

Presentation of Interim Financial Statements for Fiscal 2002

November 19, 2001

YAMAHA CORPORATION

Financial Summary for the Interim Period Ended September 30, 2001

- **Net sales and operating income decreased compared with previous interim term.**
- **Consolidated net sales edged down (1.0%) from the previous interim term. Net sales contracted 4.7% when gains of foreign currency exchange (¥9.4 billion) are excluded.**
- **Operating income fell 38.6% compared with the previous interim term, to ¥7.7 billion. Gains on foreign currency exchange due to the weak yen totaled ¥2.6 billion.**
- **Inventories continued to increase, growing ¥6.8 billion compared with the beginning of the term and ¥12.3 billion compared with the previous interim term.**
- **Free cash flow: ¥(8.6) billion.**

Performance Outline

(Billions of Yen)

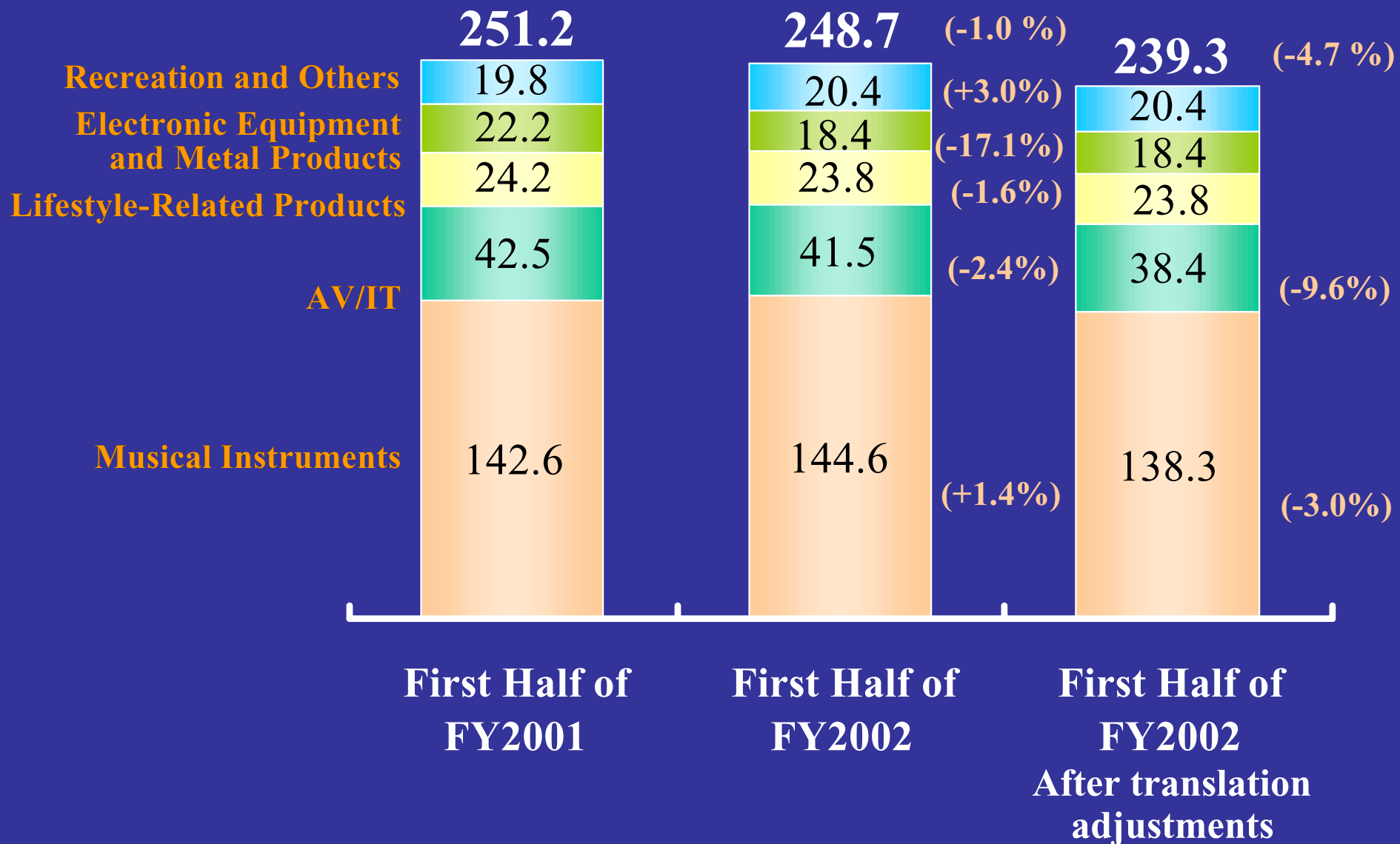
| | First Half of FY2001 | First Half of FY2002 | Increase/ (Decrease) | Initial Projection (announced on Oct. 10, 2001) |
|---|-------------------------|-------------------------|-------------------------|--|
| Net Sales | 251.2 | 248.7 | (2.5) | 250.0 |
| Operating Income Operating Income Ratio (%) | 12.5 5.0% | 7.7 3.1% | (4.8) | 9.0 |
| Recurring Profit Recurring Profit Ratio (%) | 13.9 5.6% | 7.5 3.0% | (6.4) | 7.5 |
| Net Income Net Income Ratio (%) | 10.0 4.0% | 7.2 2.9% | (2.8) | 6.5 |
| EPS (Yen) | 48.6 | 35.0 | — | 31.5 |
| ROE (%) | 4.9 | 3.7 | — | — |
| Dividends per Share (Yen) | 3.00 | 4.00 | — | 4.00 |

Currency Exchange Rate

| | | First Half of FY2001 | First Half of FY2002 | Impact |
|------------------|--------------|-------------------------|-------------------------|----------------|
| Net Sales | US\$ | ¥107 | ¥122 | + ¥5.5 billion |
| | EUR | ¥99 | ¥108 | + ¥2.2 billion |
| | Others | | | + ¥1.7 billion |
| | Total | | | + ¥9.4 billion |
| Profit | US\$ | ¥106 | ¥122 | + ¥1.4 billion |
| | EUR | ¥102 | ¥106 | + ¥0.9 billion |
| | Others | | | + ¥0.3 billion |
| | Total | | | + ¥2.6 billion |

Net Sales by Business Segment

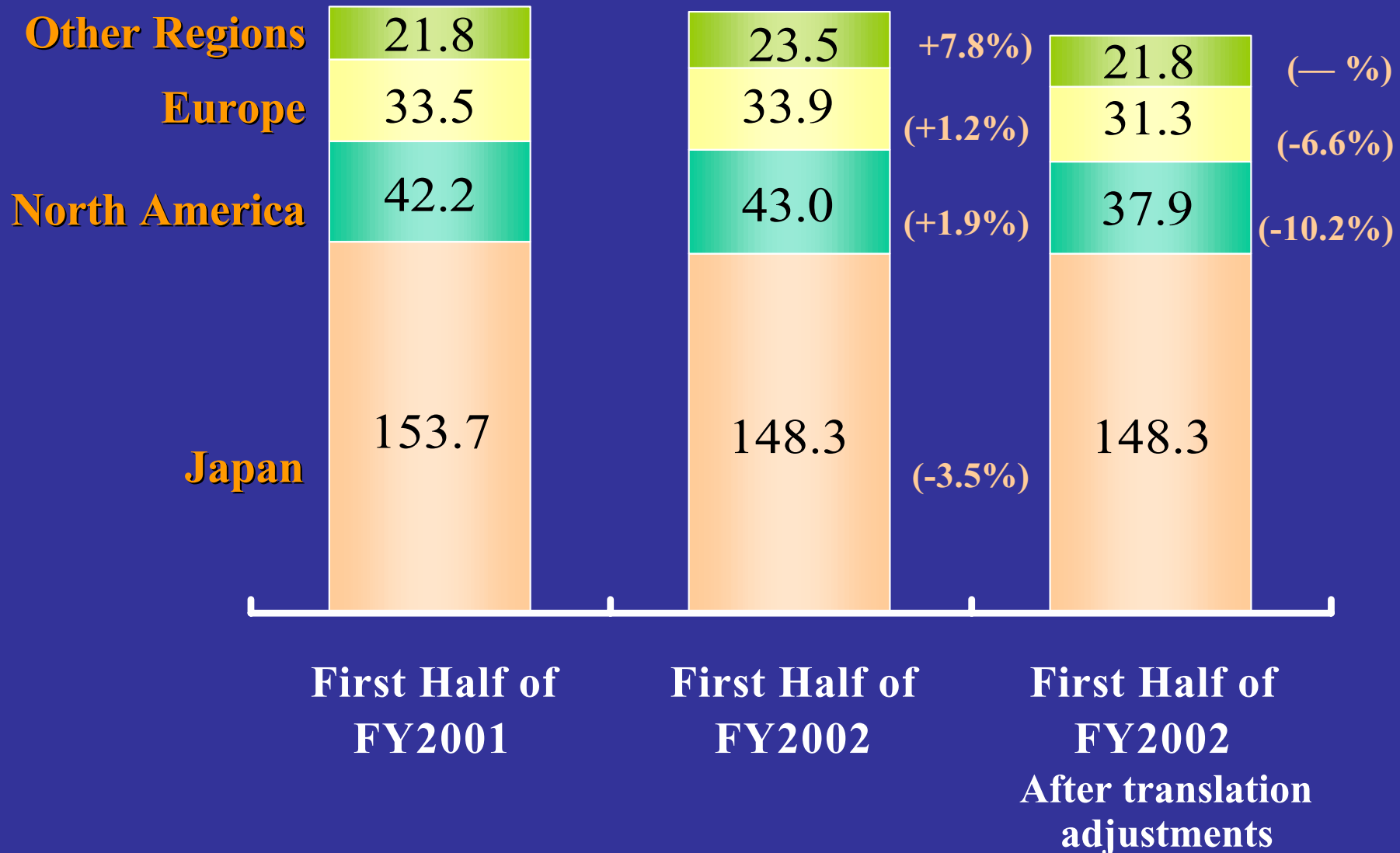
(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Net Sales by Region

(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Operating Income by Business Segment

(Billions of Yen)

| | First Half of FY2001 | First Half of FY2002 | Increase/ Decrease | Currency Exchange Impact | Actual Increase/ (Decrease) |
|--|-------------------------|-------------------------|-----------------------|--------------------------------|-----------------------------------|
| Musical Instruments | 9.2 | 3.8 | (5.4) | 3.2 | (8.6) |
| AV/IT | 0.5 | 1.2 | 0.7 | (0.6) | 1.3 |
| Lifestyle-Related Products | 0.7 | 1.0 | 0.3 | | 0.3 |
| Electronic Equipment and Metal Products | 3.3 | 2.6 | (0.7) | | (0.7) |
| Recreation | (1.1) | (0.8) | 0.3 | | 0.3 |
| Others | 0.0 | (0.1) | (0.1) | | (0.1) |
| TOTAL | 12.5 | 7.7 | (4.8) | 2.6 | (7.4) |

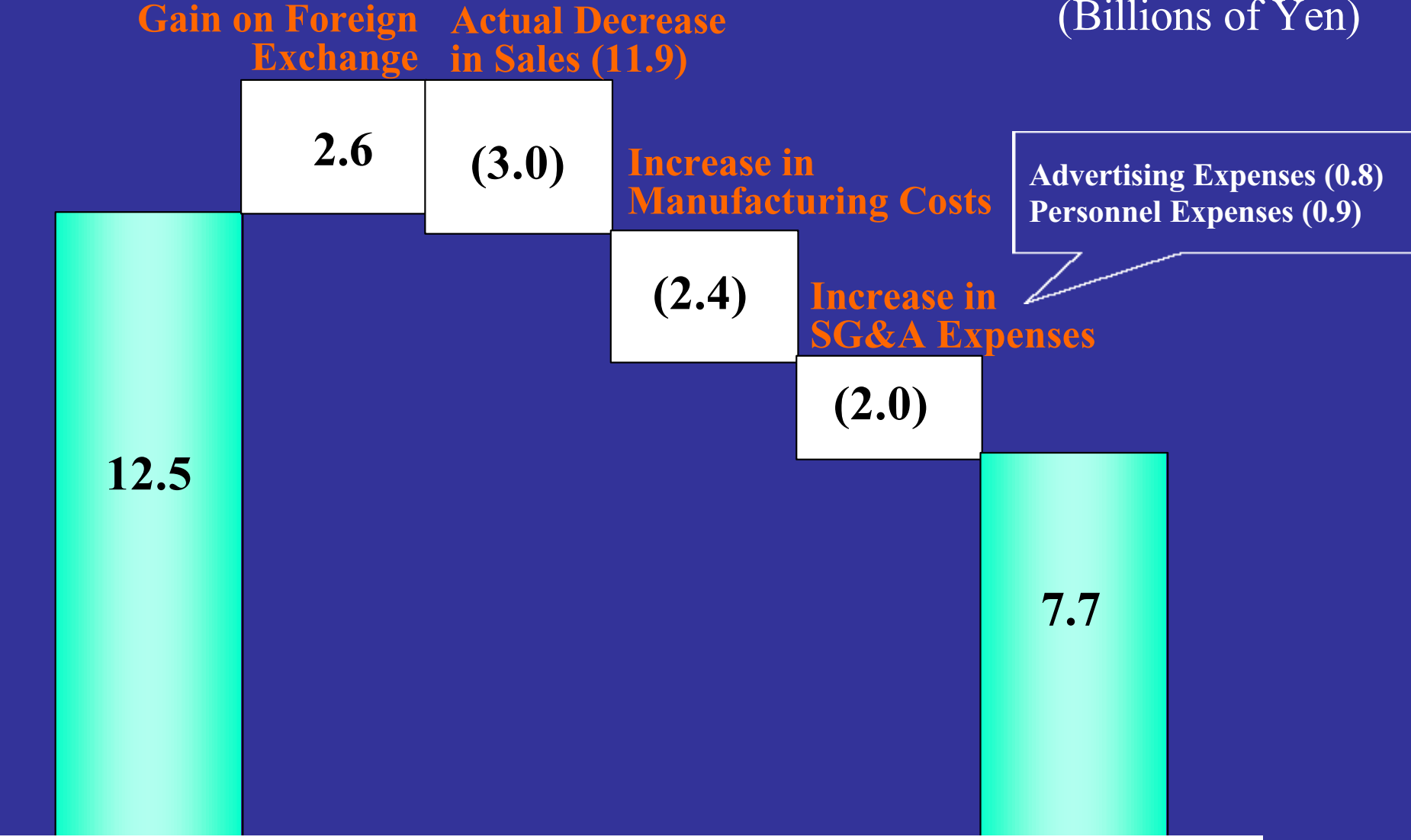
Operating Income by Region

(Billions of Yen)

| | First Half of FY2001 | First Half of FY2002 | Increase/ (Decrease) | Currency Exchange Impact | Actual Increase/ (Decrease) |
|----------------------|-------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------------|
| Japan | 9.1 | 7.1 | (2.0) | 2.4 | (4.4) |
| North America | 3.1 | 1.3 | (1.8) | 0.1 | (1.9) |
| Europe | (0.2) | (0.3) | (0.1) | (0.1) | — |
| Other Regions | 1.4 | 1.9 | 0.5 | 0.2 | 0.3 |
| Elimination | (0.9) | (2.3) | (1.4) | | (1.4) |
| TOTAL | 12.5 | 7.7 | (4.8) | 2.6 | (7.4) |

Breakdown of Operating Income/Loss

(Billions of Yen)



Operating Income for the
First Half of FY2001

Operating Income for the
First Half of FY2002

Non-Operating Income/Expenses

(Billions of Yen)

| | First Half of FY2001 | First Half of FY2002 | Increase/ (Decrease) |
|---|-------------------------|-------------------------|-------------------------|
| Equity in Earnings of Unconsolidated Subsidiaries and Affiliates | 3.3 | 2.3 | (1.0) |
| Financial Gains/Losses | (0.7) | (1.0) | (0.3) |
| Other Non-Operating Income/Expenses | (1.2) | (1.5) | (0.3) |
| TOTAL | 1.4 | (0.2) | (1.6) |

Other Profit/Losses

(Billions of Yen)

| | First Half of FY2001 | First Half of FY2002 | Increase/ (Decrease) |
|--|-------------------------|-------------------------|-------------------------|
| Gain/Loss on Sale of Fixed Assets and Investment Securities | 4.8 | 0.8 | (4.0) |
| Retirement Benefits and Current Value Accounting | (2.8) | | 2.8 |
| Others | 0.1 | (0.1) | (0.2) |
| TOTAL | 2.1 | 0.7 | (1.4) |

Forecasts of Results for FY2002

(Billions of Yen)

| | FY2001 Results | | | FY2002 Forecasts | | | Increase/ (Decrease) Ratio |
|----------------------------------|----------------|--------------|-----------------------|------------------|--------------|-----------------------|----------------------------------|
| | 1st Half | 2nd Half | Full Year | 1st Half | 2nd Half | Full Year | |
| Net Sales | 251.2 | 267.9 | 519.1 | 248.7 | 256.3 | 505.0 | (2.7)% |
| Operating Income | 12.5 | 10.5 | 23.0 [4.4%] | 7.7 | 5.3 | 13.0 [2.6%] | (43.5)% |
| Recurring Profit | 13.9 | 5.3 | 19.2 [3.7%] | 7.5 | 2.5 | 10.0 [2.0%] | (47.9)% |
| Net Income | 10.0 | 3.3 | 13.3 [2.6%] | 7.2 | 1.8 | 9.0 [1.8%] | (32.3)% |
| EPS (Yen) | — | — | 64.5 | — | — | 43.5 | — |
| ROE (%) | — | — | 6.4 | — | — | 4.6 | — |
| Dividends per Share (Yen) | 3.00 | 4.00 | 7.00 | 4.00 | 4.00 | 8.00 | — |

Currency Exchange Rate

| | | FY2001 Results | | | FY2002 Forecasts | | | Impact |
|-----------|--------|----------------|----------|-----------|------------------|----------|-----------|--------------|
| | | 1st Half | 2nd Half | Full Year | 1st Half | 2nd Half | Full Year | |
| Net Sales | US\$ | ¥107 | ¥114 | ¥111 | ¥122 | ¥120 | ¥121 | + ¥8.2 bil. |
| | EUR | ¥99 | ¥102 | ¥100 | ¥108 | ¥105 | ¥106 | + ¥3.1 bil. |
| | Others | — | | | | | | + ¥2.8 bil. |
| | Total | | | | | | | + ¥14.1 bil. |
| Profit | US\$ | ¥106 | ¥111 | ¥108 | ¥122 | ¥120 | ¥121 | + ¥2.0 bil. |
| | EUR | ¥102 | ¥94 | ¥98 | ¥106 | ¥105 | ¥105 | + ¥3.2 bil. |
| | Others | | | | | | | + ¥0.6 bil. |
| | Total | | | | | | | + ¥5.8 bil. |

Operating Environment

- Musical Instruments**
 - Deceleration of world economies (especially Japan and the United States)
 - Rapid deterioration of market conditions due to impact of terrorism in the United States
 - Sales growth in Asia (China and South Korea)
- AV/IT**
 - Home theater market: Intensifying competition
 - CD-R/RW market: Intensifying competition and decreasing unit prices
 - Router market: Accelerating construction of network infrastructure, product diversification, and falling prices
- Lifestyle-Related**
 - Decrease in number of housing starts
- Electronic Equipment and Metal Products**
 - Delayed recovery in semiconductor market
- Recreation**
 - Lifestyle changes and decreased returns per customer

Major Policies

Responding to Changes in Core Business Markets

1. Optimize inventories (20% inventory reduction compared with end of fiscal 2002 interim period)
2. Expand AV business by introducing new products (from ¥60.5 billion to ¥65.4 billion)
3. Expand content business (from ¥2.3 billion to ¥4.5 billion)

Business Restructuring

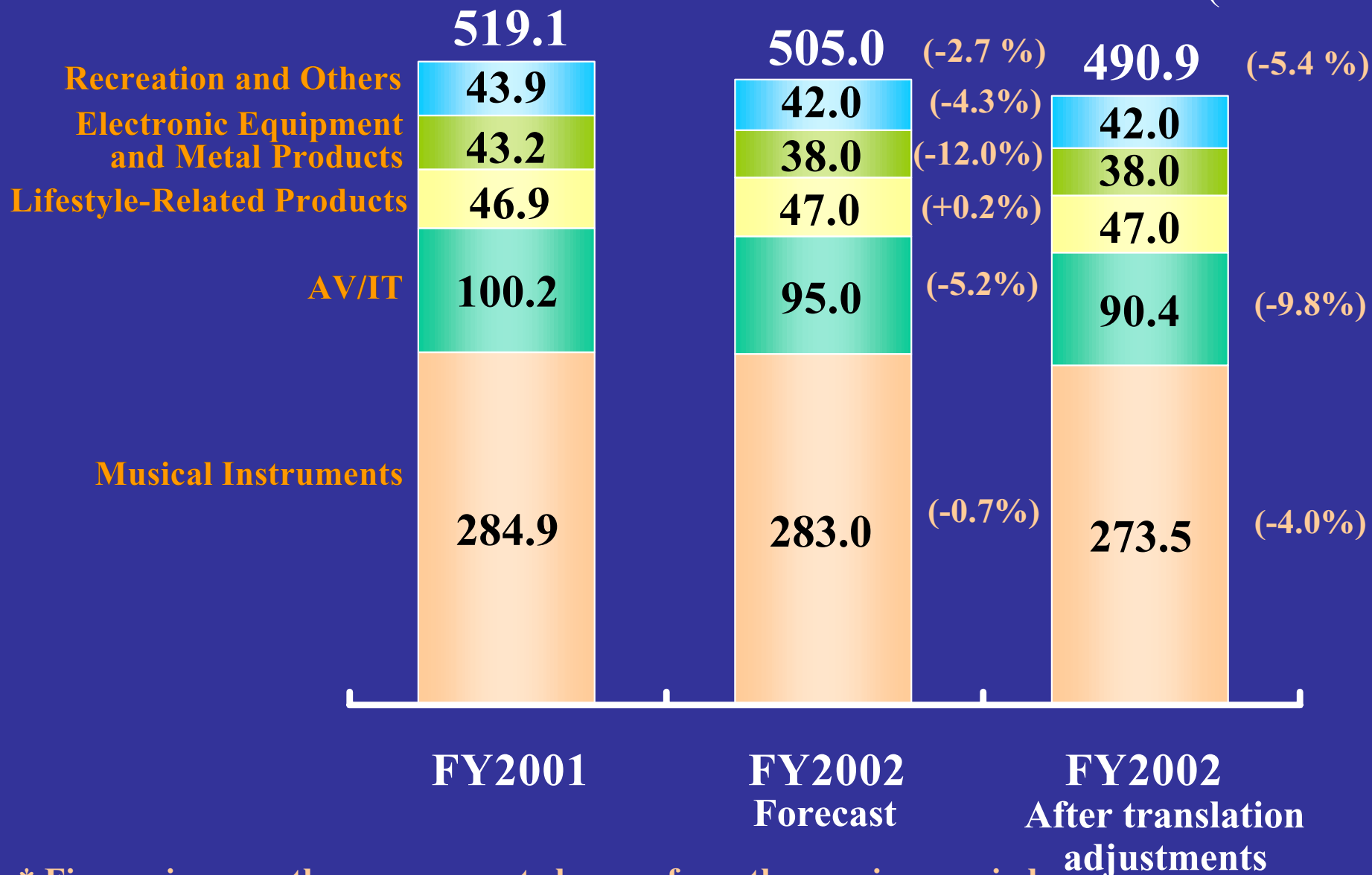
1. Workforce restructuring (in particular, reduce overseas production staff by 2000 members)
2. Continue to prioritize business activities and selectively allocate resources in the Recreation segment
3. Make structural improvements to the Company's domestic Musical Instruments business

Add Enterprise Value and Make the YAMAHA Brand Sparkle

1. Ensure that YAMAHA's brand strategy is an integral part of business practices throughout the Group
2. Strengthen efforts to safeguard the environment, improve safety, and enhance product quality

Forecasts of Net Sales by Business Segment

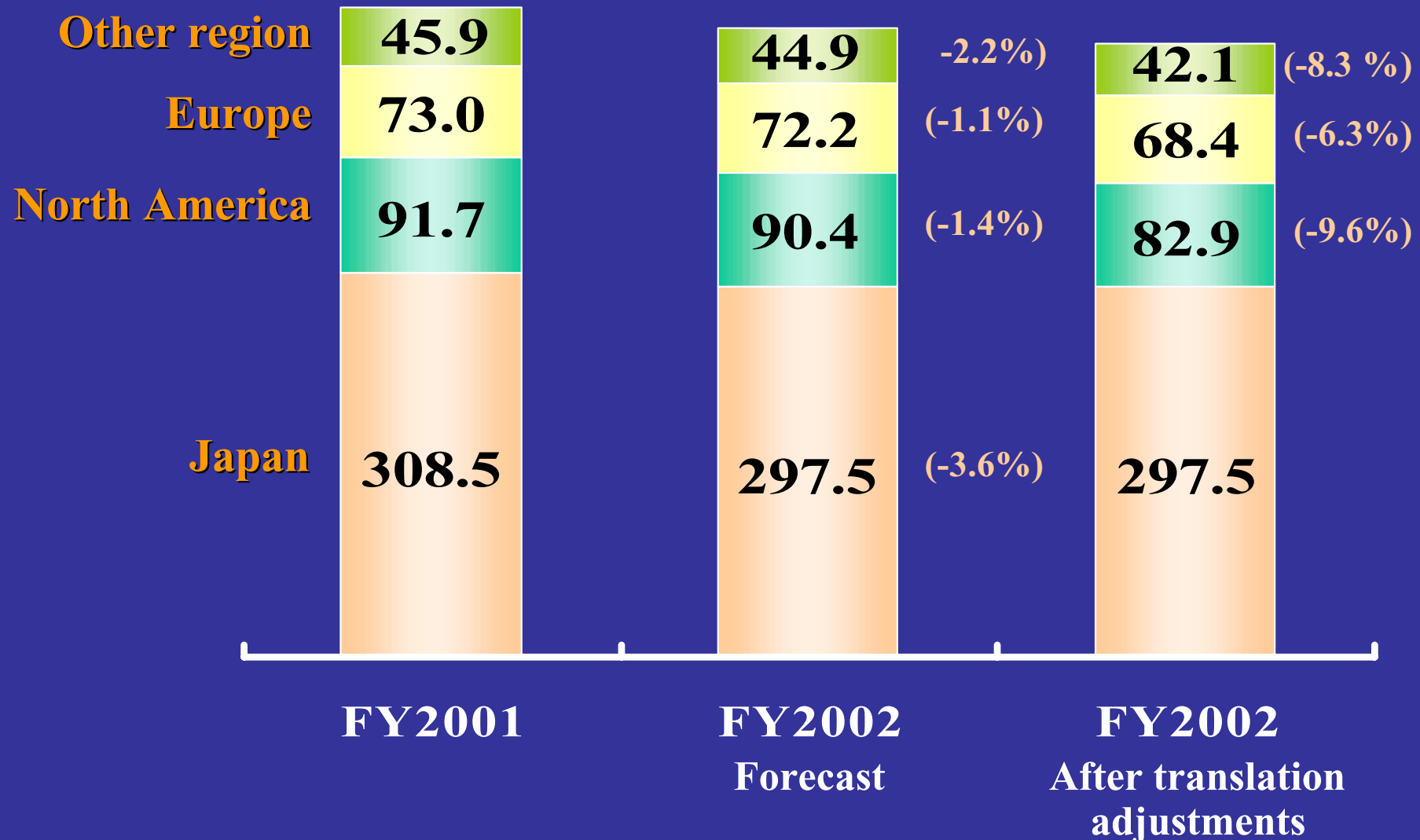
(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Forecasts of Net Sales by Region

(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Forecasts of Operating Income by Business Segment

(Billions of Yen)

| | FY2001 Results | FY2002 Forecasts | Increase/ (Decrease) | Currency Exchange Impact | Actual Increase/ (Decrease) |
|--|-------------------|---------------------|-------------------------|--------------------------------|-----------------------------------|
| Musical Instruments | 12.3 | 5.0 | (7.3) | 5.6 | (12.9) |
| AV/IT | 3.9 | 3.3 | (0.6) | 0.2 | (0.8) |
| Lifestyle-Related Products | 0.9 | 1.4 | 0.5 | | 0.5 |
| Electronic Equipment and Metal Products | 6.7 | 4.8 | (1.9) | | (1.9) |
| Recreation | (1.3) | (1.3) | — | | — |
| Others | 0.5 | (0.2) | (0.7) | | (0.7) |
| TOTAL | 23.0 | 13.0 | (10.0) | 5.8 | (15.8) |

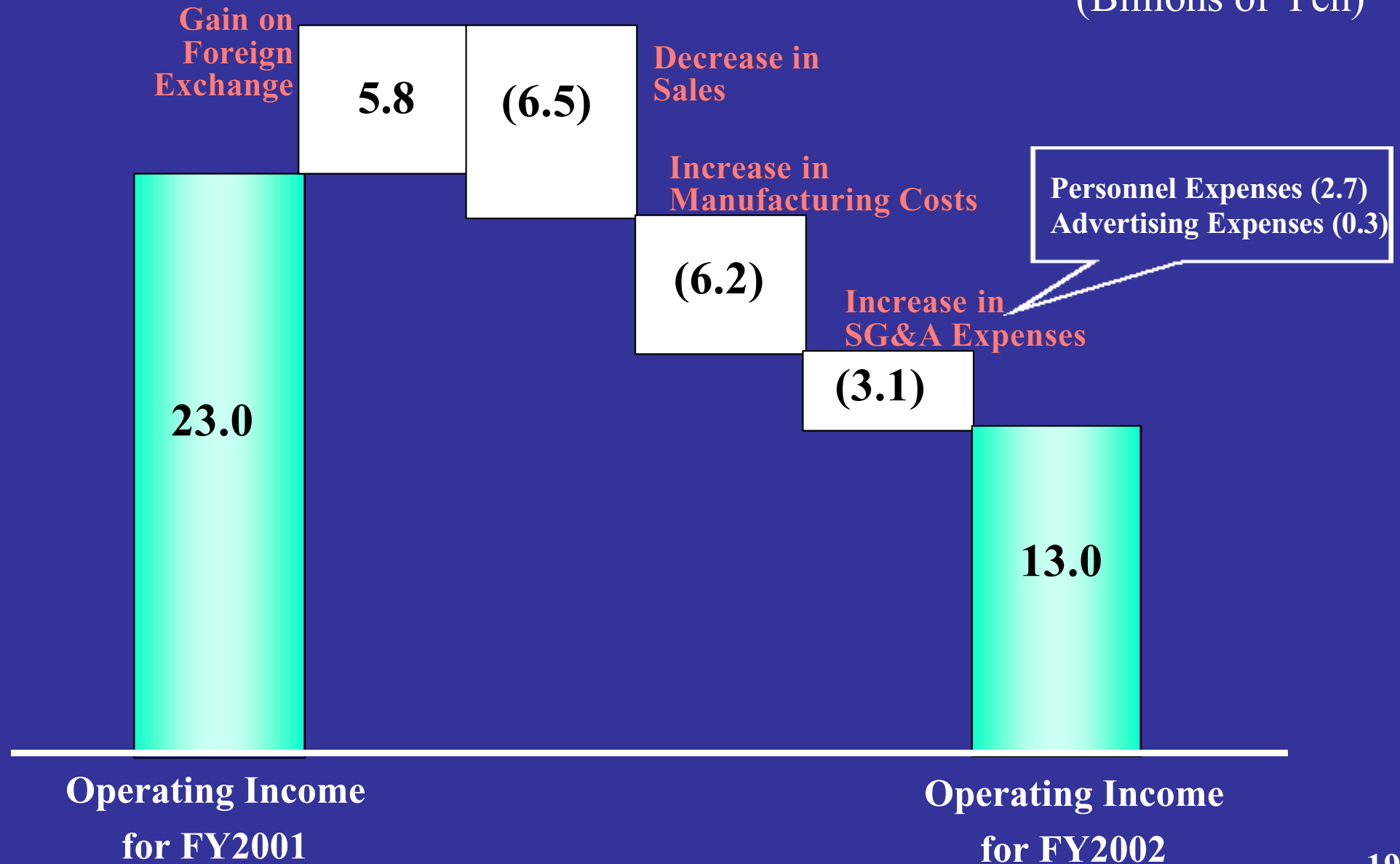
Forecasts of Operating Income by Region

(Billions of Yen)

| | FY2001 Results | FY2002 Forecasts | Increase/ (Decrease) | Currency Exchange Impact | Actual Increase/ (Decrease) |
|----------------------|-------------------|---------------------|-------------------------|--------------------------------|-----------------------------------|
| Japan | 13.4 | 5.5 | (7.9) | 5.2 | (13.1) |
| North America | 5.8 | 4.0 | (1.8) | 0.3 | (2.1) |
| Europe | 1.3 | 0.7 | (0.6) | — | (0.6) |
| Other Regions | 3.0 | 3.3 | 0.3 | 0.3 | — |
| Elimination | (0.5) | (0.5) | — | — | — |
| TOTAL | 23.0 | 13.0 | (10.0) | 5.8 | (15.8) |

Forecasts of Breakdown of Operating Income/Loss

(Billions of Yen)



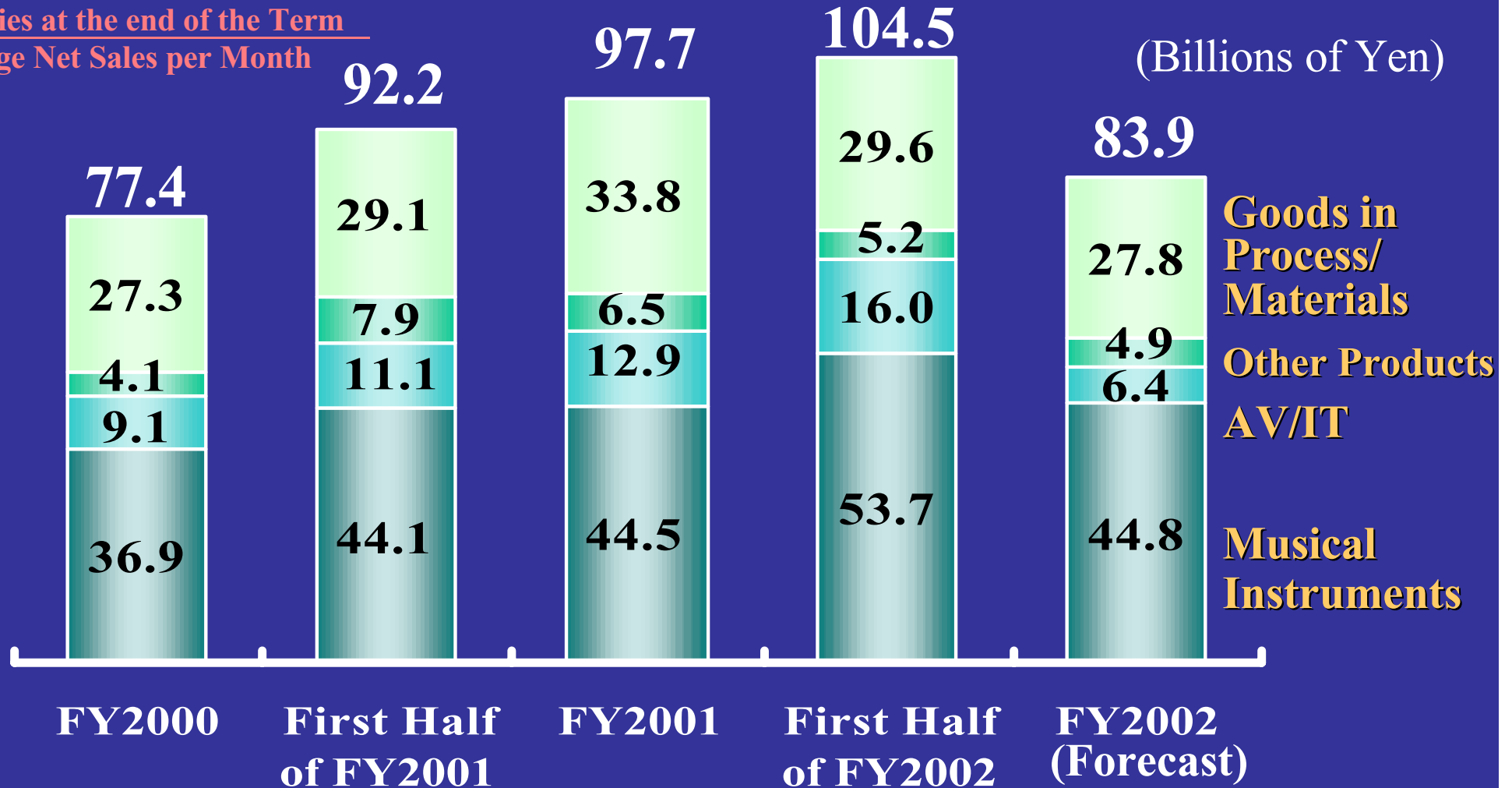
Inventories

Months

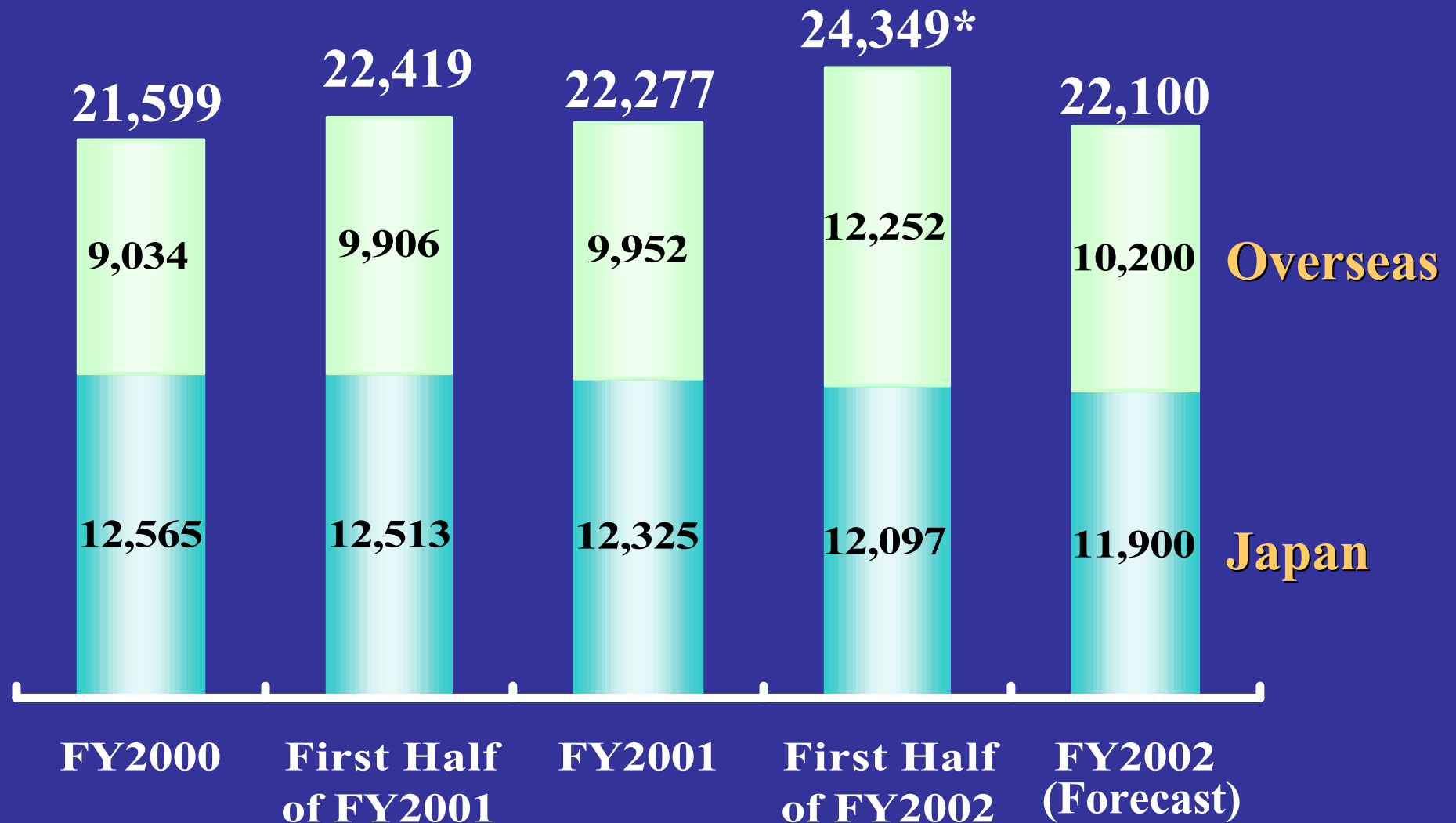


Inventories at the end of the Term
Average Net Sales per Month

(Billions of Yen)



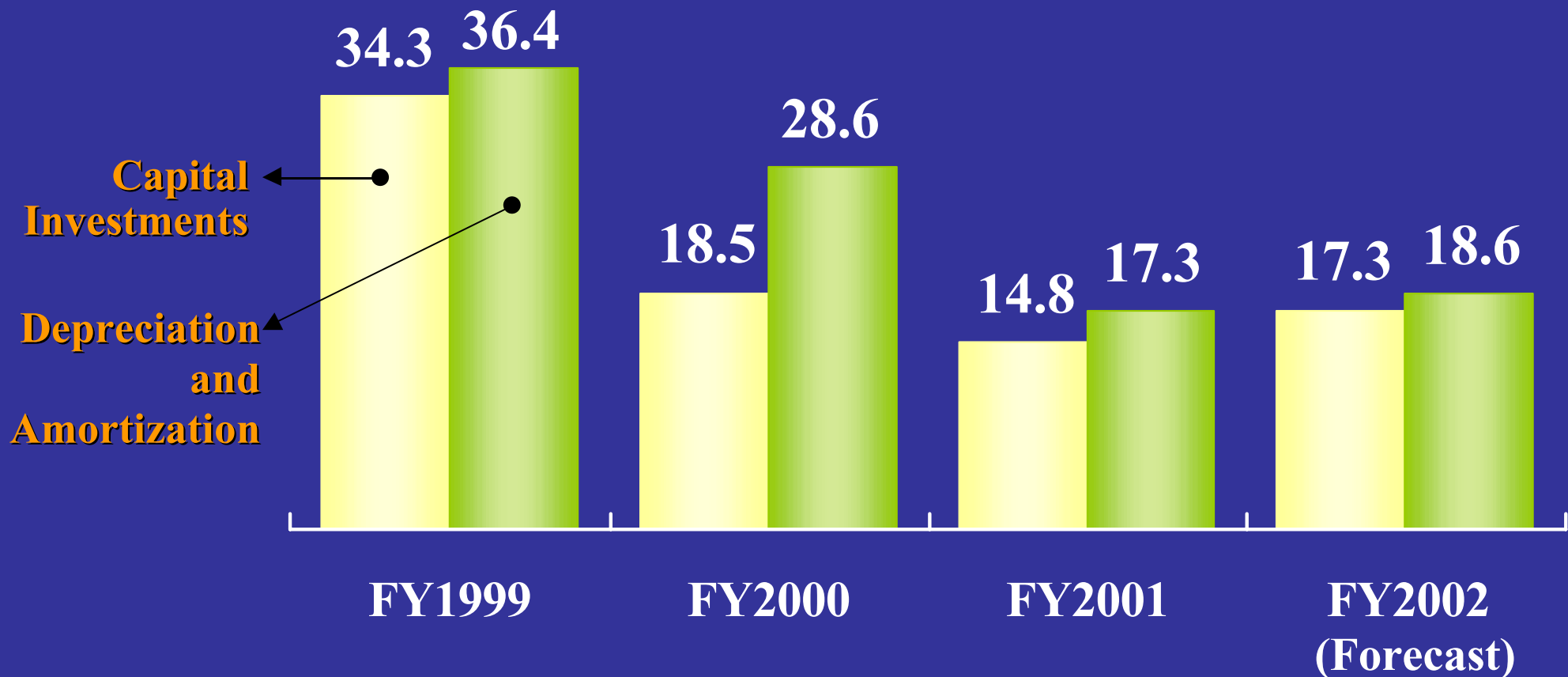
Number of Employees



* Including 990 employees added due to expanded scope of consolidation.

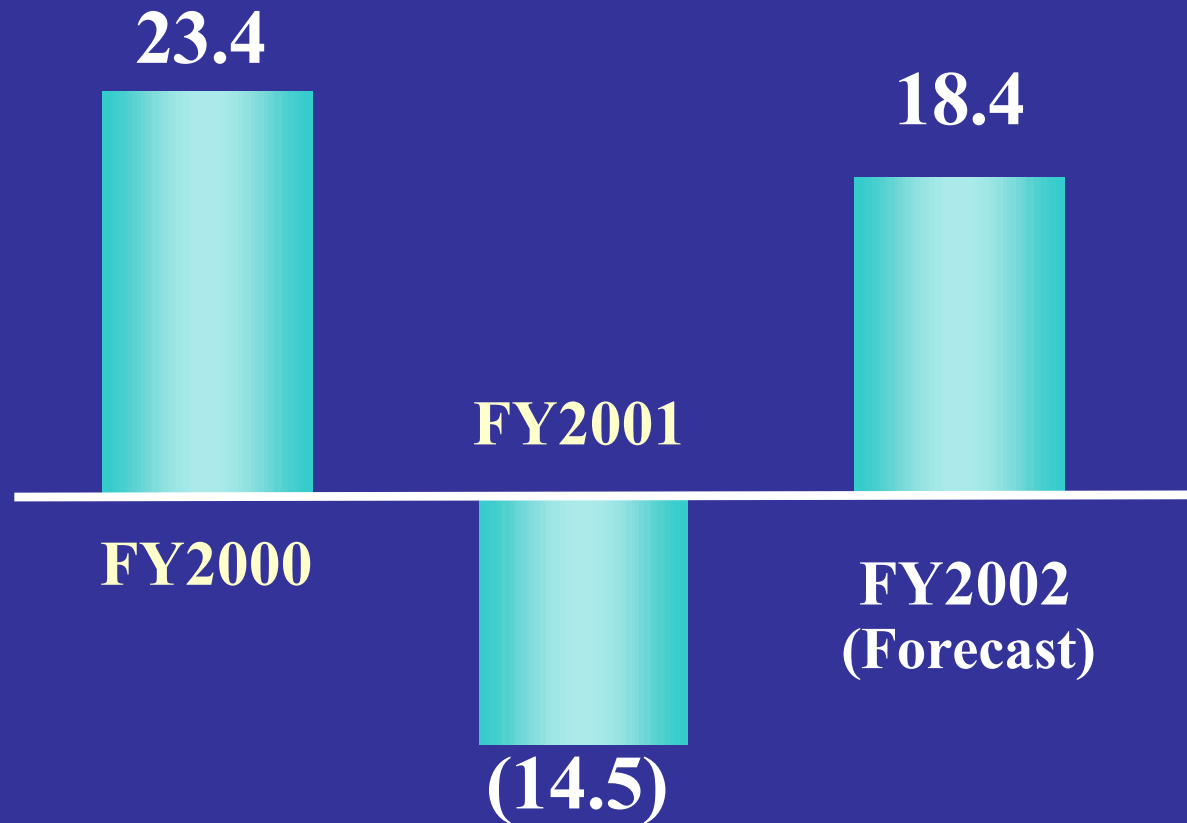
Capital Investments/ Depreciation and Amortization

(Billions of Yen)



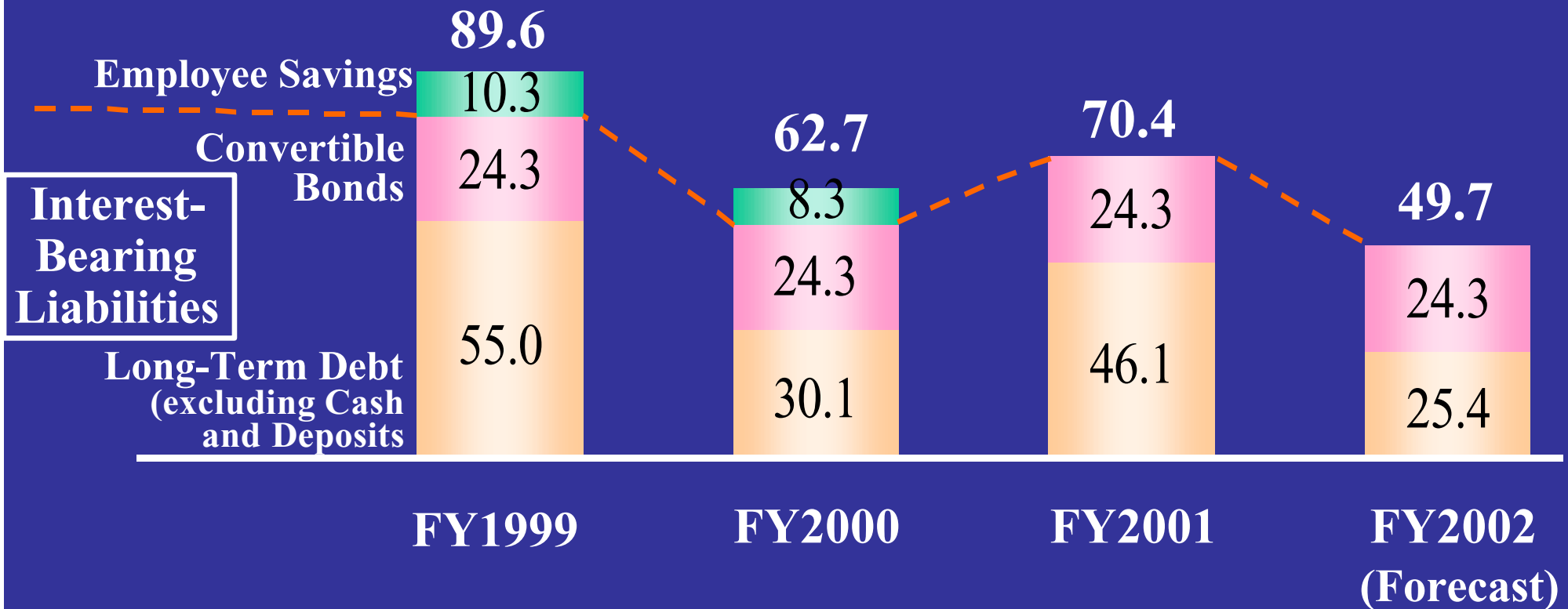
Free Cash Flow

(Billions of Yen)



Outstanding Balance of Actual Debt

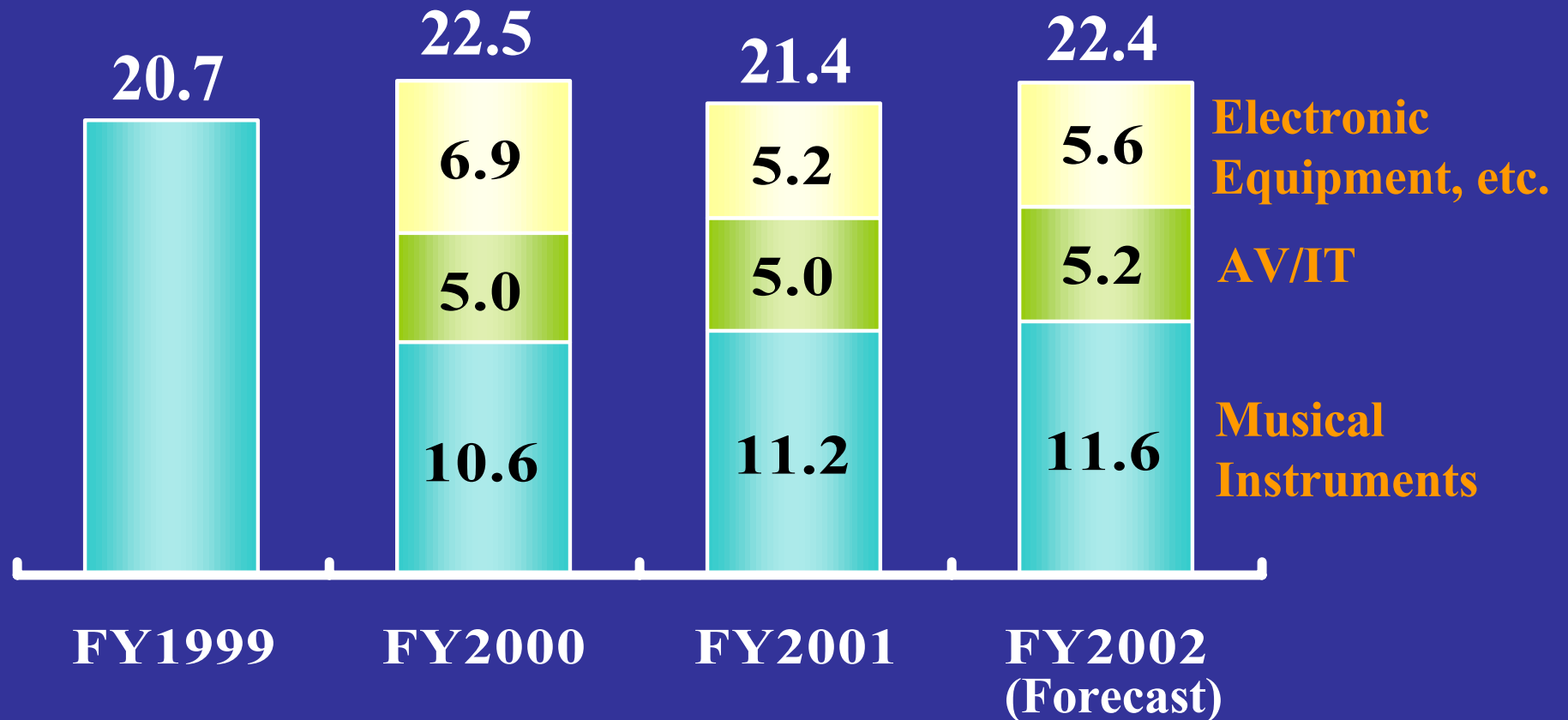
(Billions of Yen)



In addition, resort deposits total approximately ¥39.9 billion.

R&D Expenses

(Billions of Yen)



Balance Sheets

(Billions of Yen)

| | First Half of FY2001 | FY2001 | First Half of FY2002 | FY2002 |
|---|-------------------------|--------------|-------------------------|--------------|
| Cash and Bank Deposits | 32.8 | 32.9 | 38.2 | 44.6 |
| Accounts and Notes Receivable | 81.5 | 85.7 | 79.6 | 77.1 |
| Inventories | 92.2 | 97.7 | 104.5 | 83.9 |
| Other Current Assets | 15.5 | 15.6 | 15.7 | 15.6 |
| Fixed Assets | 293.9 | 290.6 | 282.8 | 281.6 |
| Total Assets | 515.9 | 522.5 | 520.8 | 502.8 |
| Accounts and Notes Payable | 51.4 | 48.9 | 42.1 | 49.3 |
| Short and Long Term Loans | 82.1 | 79.0 | 95.4 | 70.0 |
| Convertible Bonds | 24.3 | 24.3 | 24.3 | 24.3 |
| Other Liabilities | 171.2 | 173.6 | 163.9 | 160.5 |
| Total Liabilities | 186.9 | 196.7 | 195.1 | 198.7 |
| Total Liabilities and Shareholders' Equity | 515.9 | 522.5 | 520.8 | 502.8 |

In this report, the figures forecast for our 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, our actual performance may differ greatly from our predictions depending on changes in our operating and economic environments, demand trends, and the value of key currencies, such as the U.S. dollar and the EURO.



YAMAHA

CREATING 'KANDO' TOGETHER