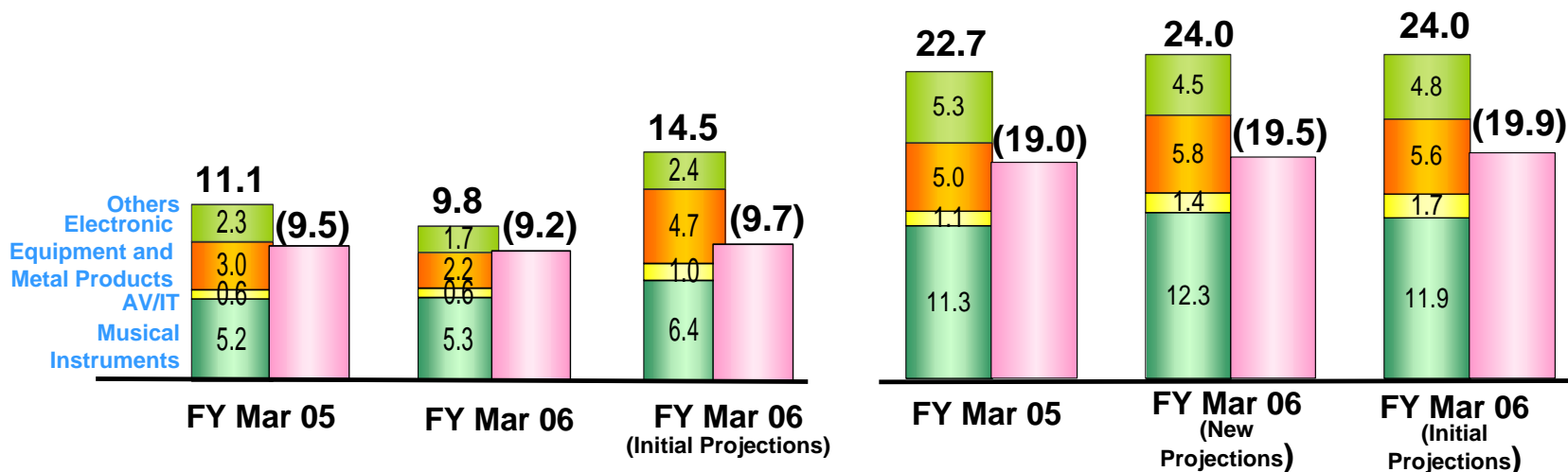
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure/Depreciation

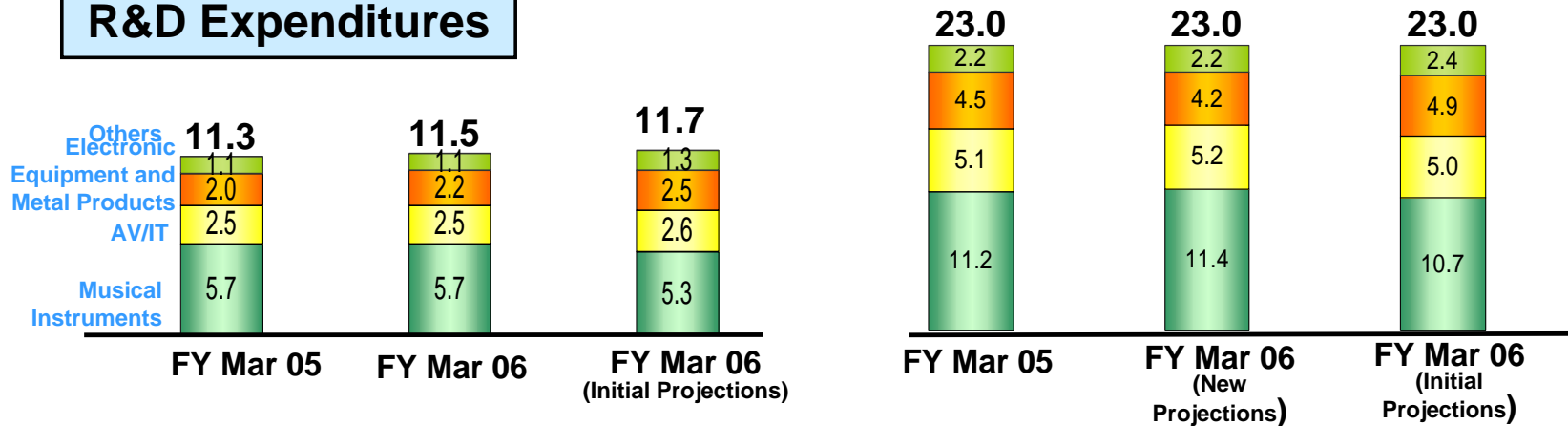
(Billions of yen)

1H

Full Year



R&D Expenditures

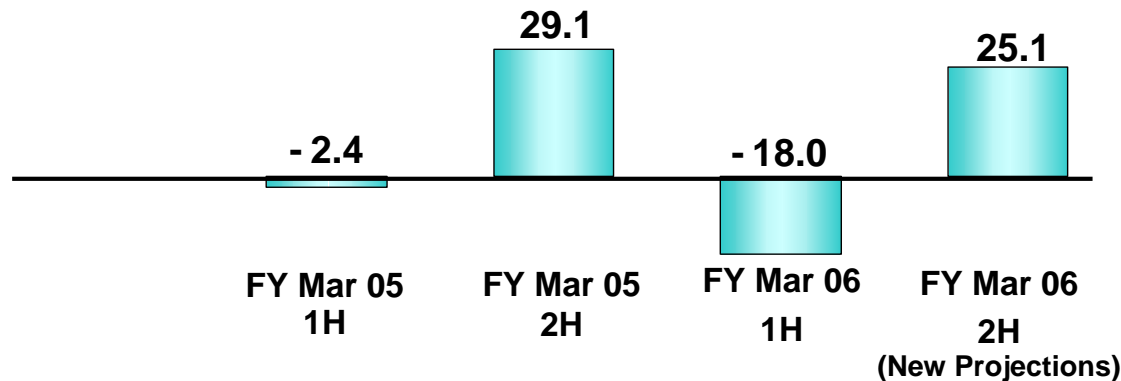


Interest-Bearing Liabilities (Actual Balance)



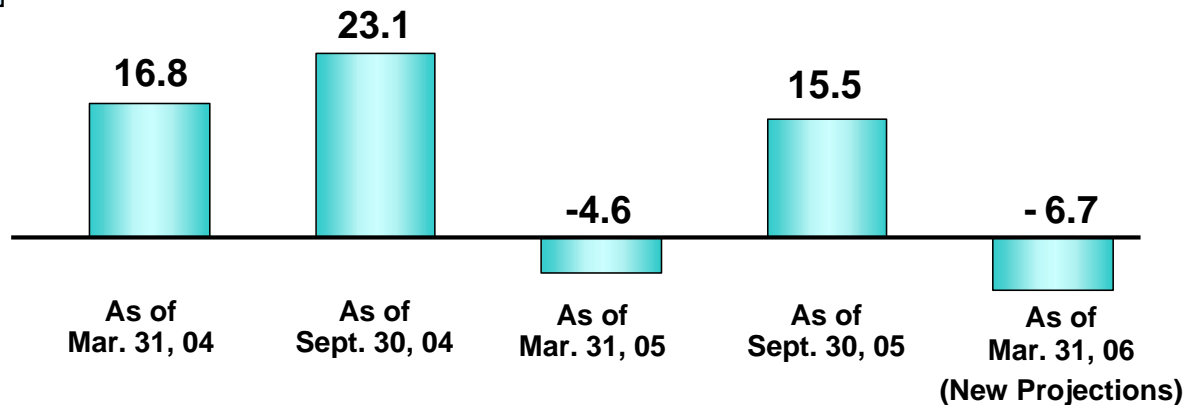
(Billions of yen)

Free Cash Flows



Interest-Bearing Liabilities

Long-and short-term borrowings, less cash and deposits



* Not included in above

Balance of resort security deposits

30.8

29.6

28.9

28.0

27.2

Balance Sheet Summary



(¥100 million)

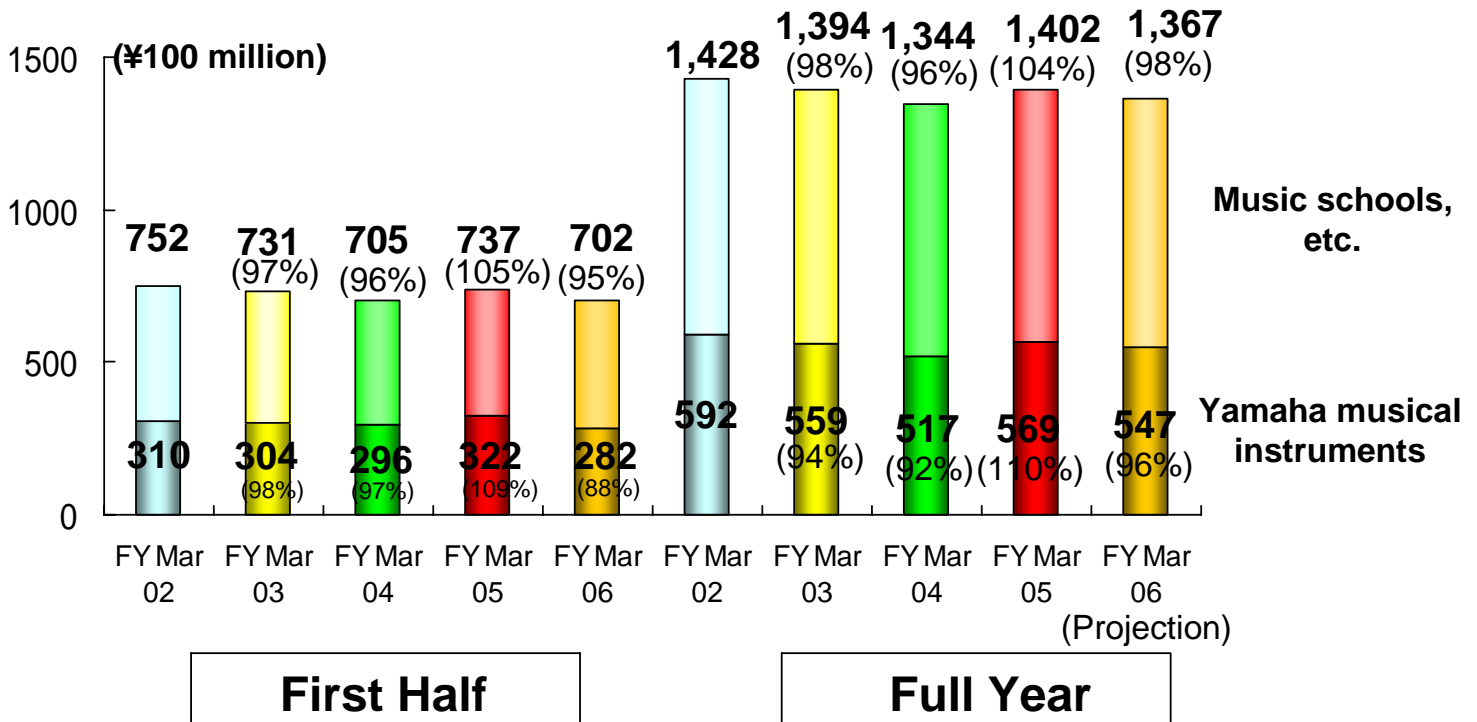
	As of March 31, 2004	As of Sept. 30, 2004	As of March 31, 2005	As of Sept. 30, 2005	As of March 31, 2006
Cash and Bank Deposits	32.1	42.5	51.2	31.3	33.0
Accounts and Notes Receivable	78.7	85.8	71.6	81.4	72.0
Inventories	72.1	89.4	78.4	90.7	69.9
Other Current Assets	18.8	24.8	24.4	24.6	22.3
Fixed Assets	307.0	282.2	280.0	293.8	301.5
Total Assets	508.7	524.7	505.6	521.8	498.7
Accounts and Notes Payable	39.9	47.1	37.7	41.8	38.6
Short- and Long-Term Borrowings	48.9	65.7	46.6	46.8	26.3
Other Liabilities	160.2	158.3	146.1	134.7	129.8
Shareholders' Equity	259.7	253.6	275.2	298.5	304.0
Total Liabilities and Shareholders' Equity	508.7	524.7	505.6	521.8	498.7

*Other liabilities includes minority interests in consolidated subsidiaries

YAMAHA Musical Instrument Sales in the Japanese Market



Sales in the first half were 95% of the same period the previous year as shipments of the Electone™ STAGEA™ ran their course. Other products were about the same as the previous year. Enrollment in music schools increased for the first time in 15 years and this should produce an impact going forward.

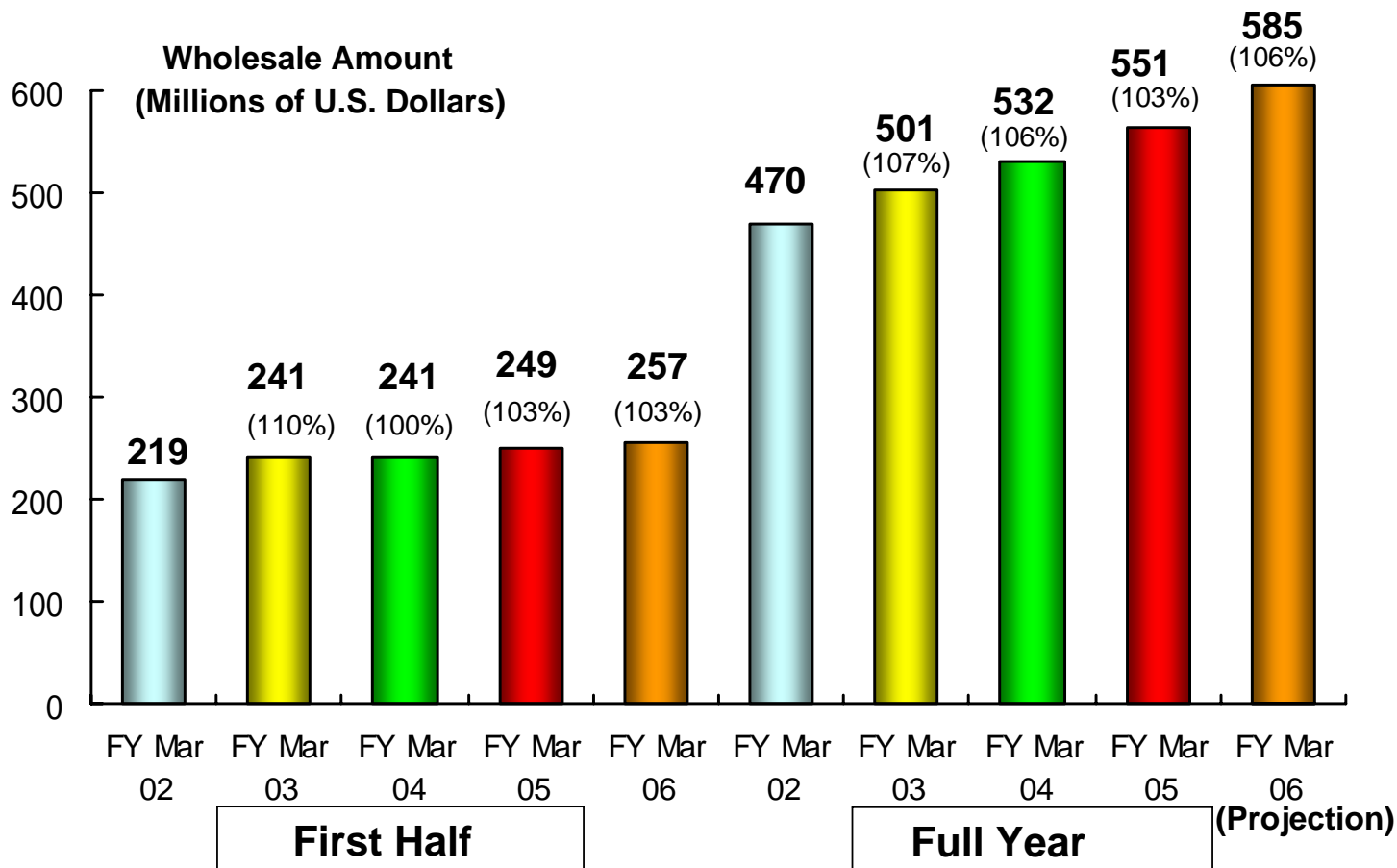


Figures in parentheses are year-on-year comparisons

YAMAHA Musical Instrument Sales in the U.S. Market



Piano sales in the first half recovered to 110% of the same period the previous year. Professional audio equipment, especially digital mixers, performed well, with sales coming in at 120% of the same period the previous year. Portable keyboards encountered tough conditions due to heightened competition. Guitars also fell considerably short of expectations. Expectations are high for year-end sales of NEXO speakers and the new digital mixer M7CL.

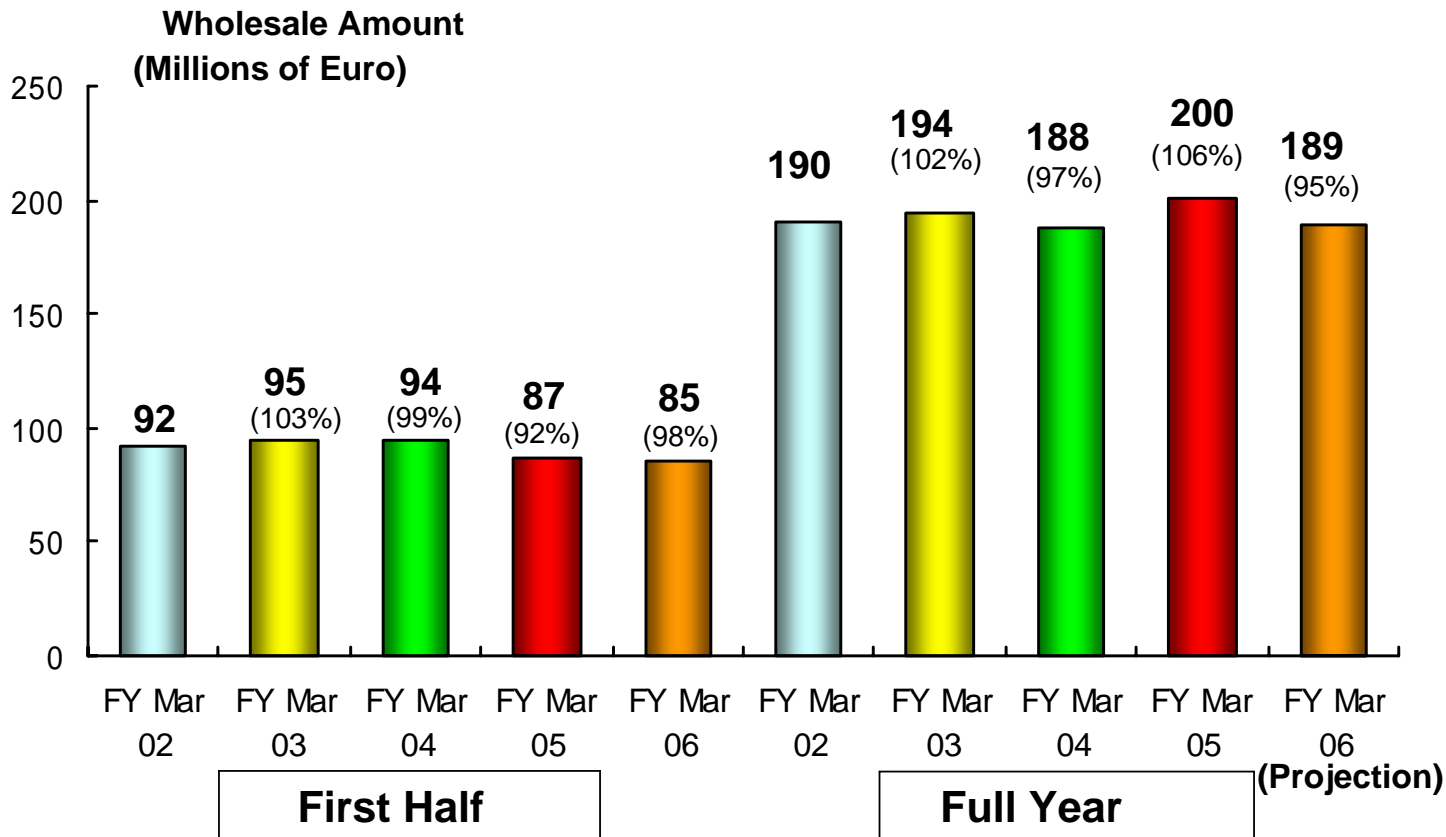


Figures in parentheses are year-on-year comparisons

YAMAHA Musical Instrument Sales in the German Market



Retail conditions overall were slow. Sales of products other than pianos stagnated. Large drop-off in portable keyboards.
 Launched Tyros2, an electronic instrument for which expectations are high, for the year-end sales rush. Its sound quality has earned praise.



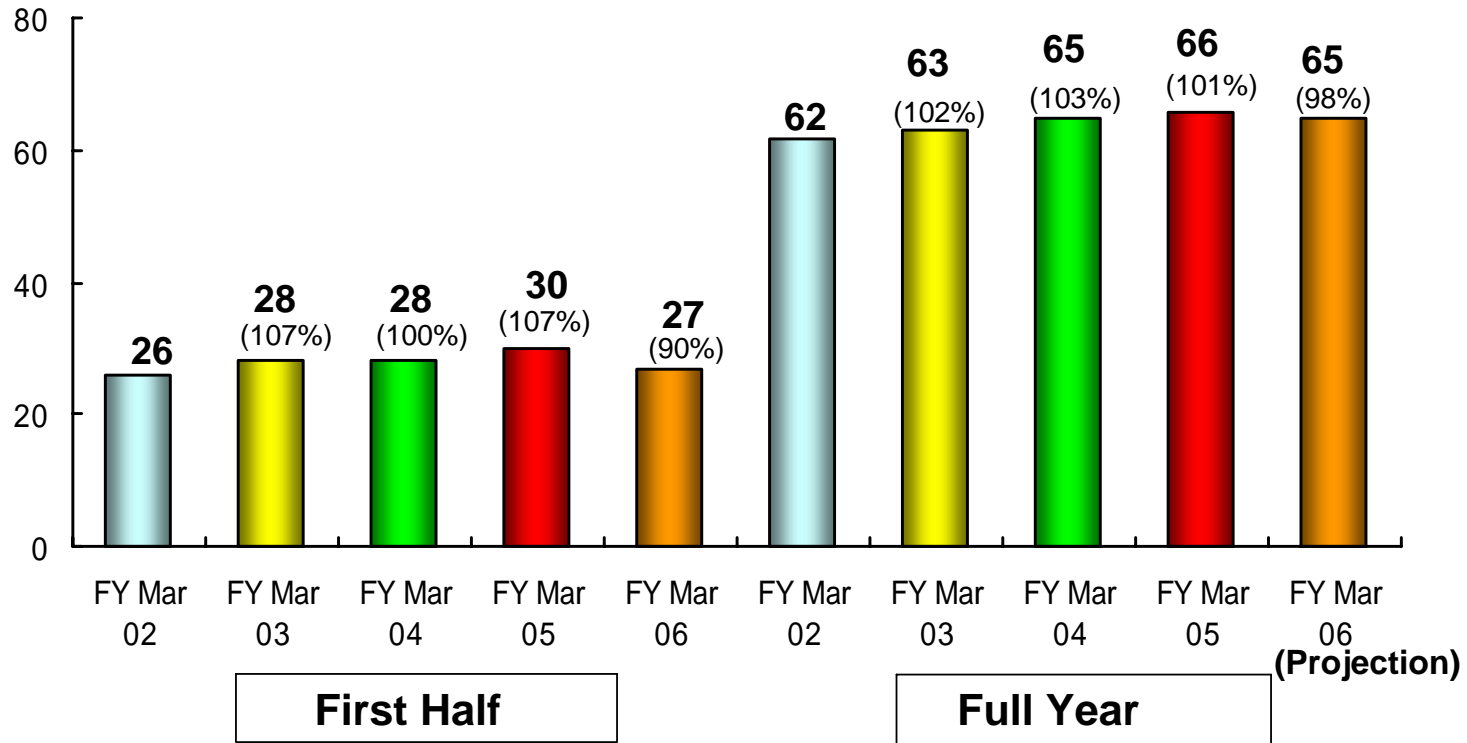
Figures in parentheses are year-on-year comparisons

YAMAHA Musical Instrument Sales in the U.K. Market



Musical instruments faced difficult market conditions, as pianos, electronic instruments, and wind instruments fell short of the levels posted in the first half last year. Professional audio equipment performed well though, with sales amounting to 110% of the previous year. A recovery is expected at the year-end with a large volume of orders for the new mixer M7CL.

Wholesale Amount
(Millions of Pounds)

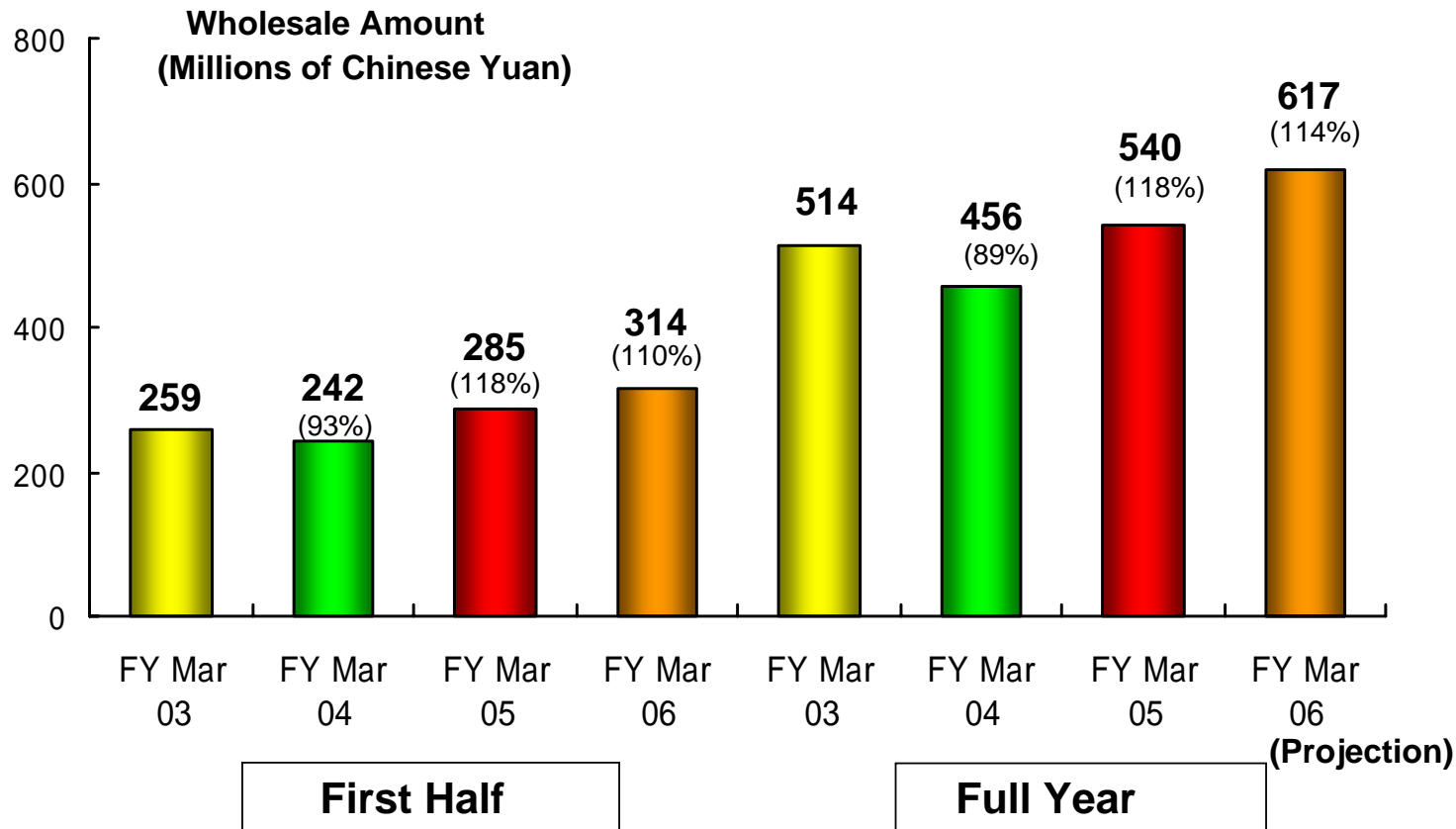


Figures in parentheses are year-on-year comparisons

YAMAHA Musical Instrument Sales in the Chinese Market



Although shipments of pianos increased owing to ramped up production of Hangzhou-made pianos, inventory made and distributed by Chinese manufactures increased and unit prices fell. In the area of professional audio equipment, products were exhibited at a broadcast equipment exhibition at the end of August in Beijing, which contributed to a strong performance from digital mixers. Music schools will open in Shanghai in November.



Figures in parentheses are year-on-year comparisons

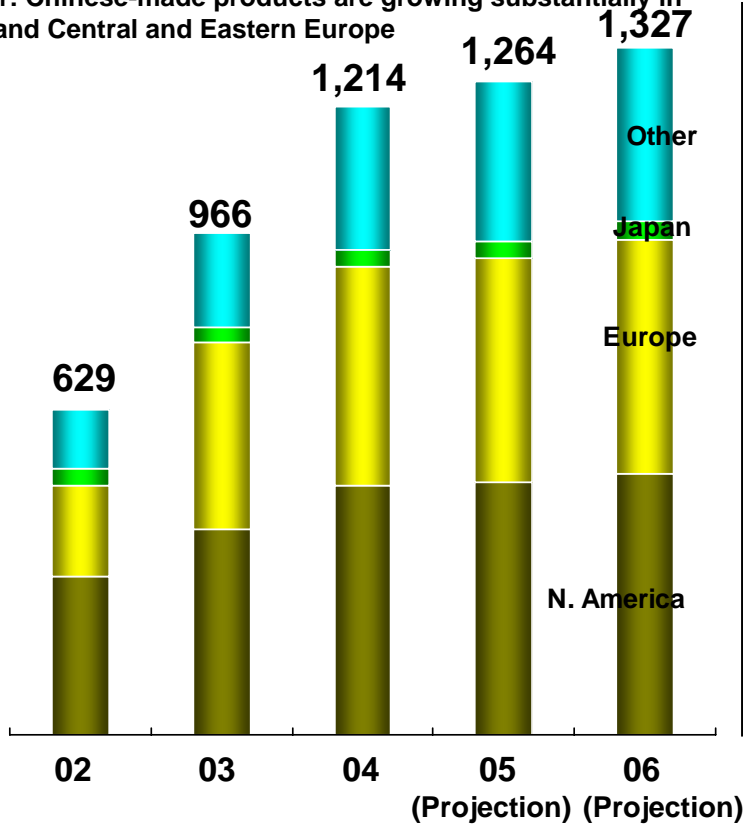
Scale of Home Theater Market

(Home theater systems, amplifiers and receivers)



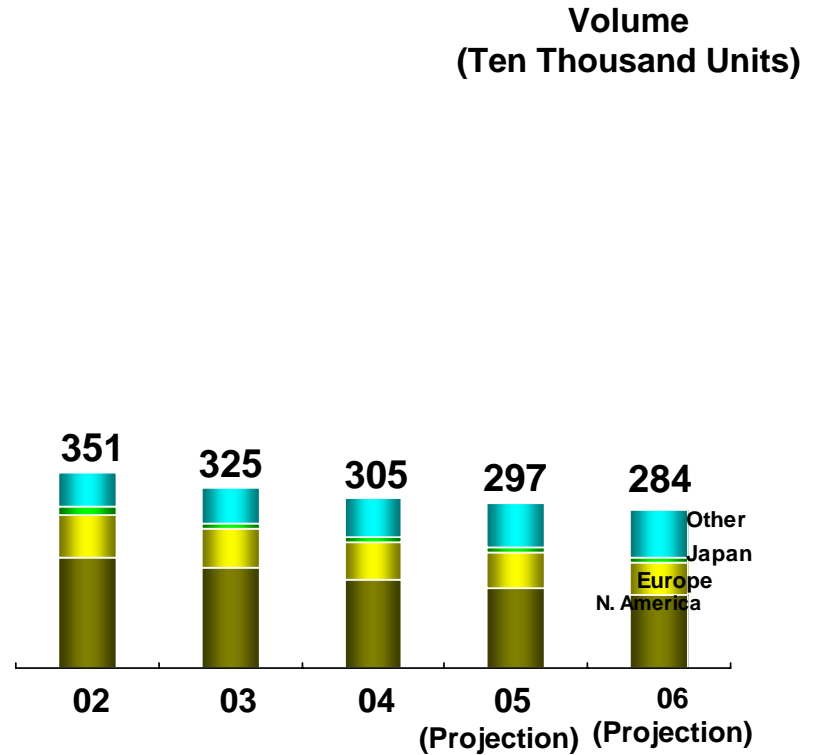
Home Theater Systems

- N. America: Rapid decline in growth rates for both HTiB and home theater systems with DVD
- Europe: Shrinking more than the last year's forecasts in Germany, a principal market
- Japan: Progress in flat-panel compatibility as popularity of flat-panel televisions grows
- Other: Chinese-made products are growing substantially in Asia and Central and Eastern Europe



AV Amplifiers and Receivers

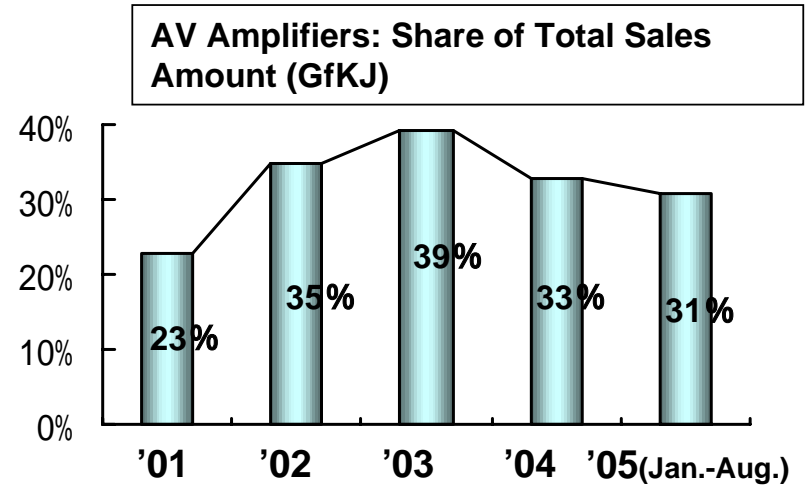
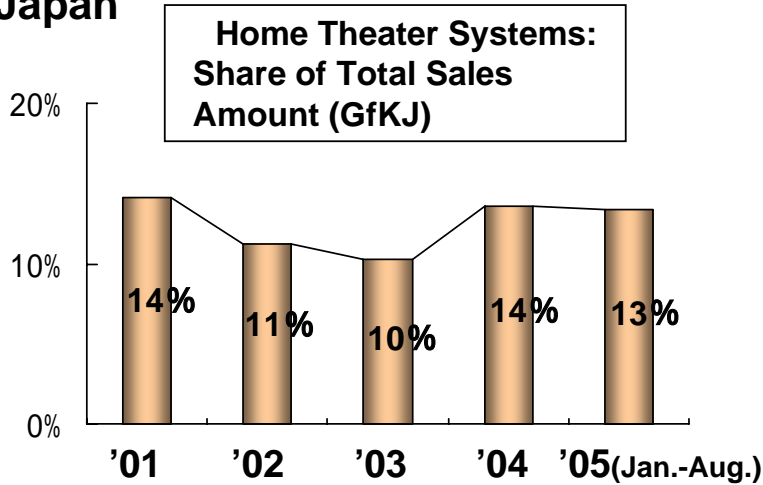
- N. America: Forecast approx. 10% decrease on a volume basis
- Europe: Market contracting
- Japan: Declining market share recovered in April-June period (31%)
- Asia, China: Market expanding, package sales increasing.



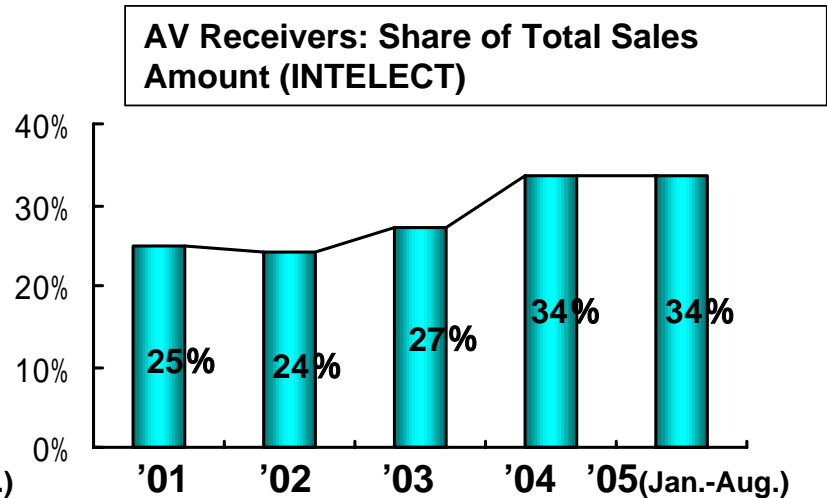
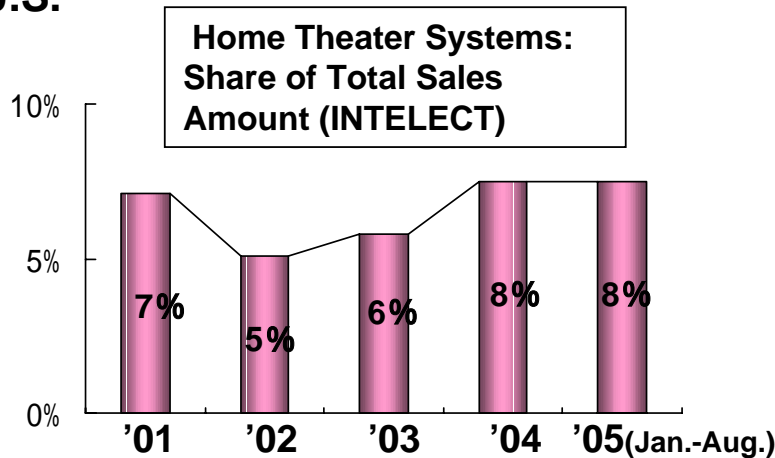
AV Market Share



Japan



U.S.



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 EURO.