

Analyst and Investor Briefing
on the First Quarter of
the Fiscal Year Ended March 31, 2004
(April 1, 2003, to June 30, 2003)

August 8, 2003

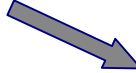
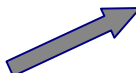
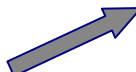
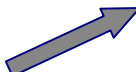

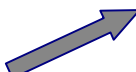
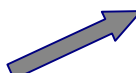
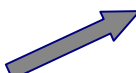
YAMAHA CORPORATION

Review of Performance in the First Quarter

- Net sales were below initial projections but above the level recorded in the same period of the previous year. AV product sales were below initial projections, primarily in North America, while semiconductor sales were roughly in line with projections.
- Operating income was somewhat higher than projected, owing to a contribution from semiconductor operations.
- Because of hedging through the prior arrangement of a futures contract for the sale of euros, the Company did not make a gain on the appreciation of the euro during the period.
- At the end of the period, the balance of inventories was higher than projected, principally due to rises in inventories of musical instruments, AV products, and semiconductors.

Performance in the First Quarter

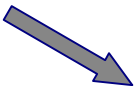
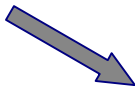
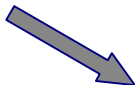
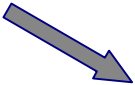
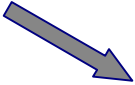


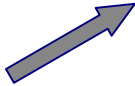

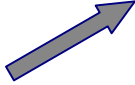
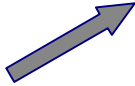
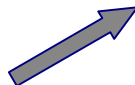
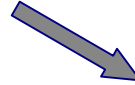
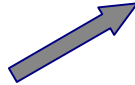
➤ Compared with initial projections sales were lower but profit was higher.

	1Q	Change from initial projections	Change from same period of previous year	(Billions of Yen)
Net Sales	126.1			
Operating Income (Operating Income Ratio)	11.8 (9.4 %)			
Recurring Profit (Recurring Profit Ratio)	13.4 (10.6 %)			
Net Income (Net Income Ratio)	12.6 (10.0 %)			

Currency Exchange Rate		1Q	Initial projections	Level in same period of previous year
Net Sales	US\$	118	120	127
	EUR	135	125	117
Net Income	US\$	119	120	126
	EUR	124	125	114

Sales by Business Segment in the First Quarter

➤ **Slack economic conditions and the impact of SARS kept sales in most segments below the initial targets.** (Billions of Yen)

	1Q	Change from initial projections		Change from same period of previous year	
		Currency Exchange Impact	Actual Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	72.6	0.7		0.2	
AV/IT	14.2	0.3		0.3	
Lifestyle-Related Products	11.3				
Electronic Equipment and Metal Products	16.9				
Recreation	4.8				
Others	6.3				
TOTAL	126.1	1.0		0.5	

*Actual increases and decreases (+/-) represent changes from initial projections and from the same period of the previous year, excluding the effects of currency exchange rate fluctuations.

Operating Income by Business Segment in the First Quarter

➤ Overall operating income was above the initial projection.

(Billions of Yen)

	1Q	Change from initial projections		Change from same period of previous year	
		Currency Exchange Impact	Actual Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	5.5		→	0.4	↘
AV/IT	0.2	(0.1)	→	0.4	→
Lifestyle-Related Products	0.4		→		→
Electronic Equipment and Metal Products	6.1		↗		↗
Recreation	(0.4)		→		↗
Others	0.0		→		→
TOTAL	11.8	(0.1)	↗	0.8	↗

*Actual increases and decreases (+/-) represent changes from initial projections and from the same period of the previous year, excluding the effects of currency exchange rate fluctuations.

Operating Environment in the Second through Fourth Quarter

■ Overall

- Trends in the global economy remain difficult to predict, but concerns regarding SARS recede

■ Musical Instruments

- Significance of China's consumer market increases, and Chinese products emerge in the acoustic musical instrument field

■ AV/IT

- Home theater market undergoes structural changes and an intensification of competition
- Increase in digital and networking technologies proceeds

■ Lifestyle-Related Products

- Number of new housing construction starts in Japan continues to decrease
- The industry becomes increasingly proactive in shifting attention to renovation-related demand

■ Semiconductors

- Number of mobile phones equipped with polyphonic ring melody functions increases in North America and Europe

■ Electronic Metals

- Markets for semiconductors and electronic component materials remain firm

■ Recreation

- Slackness of economic conditions in Japan continues and lifestyles change

Forecasts of Business Performance in FY2004

➤ The initial assumptions of US\$1=¥120 and EUR1=¥125 have been retained for the second through fourth quarter of FY2004. (Billions of Yen)

	First half			FY2004		
	FY2004 (Initial Forecasts)	FY2004 (Current Forecasts)	FY2003	FY2004 (Initial Forecasts)	FY2004 (Current Forecasts)	FY2003
Net Sales	269.0	264.0	253.7	547.0	541.0	524.7
Operating Income (Operating Income Ratio)	18.5 (6.9%)	20.5 (7.8%)	13.1 (5.2%)	32.0 (5.9%)	34.0 (6.3%)	32.0 (6.1%)
Recurring Profit (Recurring Profit Ratio)	19.5 (7.2%)	21.5 (8.1%)	14.2 (5.6%)	35.0 (6.4%)	37.0 (6.8%)	33.8 (6.4%)
Net Income (Net Income Ratio)	17.0 (6.3%)	19.0 (7.2%)	10.0 (4.0%)	29.0 (3.5%)	31.0 (5.7%)	17.9 (3.4%)

Currency Exchange Rate		FY2004 Initial Forecasts	FY2004 Current Forecasts	FY2003	FY2004 Initial Forecasts	FY2004 Current Forecasts	FY2003
Net Sales	US\$	120	119	123	120	120	122
	EUR	125	130	117	125	127	121
Net Income	US\$	120	120	122	120	120	122
	EUR	125	125	115	125	125	116

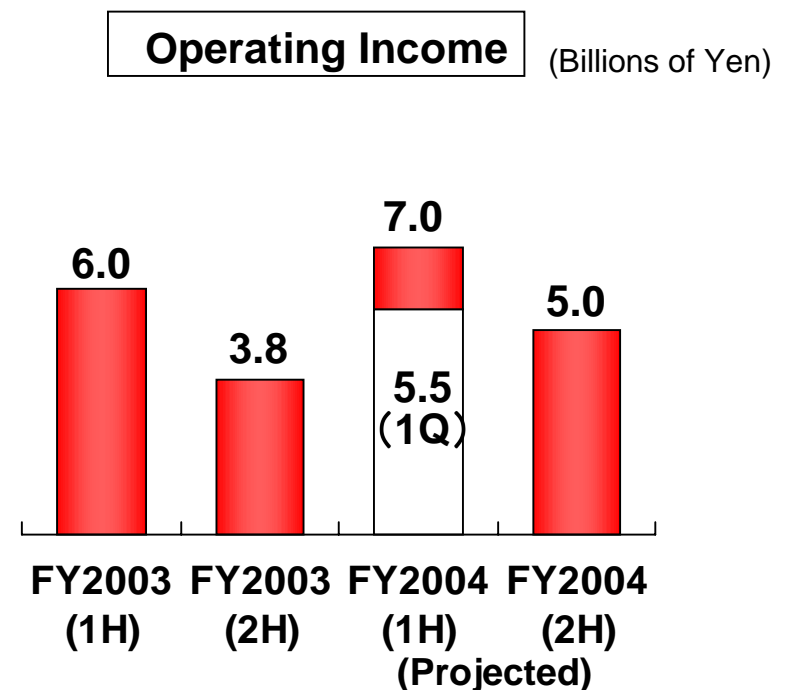
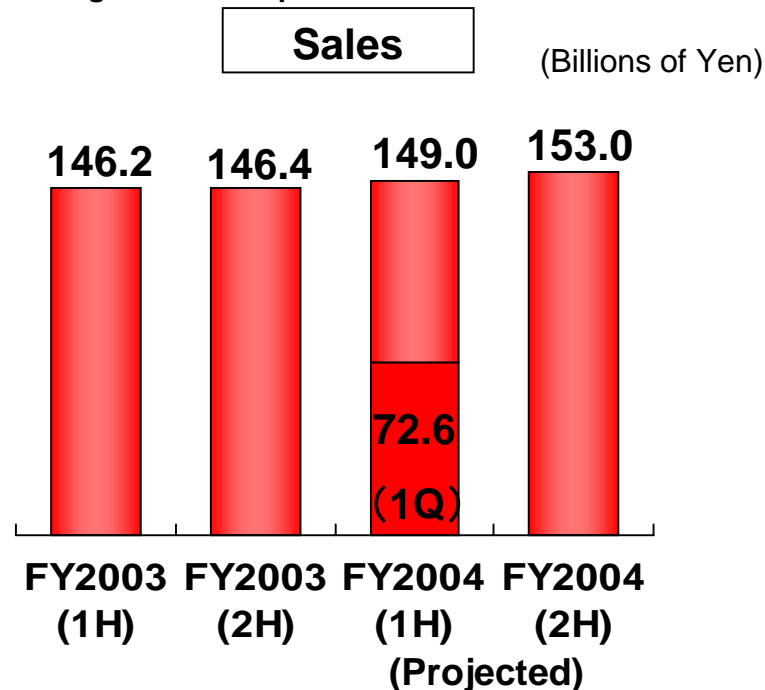
Musical Instruments

■ First Quarter

- In the U.S. market, an adjustment in the distribution of inventories at the start of the period depressed sales, keeping sales below the level of the initial projection as well as the level recorded in the first quarter of the previous fiscal year.
- The SARS epidemic depressed the markets of China, Taiwan, and Singapore and led to a delay in the implementation of new strategies for the Chinese market.
- Inventories at the end of the quarter were above initial projections, particularly for wind instruments and guitars.
- The content business faced intensifying competition in Japan but showed signs of expansion overseas.

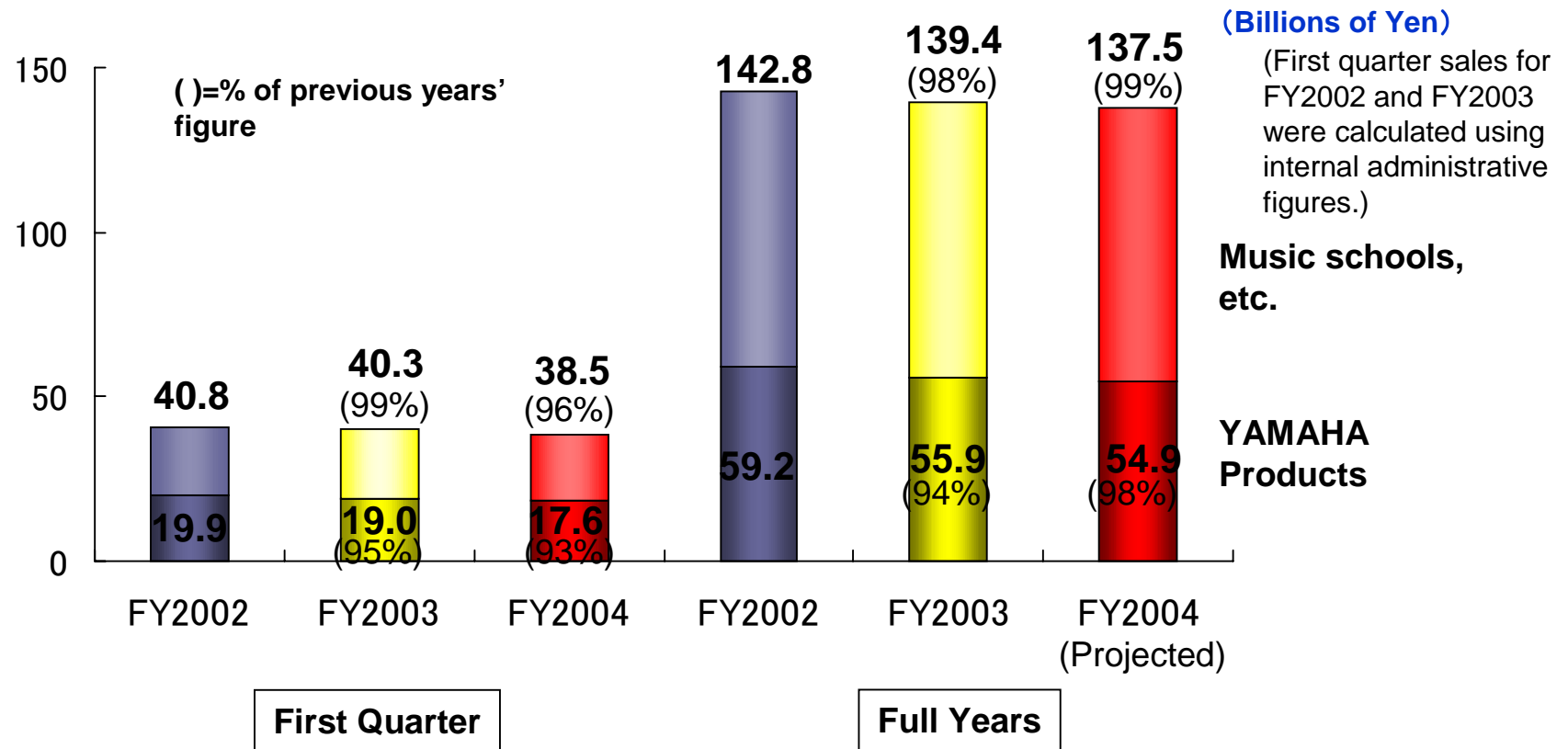
■ Priority Policies for Second through Fourth Quarter

- Promoting the growth of sales in the U.S. market after having completed a round of inventory adjustments
- Sustaining steady growth of the European market and reviving Asian markets as the effects of the SARS crisis fade
- Developing demand among Japanese adults and enhancing the profitability of domestic operations by boosting operational efficiency
- Building a base for operations in the Chinese market



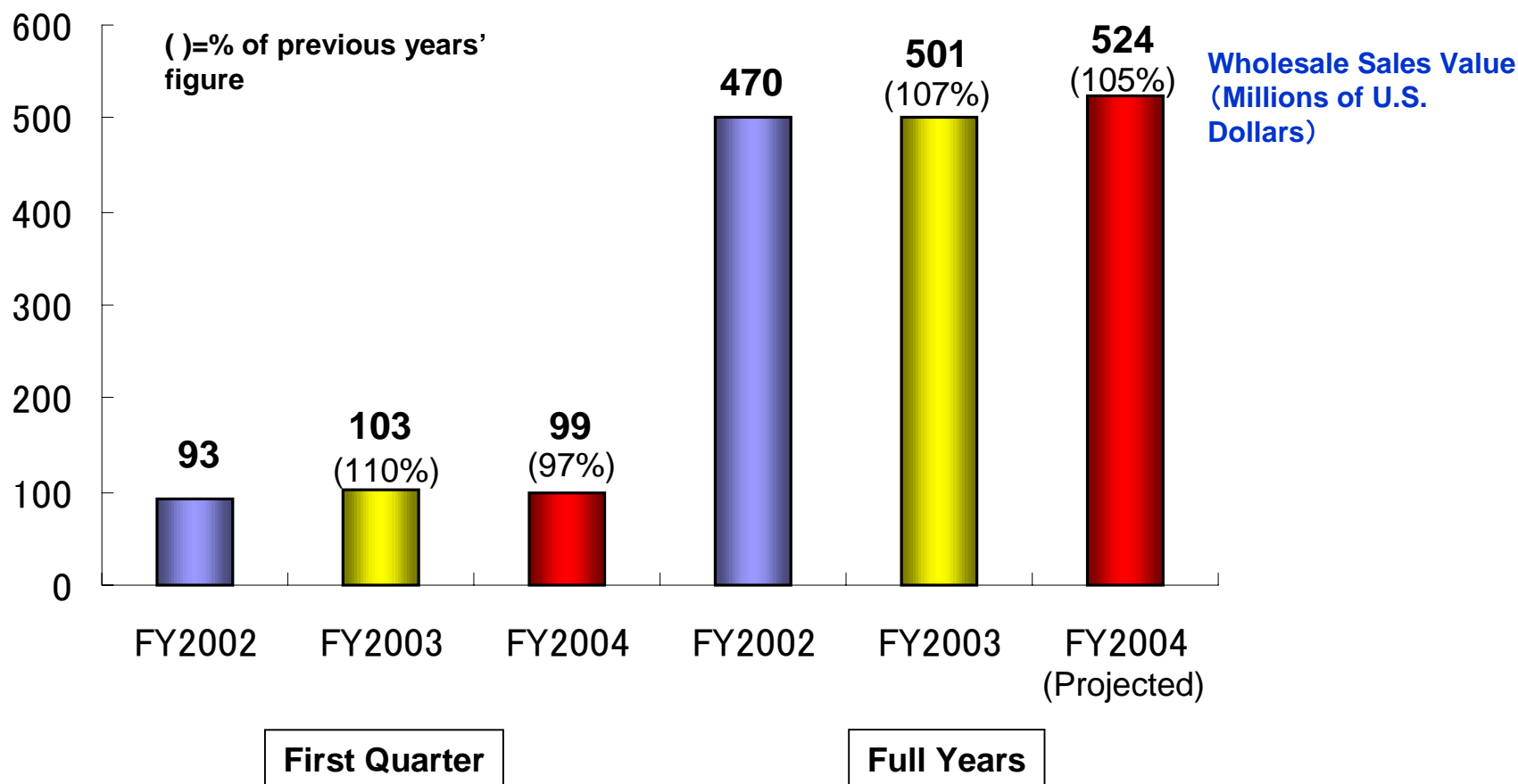
Musical Instrument Sales in Japan

In the first quarter of FY2004, Electone® sales were considerably below the level recorded in the first quarter of FY2003, but those of other products were approximately unchanged. For FY2004 as a whole, the Company will strive to maintain sales at about the same level as in FY2003.



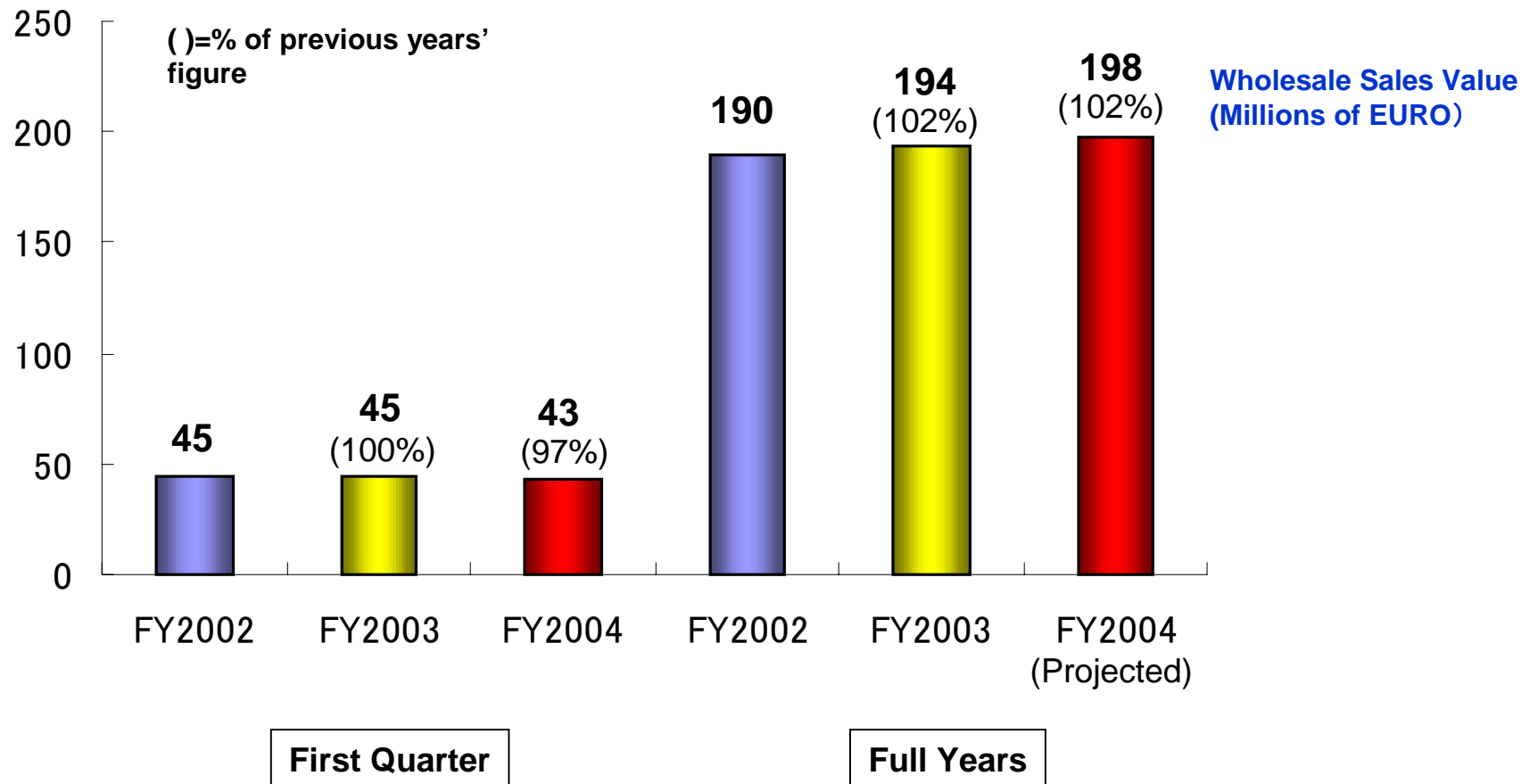
Musical Instrument Sales in the U.S.

The adjustment of distribution inventories kept sales below projected levels in April and May, but sales surpassed projections in both June and July. Thus, the recovery in sales is expected to be sustained from the second quarter, and the Company is aiming to increase its sales in FY2004 to a level 5% higher than in FY2003.



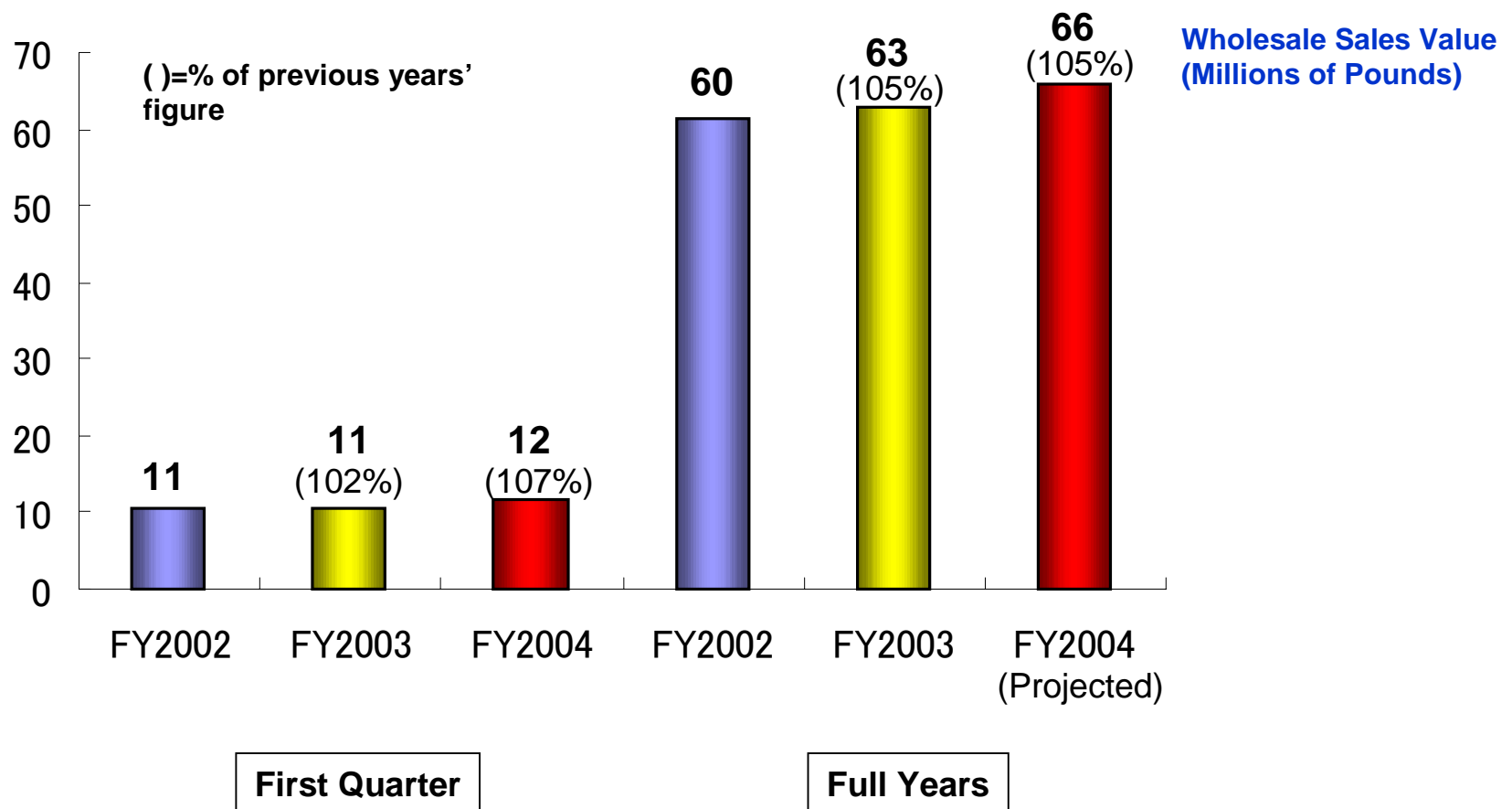
Musical Instrument Sales in Germany

The German market remains sluggish, but June sales were higher than projected. Sales of digital keyboards and pianos are firm. Because of such initiatives as the establishment of a specialized marketing organization, it is expected that the first quarter slump in sales of PA equipment will be offset by the end of the fiscal year.



Musical Instrument Sales in the U.K.

Sales in the first quarter were up 7% from the first quarter of FY2003, and sales have remained strong, particularly those of such acoustic instruments as pianos and wind instruments. The Company will strive to sustain this strength and achieve a 5% year-on-year increase for FY2004 as a whole.



Ringling Melodies Distribution Service Development

Current Domestic situation

- The market is saturated and competition is intensifying due to factors including the emergence of new content providers.
- Television commercials aimed at recruiting new members were aired in July and August, and the number of members is expected to increase by approximately 300,000 by the end of August.

Current Overseas situation

- Markets for mobile phone content are being created in step with the progressive diffusion of polyphonic mobile phones, but the sales volume in those markets remains small.
- While diffusion of polyphonic mobile phones in U.S. was originally slower than in Europe, there are already 3.2 million phones (Motorola T720) compatible with Verizon's "get it NOW" in the United States, and related content business is rapidly expanding.

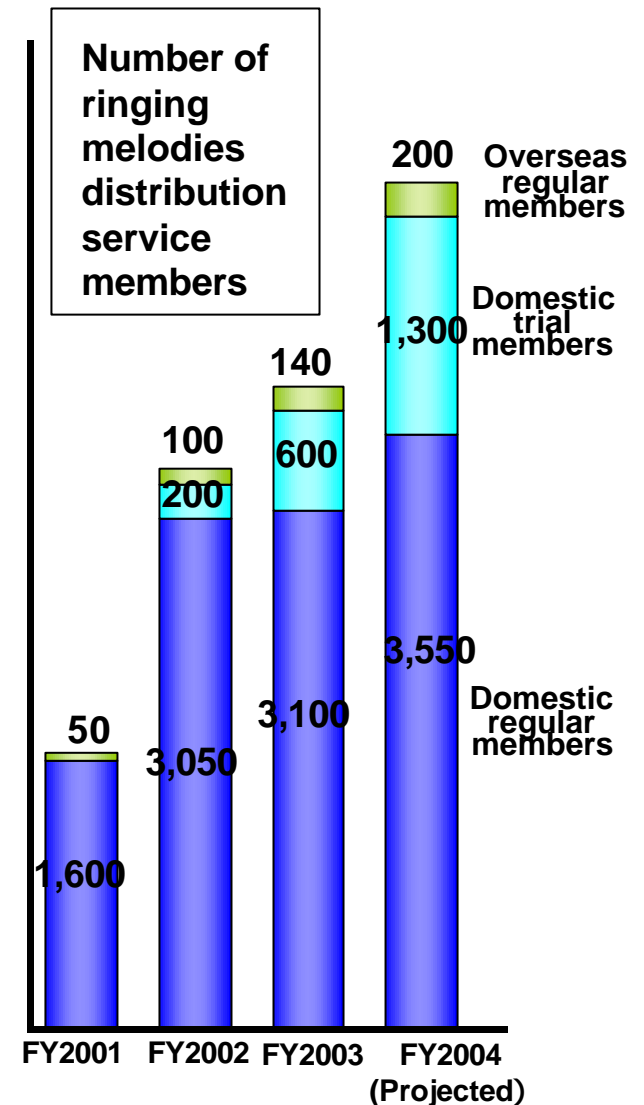
Recent developments:

- United States "Yamaha Ringtones" Verizon Wireless, from May 20
AT&T Wireless, from July 21
- Spain "Yamaha Supertonos" Telefónica Móviles España, from late June
- China "Ringtone@ YAMAHA" China United Telecommunications Corporation from July 1

Countries where development is ongoing and relevant communications companies

China: e-Dongcity, CMCC	Taiwan: TCC, KGT, TAT, CHT	Hong Kong: Hutchison
Spain: Telefonica	Germany: E-Plus	Netherlands: KPN
Belgium: BASE		

(Thousands of People)



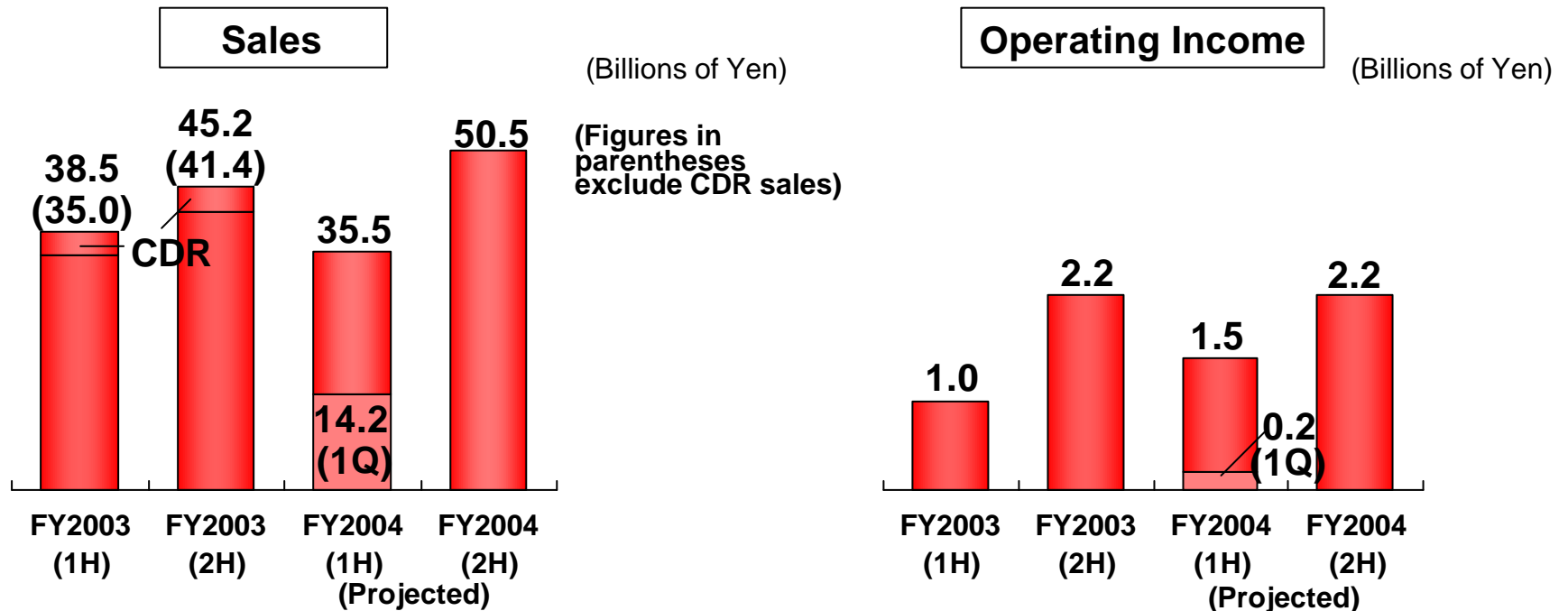


First Quarter

- Sales targets not attained in Europe and North America due to a delay in responding to intensification of competition
- Sales in China weak owing to impact of SARS
- Inventories at the end of first quarter considerably higher than originally projected

Priority Policies for the Second through Fourth Quarter

- Generating sales through the well-planned launch of new products
 - Recapturing additional market share in the medium to high grade AV amplifiers and receivers field
 - Increasing sales by launching inexpensively priced home theater system products
 - Generating sales by launching new products related to video and networks
- Expediting the creation of a marketing network in China, which was delayed due to the impact of SARS



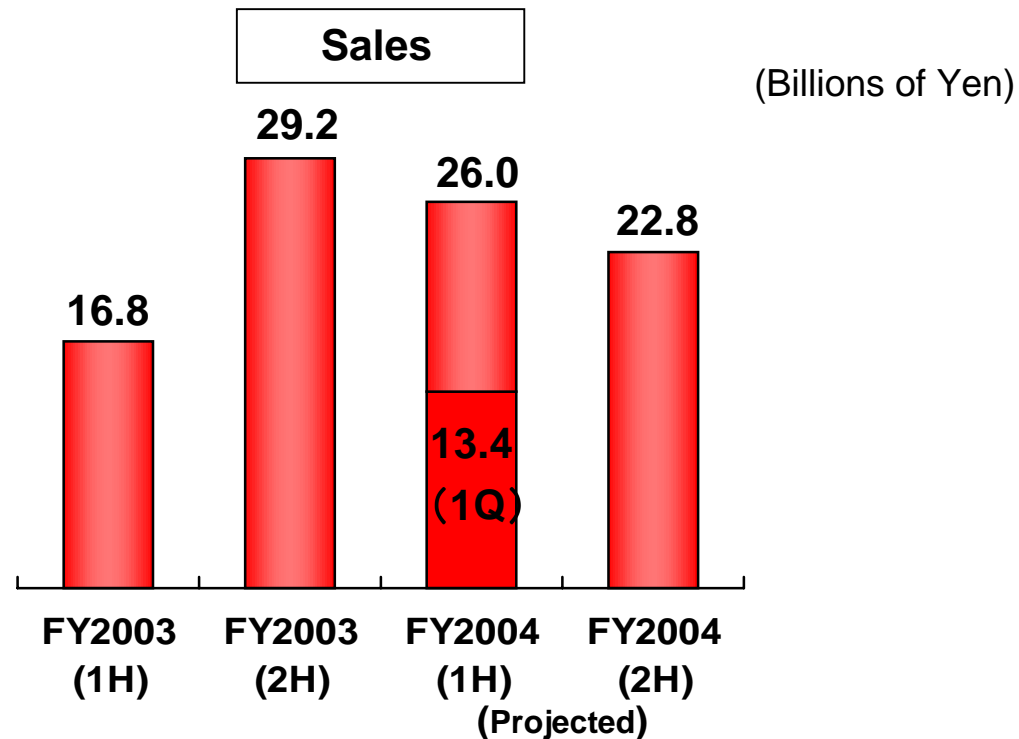
Semiconductors

■ First Quarter

- Inventory adjustments of Korean and Chinese mobile phone manufacturers restrained shipments of sound chips for mobile phones
- Inventory on hand increased

■ Priority Policies for the Second through Fourth Quarter

- Obtaining top position in business related to sound chips for mobile phones
 - Increasing sales in Asia following the round of inventory adjustments
 - Promoting greater sales in the expanding markets of Europe and North America
- Expanding semiconductor businesses other than sound chips for mobile phones
- Developing products in new business fields



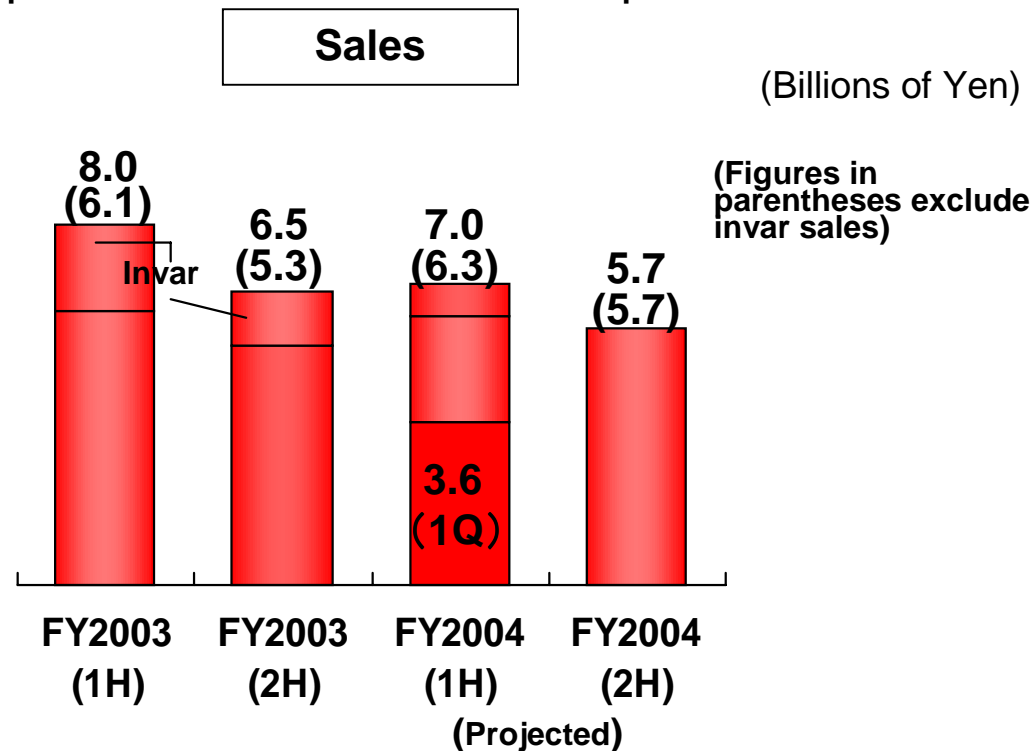
Electronic Metal Products

■ First Quarter

- Invar material production ended in July 2003
- Sales of copper lead-frame materials smooth owing to ongoing demand along with special moves to ensure procurement capabilities to counter the impact of SARS
- Sales of mobile phone materials in line with projections

■ Priority Policies for the Second through Fourth Quarter

- Expanding sales of copper lead-frame materials and strengthening capabilities for other types of processed metal products
- Considering alternative uses for plants idled due to end of invar material production



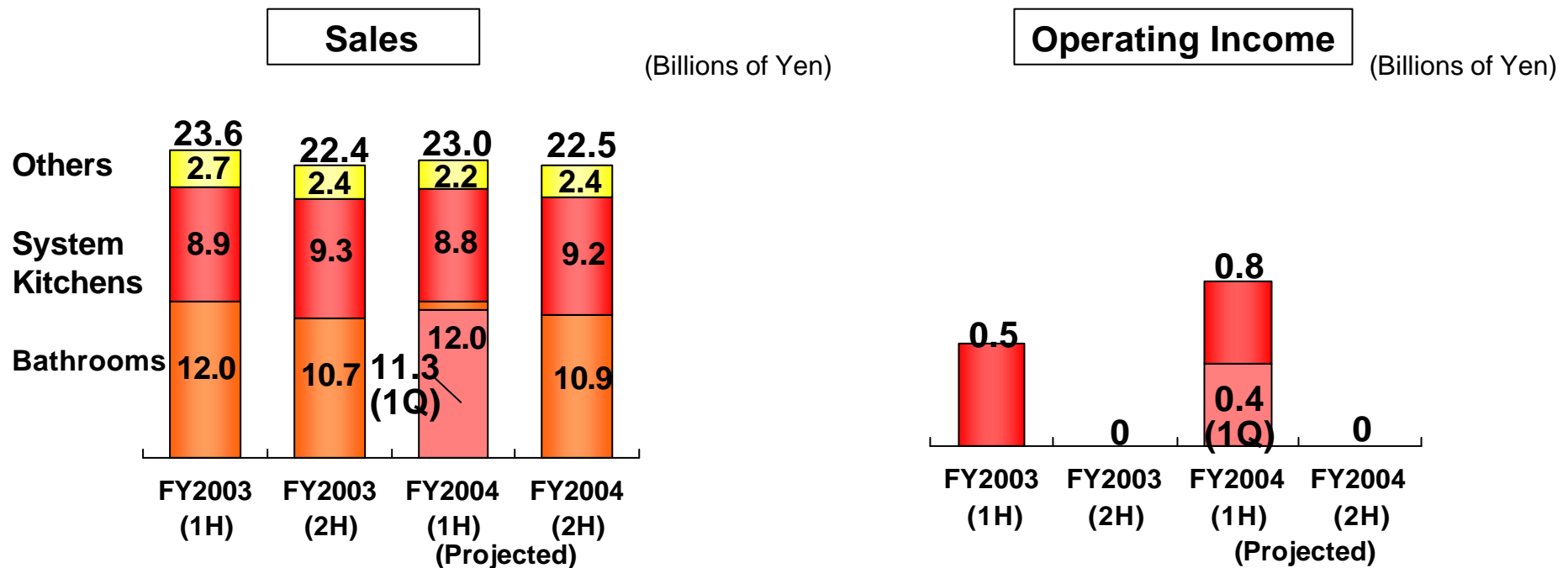
Lifestyle-Related Products

First Quarter

- Continued decline in new housing construction starts weakened sales
- Benefits from operational tie-up with Air Water Living Co., Ltd., still small but began growing

Priority Policies for the Second through Fourth Quarter

- Lowering the breakeven point by reducing fixed costs, particularly through measures involving the reduction of manufacturing costs
- Increasing benefits from operational tie-up with Air Water Living Co., Ltd., and strengthening product development capabilities
- Augmenting response to renovation-related market, which is projected to continue growing



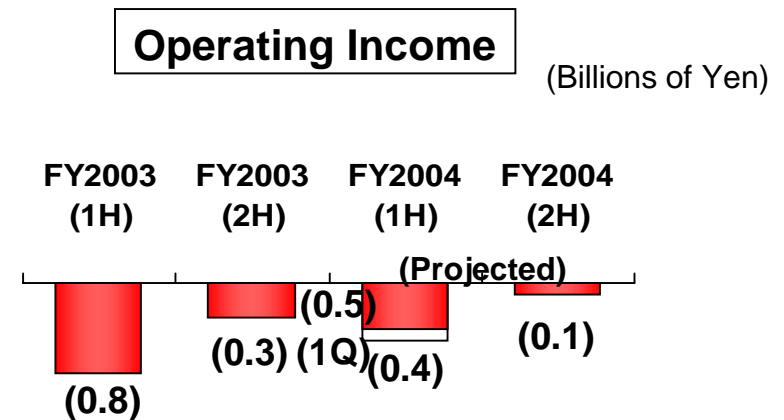
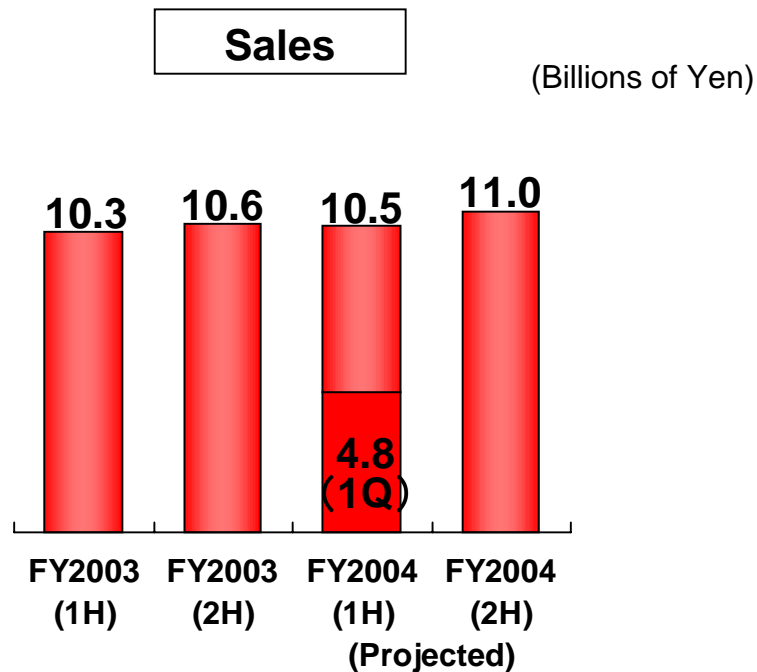
Recreation

■ First Quarter

- Marketing efforts bore fruit and number of customers increased at all but a few facilities
- Sunza Villa ceased operation at end of June, as scheduled

■ Priority Policies for the Second through Fourth Quarter

- Attracting 2 million customers annually
- Lowering the breakeven point by boosting operating efficiency and reducing fixed costs
- Continually monitoring the profitability of each individual facility



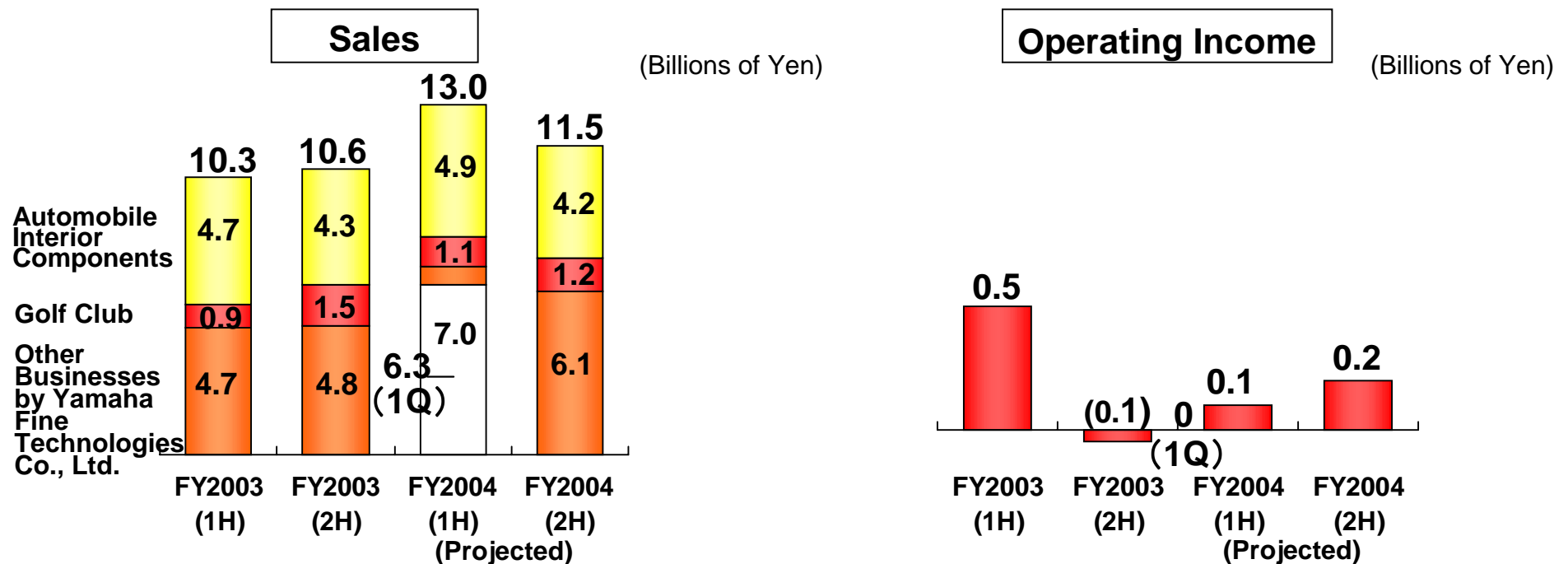
Others

■ First Quarter

- Continued full-capacity manufacture of magnesium mobile phone components
- Decrease in profitability of automobile interior components manufacturing business due to intensification of competition

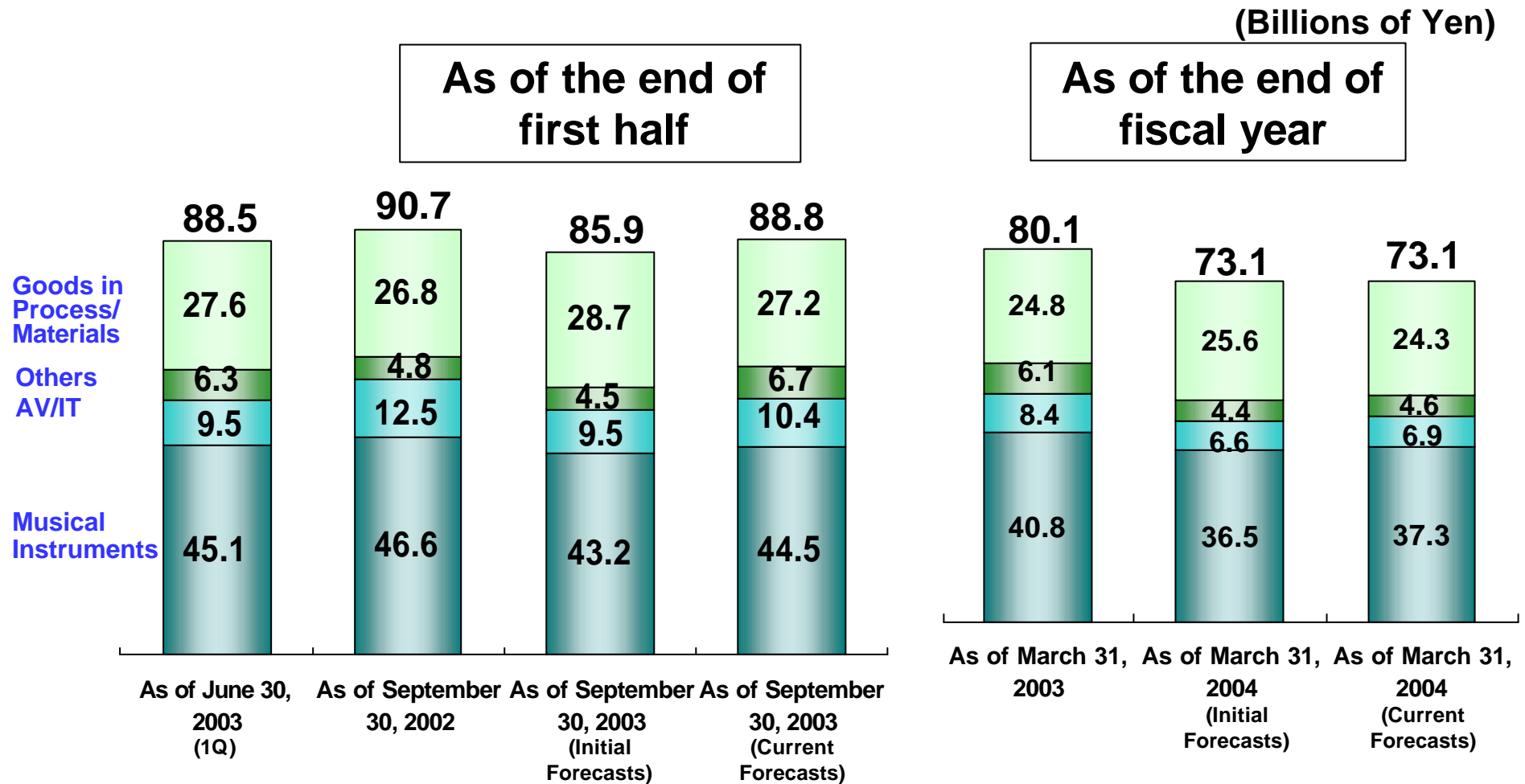
■ Priority Policies for the Second through Fourth Quarter

- Increasing the profitability of magnesium mobile phone component manufacturing business
- Reducing manufacturing costs and expanding the clientele for automobile interior components manufacturing business
- Establishing a business model designed to generate stable profit from golfing goods



Inventories

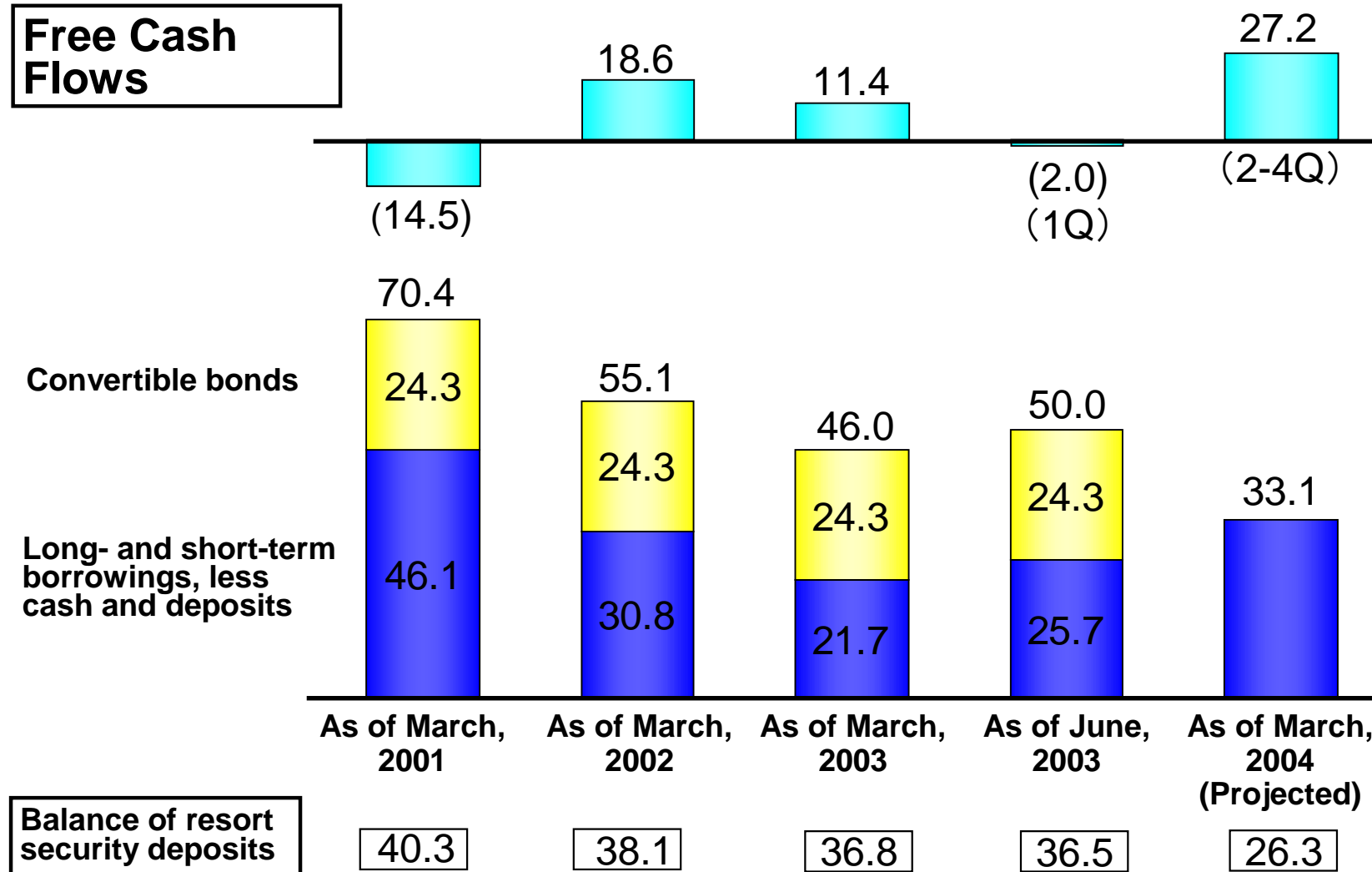
➤ In the first quarter, inventories grew to higher levels than initially projected.



Interest-Bearing Liabilities

➤ In the second through fourth quarter, the Company will return approximately ¥10 billion in resort security deposits as well as redeem an issue of convertible bonds.

(Billions of Yen)



Balance Sheet Summary

(Billions of Yen)

	As of September 30, 2002	As of March 31, 2003	As of June 30, 2003	As of September 30, 2003	As of March 31 2004
Cash and Bank Deposits	40.3	44.5	33.2	40.1	42.8
Accounts and Notes Receivable	81.4	79.1	81.9	89.8	77.5
Inventories	90.7	80.1	88.5	88.8	73.1
Other Current Assets	15.3	17.4	14.8	15.2	15.2
Fixed Assets	296.1	291.6	294.3	297.6	304.8
Total Assets	523.8	512.7	512.7	531.5	513.4
Accounts and Notes Payable	42.5	39.5	44.0	46.7	40.0
Short and Long Term Loans	85.5	66.1	58.9	63.7	75.9
Convertible Bonds	24.3	24.3	24.3	24.3	0.0
Other Liabilities*	165.5	168.3	155.4	160.5	154.1
Total Liabilities	206.0	214.5	230.1	236.3	243.4
Total Liabilities and Shareholders' Equity	523.8	512.7	512.7	531.5	513.4

*Other liabilities include minority interests in equity of subsidiaries

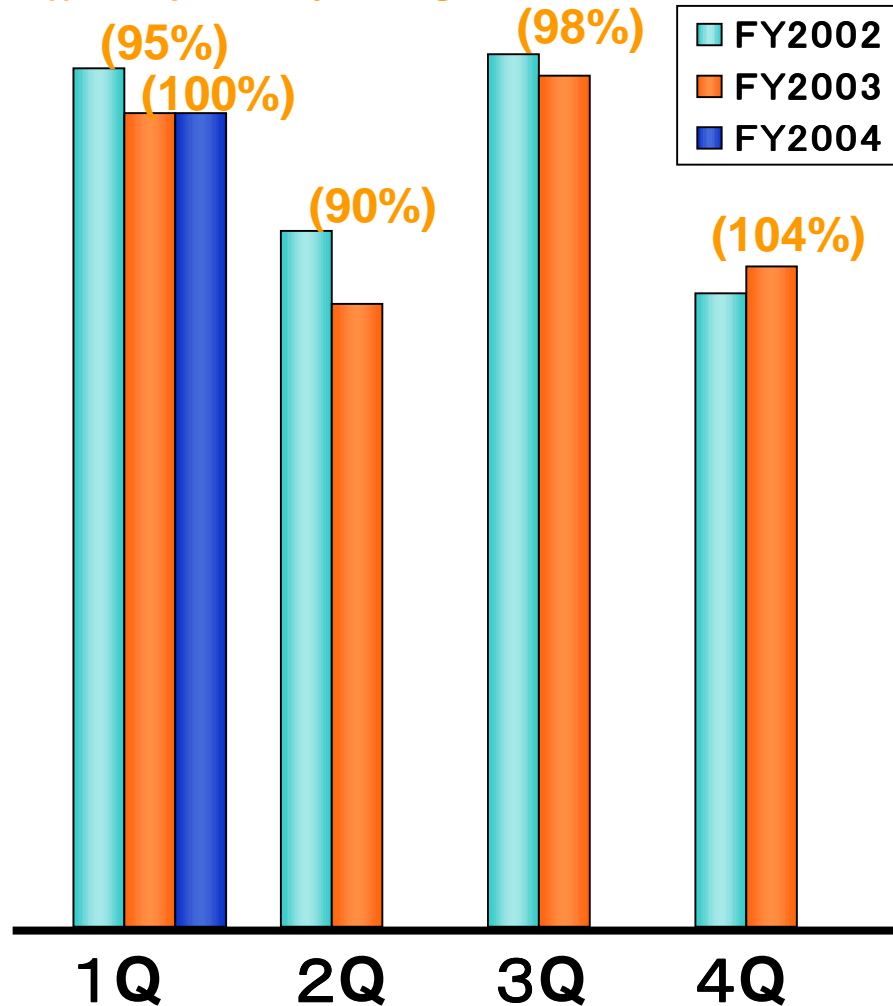
Appendix

Trends in the Domestic Piano Market

◆ Shipments of Pianos in Japan

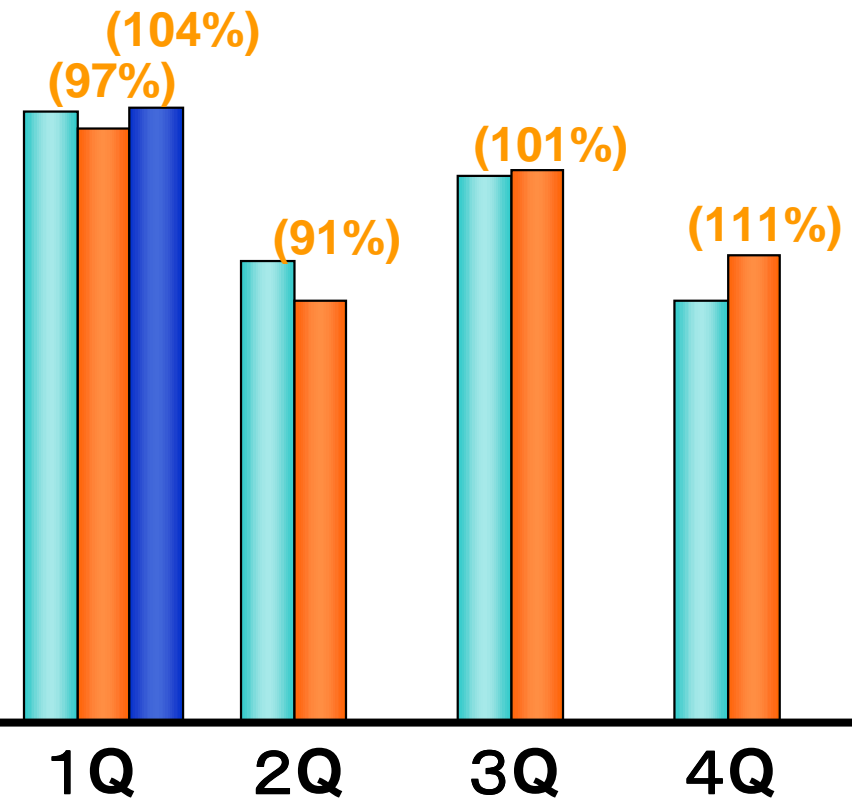
Source: *Musical Instrument Monthly*, Shizuoka Prefecture Musical Instrument Manufacturing Association

*()=% of previous years' figure



◆ Yamaha's Shipments of Pianos in Japan

Yamaha's market share increases due to the introduction of new products

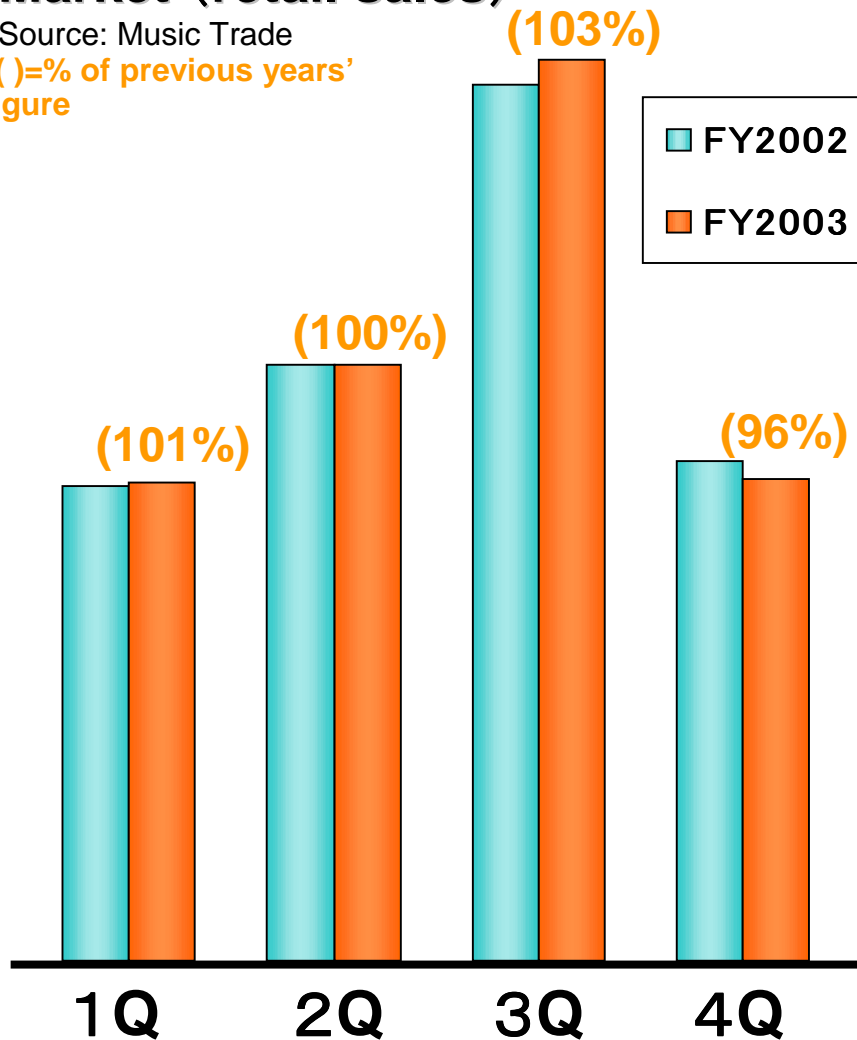


Trends in the U.S. Musical Instrument Market

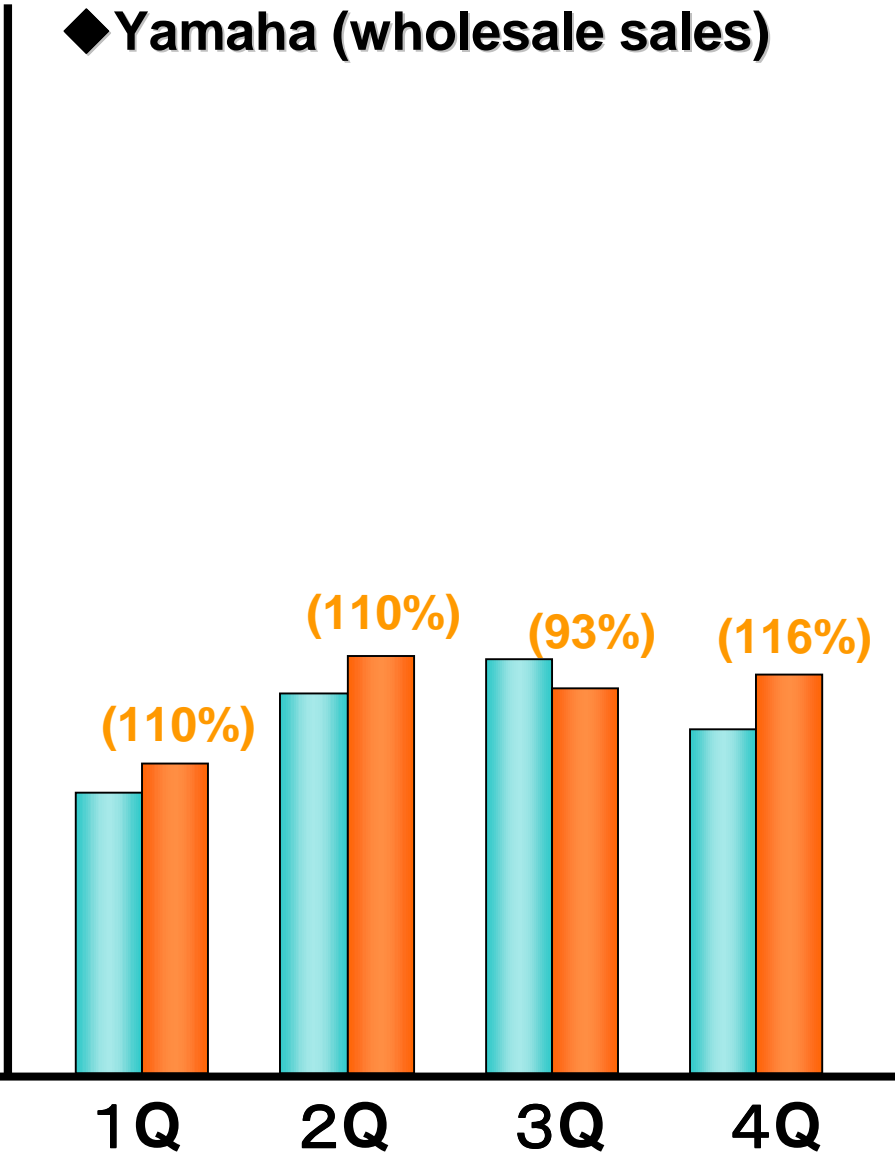
◆ Overall Musical Instrument Market (retail sales)

Source: Music Trade

* () = % of previous years' figure

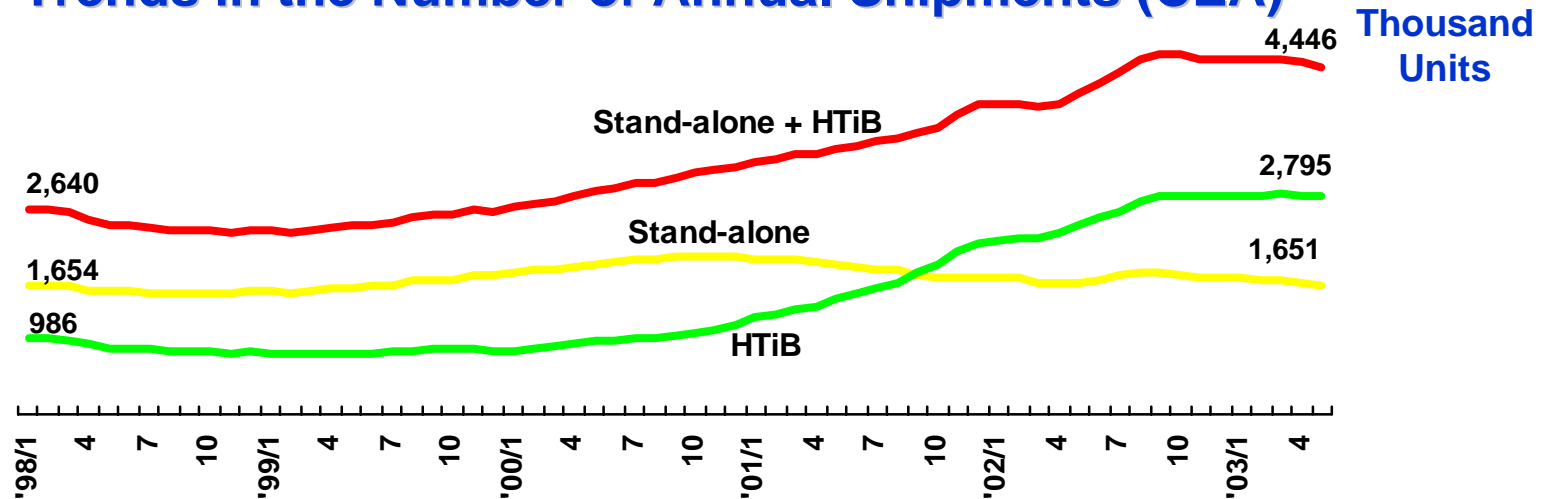


◆ Yamaha (wholesale sales)

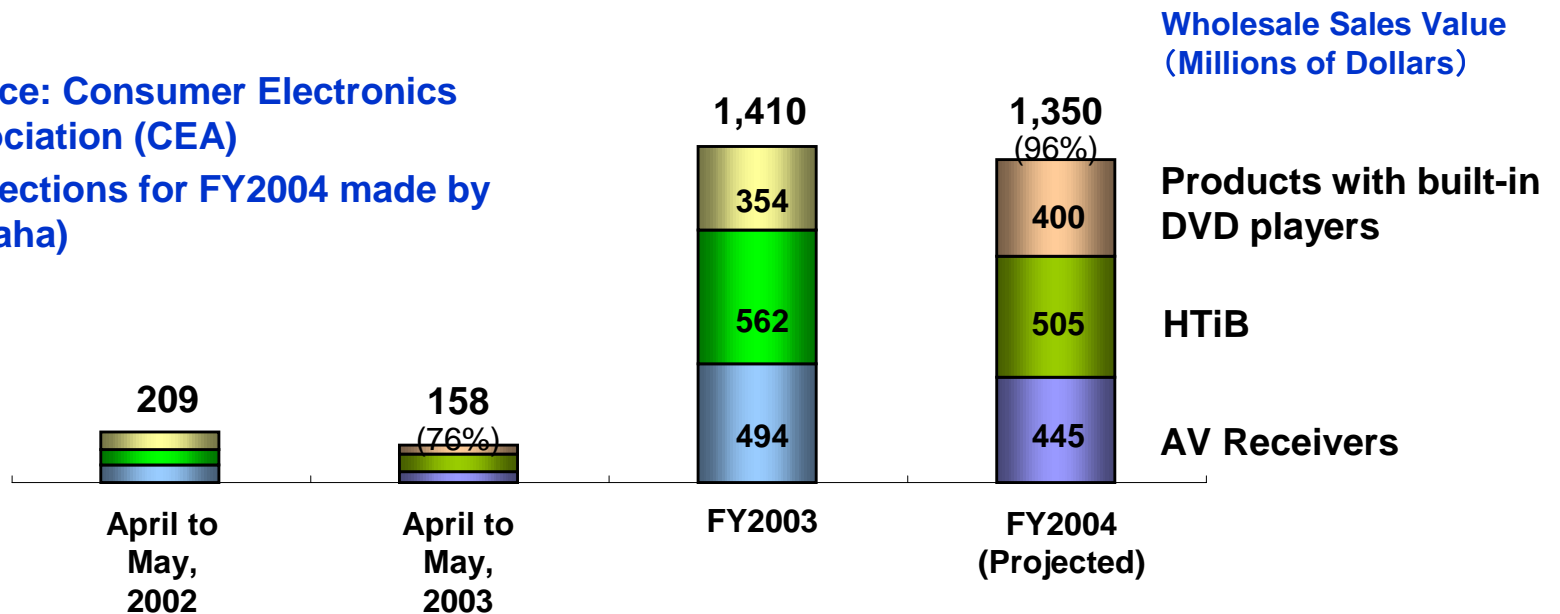


Home Theater Market Scale in the U.S.

Trends in the Number of Annual Shipments (CEA)

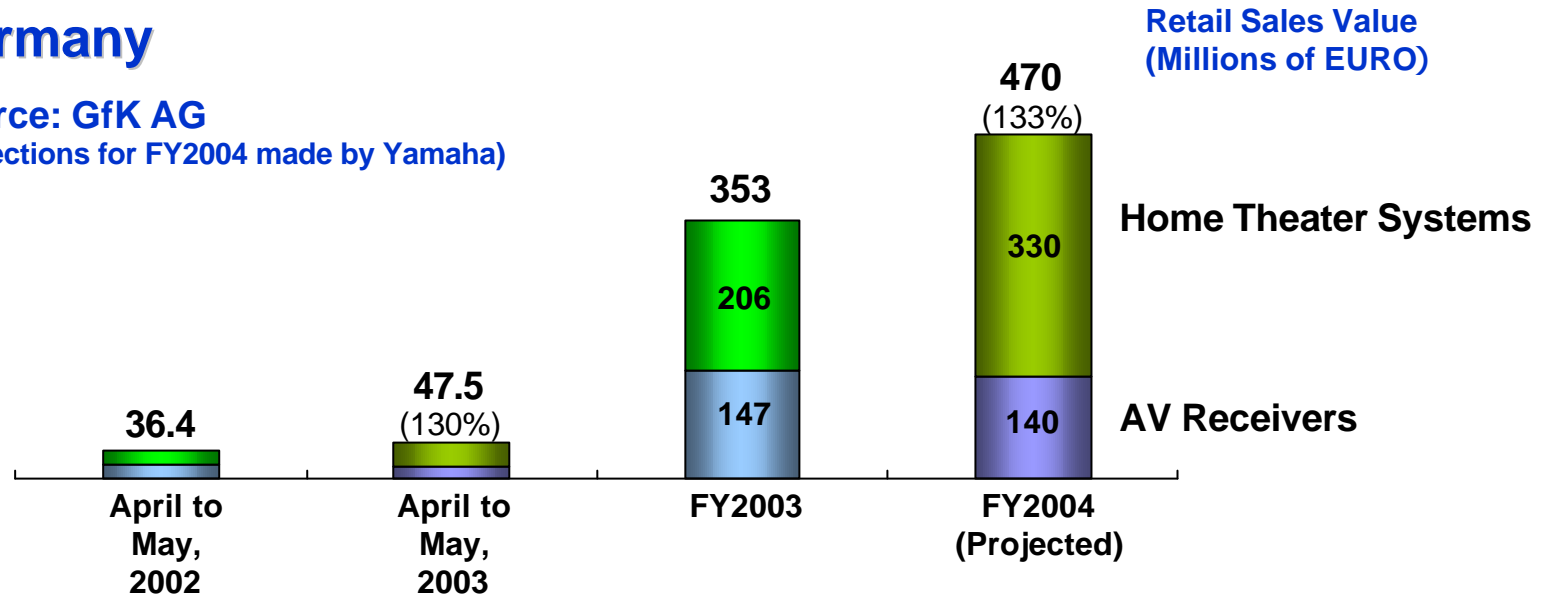


Source: Consumer Electronics Association (CEA)
 (Projections for FY2004 made by Yamaha)



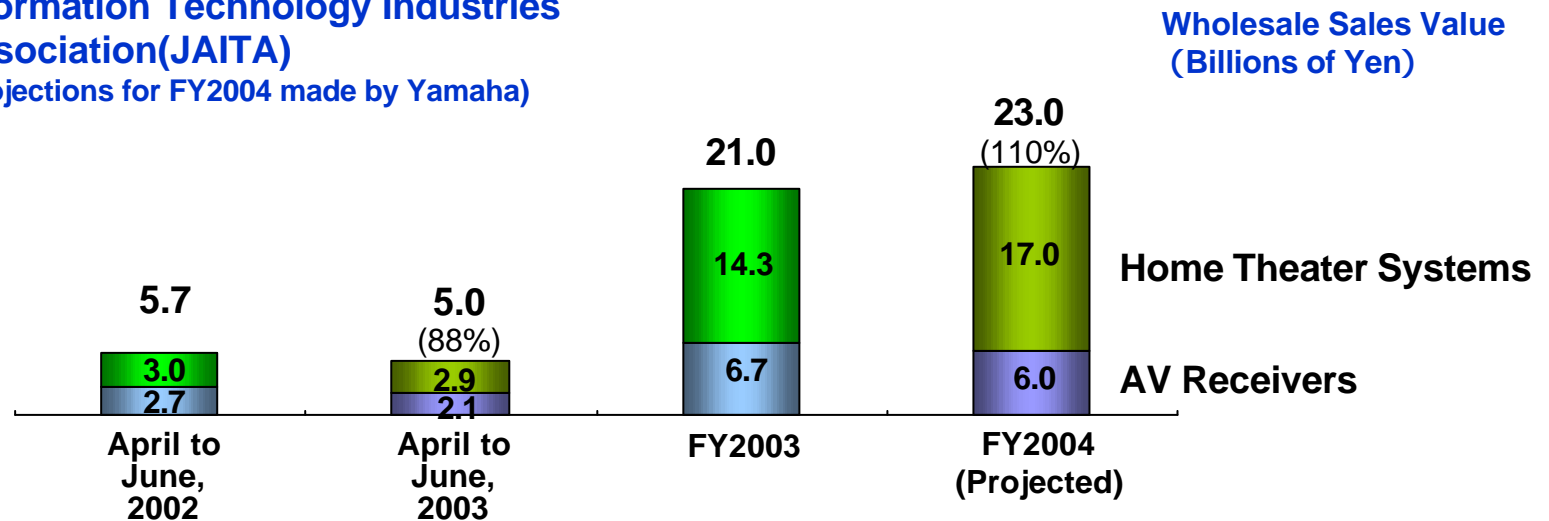
Germany

Source: GfK AG
 (Projections for FY2004 made by Yamaha)



Japan

Source: Japan Electronics and
 Information Technology Industries
 Association(JAITA)
 (Projections for FY2004 made by Yamaha)



Trends in the Global Market for Mobile Phones

Situation in 2002

- Sales begin rising again and annual sales exceed 400 million
- Models with camera functions stimulate replacement demand
- Korea-based Samsung rapidly increases its domestic and export sales
- Chinese market expands rapidly

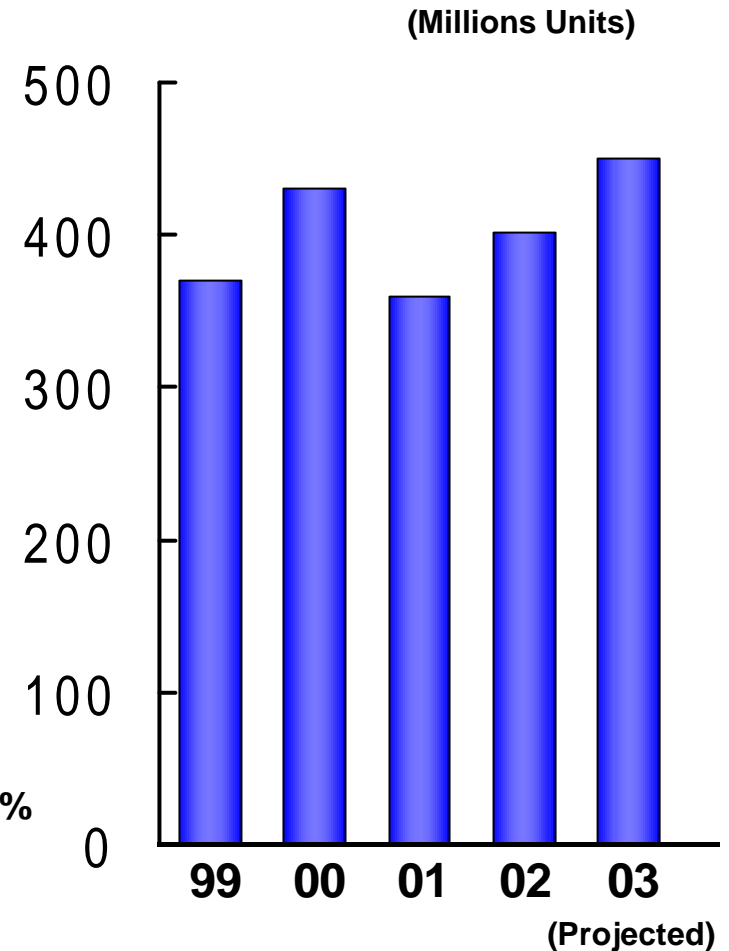
Number of units in use surpasses 200 million

Market shares of local manufacturers increase

- Share of mobile phones with polyphonic sound capability in Europe and North America trends upward along with the diffusion of models with color display screens and IP connection functions

Situation in 2003

- Mobile phone sales in January through March of 2003 up 18% compared with the same period in 2002
- Although impact of SARS and other factors restrain Asian orders for mobile phones during April to June, necessitating inventory adjustments, sales begin recovering from July



Source: Nikkei Market Access

Mobile Phone Sales Volume and Sound Chip Business Conditions

	Mobile Phones In Use (million units)	Annual Sales of Mobile Phones (million units)	Trends in Sound Chip Markets
Japan	70	40	<ul style="list-style-type: none"> • Mobile phone market saturated but introduction of camera functions stimulating strong replacement demand • Most mobile phones feature 32-note polyphony or greater, and progressive replacement with 64-note polyphony models during 2003
Korea	30	15	<ul style="list-style-type: none"> • Mobile phone market saturated • Samsung expanding its exports • Progressive replacement with 64-note polyphony models during 2003
China	200	100	<ul style="list-style-type: none"> • Local makers rapidly expanding and have won more than 50% of market • Rapid moves to shift from single tone to polyphony
Europe /US	500	200	<ul style="list-style-type: none"> • Mobile phones with additional functions progressively promoting replacement purchases • Start of shift to polyphonic functions

YAMAHA's Strengths in the Sound Chip Business

- **Recognition in the Japanese market of the benefits of YAMAHA's Synthetic music Mobile Application Format (SMAF) solutions proposals**
 - The provision of sound generation, data format (SMAF), authoring tools, and content in a single package has led major carriers and handset makers to adopt SMAF solutions.
- **High-value FM (Frequency Modulation) sound generator**
 - The quality of FM sound generators has been highly evaluated due to their wide variety of voices and high frequency wave in sound.
- **Success stories in Japan have been appreciated in Korea**
 - Use in export models of local handset makers is increasing likelihood of a worldwide surge in usage.
- **YAMAHA sound chips promoted in Taiwan and China in advance of other companies' products**
- **Current and future proposals for use in Europe and the United States**

Overview of the New MA-5 Sound Chip

- **Maximum number of polyphony notes: 64**

FM sound source: 32 notes + Wave Table Sound Source: 32 notes

- **Expanding variety of voices enabling response to future diversification of contents**

(Example: humanoid voices capable of pronouncing simple words

that meet the needs of game content)

- **Moves among existing customers to upgrade from the current MA-3 model (40-note polyphony sound chip)**

<History of Sound Chips>

MA1 (4-note polyphony)

launched September 1999

MA2 (16-note polyphony)

launched June 2000

MA3 (40-note polyphony)

launched December 2001

MA5 (64-note polyphony)

launched March 2003

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, 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.