

**Analyst and Investor Briefing on
the First Half of the Fiscal Year
Ending March 31, 2005
(April 1, 2004 to September 30, 2004)**

**November 2, 2004
YAMAHA CORPORATION**

Overview of Performance in the Interim Period YAMAHA

Results for 2Q

- Net sales and income were below the level for 2Q of the previous fiscal year and below the projections announced on August 2, 2004.
- Operating income was substantially below 2Q 2003, because of decrease of sales in semiconductors due to inventory adjustments among mobile phone makers and declines in sales of lifestyle-related and recreation businesses.

Results for the Interim Period

- Net sales rose 0.9% over the interim period of the previous year, but operating income declined 8.4%.
 - Musical instruments and AV/IT reported higher sales and income
 - Higher sales/lower income in the electronic equipment and metal products businesses
 - Lower sales and income in the life-style-related and recreation businesses
- Net loss of ¥6.1 billion was reported for the interim period because of the early recognition of losses on impaired assets.
- Inventories at the end of the interim period were up ¥2.9 billion year on year (versus the previously announced forecast for a ¥3.3 billion increase), mainly because of higher stocks in the musical instruments and AV businesses.
- Actual interest-bearing debt fell to ¥23.2 billion at the end of the interim period. (representing a decline of ¥23.5 billion year on year and ¥8.3 billion below the previously announced projection)

Performance in the Interim Period of FY2005



- Increase in net sales but decline in income compared with the same period of the previous fiscal year. Net sales and income below August 2 projections.

(Billions of Yen)

	FY2004 (1H)	FY2005 (1H)	Change from FY2004(1H)	FY2005 (1H) Projections	Change from Projections	2Q Results
Net Sales	266.3	268.6	+0.9%	273.5	(1.8)%	135.7
Operating Income Operating Income Ratio	26.4	24.2 8.9%	(8.4)%	25.5	(5.1)%	9.2
Recurring Profit Recurring Profit Ratio	29.7	28.3 10.6%	(4.9)%	28.0	+1.1%	11.1
Net Income Net Income Ratio	26.2	(6.1) (2.0)%	— %	(5.0)	— %	6.5

Equity Method

Income	5.2	5.6	4.2	2.8
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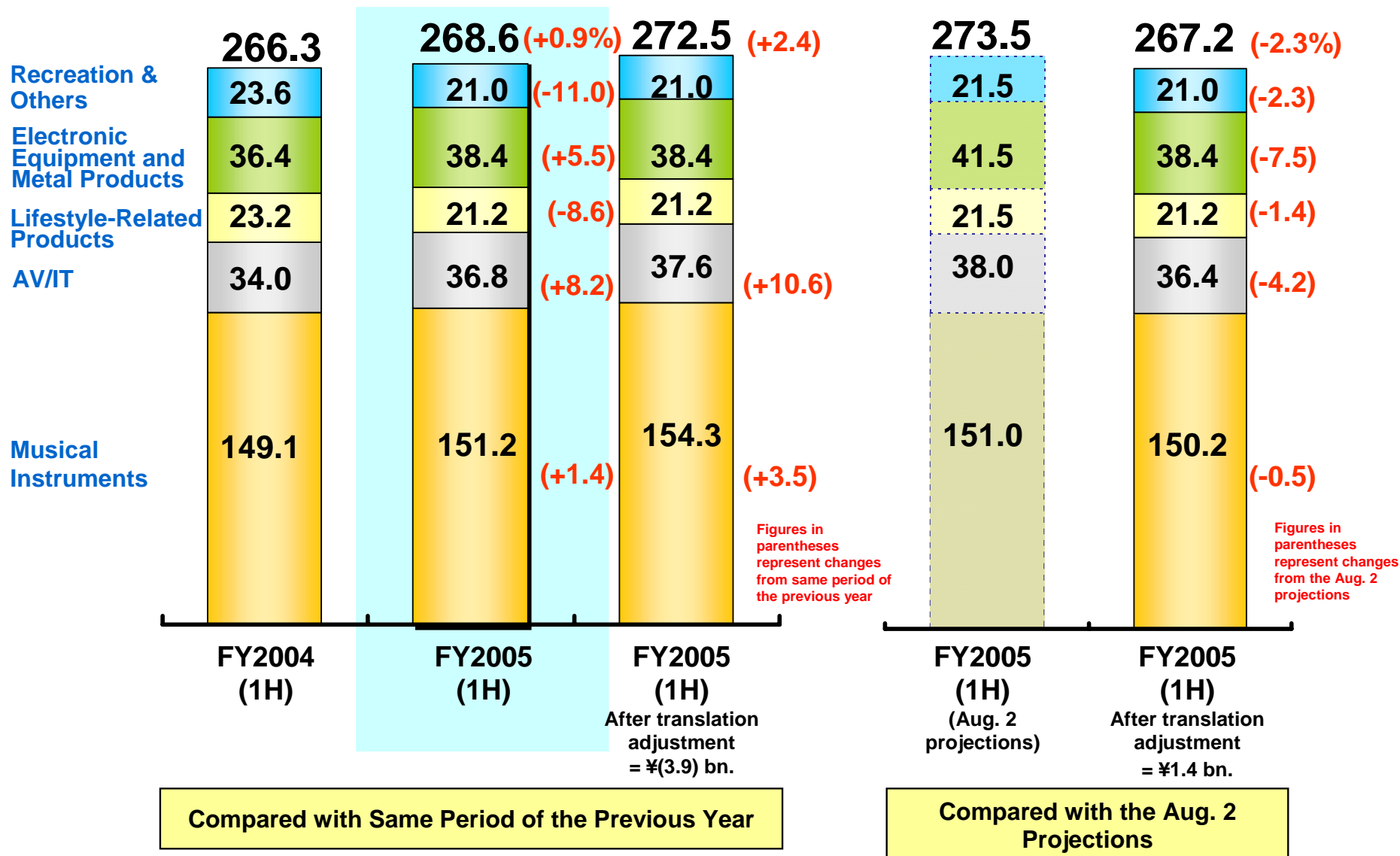
Currency Exchange Rate

Net Sales	US\$	118	110	110
	EUR	133	133	130
Operating Income	US\$	119	110	110
	EUR	128	132	130

Net Sales by Business Segment in the Interim Period of FY2005



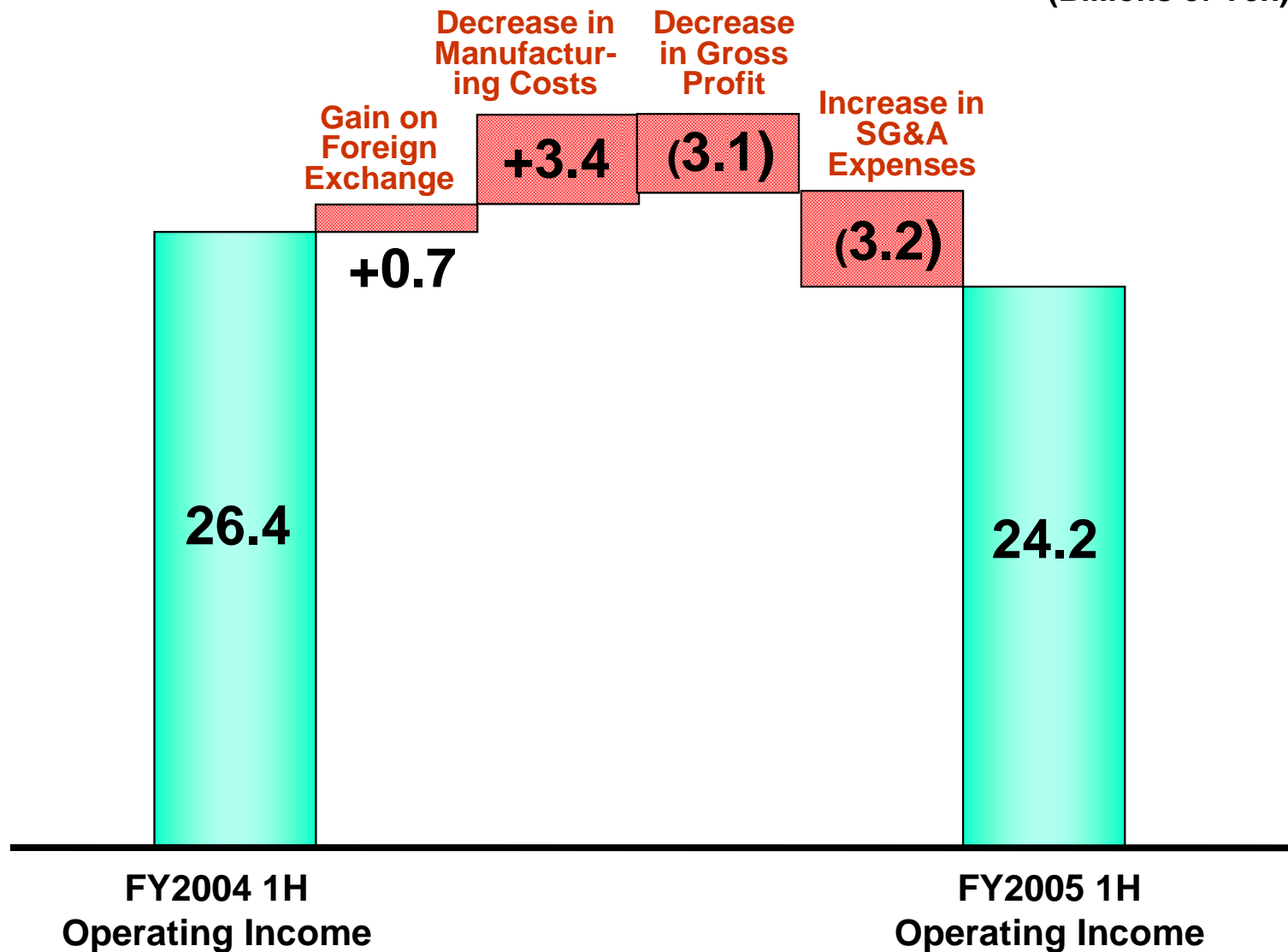
(Billions of Yen)



Breakdown of Operating Income in the Interim Period of FY2005



(Billions of Yen)



Operating Income/Loss by Business Segment in the Interim Period of FY2005



(Billions of Yen)

	FY2004 (1H)	FY2005 (1H)	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)	Aug. 2 Projections
Musical Instruments	9.7	9.9	+0.2	(0.3)	+ 0.5	11.0
AV/IT	1.4	2.4	+1.0	+1.0	0	2.5
Lifestyle-Related Products	1.1	(0.1)	(1.2)		(1.2)	0
Electronic Equipment and Metal Products	14.2	13.2	(1.0)		(1.0)	13.0
Recreation	(0.5)	(1.2)	(0.7)		(0.7)	(1.0)
Others	0.5	(0.1)	(0.6)		(0.6)	0
TOTAL	26.4	24.2	(2.2)	+0.7	(2.9)	25.5

Represents a decline of ¥1.3 billion compared with the projects issued August 2, 2004. In 2Q, changes in foreign currency rates made a positive contribution of ¥0.7 billion (¥0.5 billion for musical instruments and ¥0.2 billion for AV/IT.) Therefore on an actual basis, this represents a decline in operating income of ¥2.0 billion compared to projections.

Non-Operating Income/Extraordinary Income (Loss) in the Interim Period of FY2005



	FY2004 1H	FY2005 1H	FY2005 1H (Aug. 2 projections)
			(Billions of Yen)
Non-Operating Income			
Equity method income	5.2	5.6	4.2
Net financial income (loss)	(0.4)	0.1	0.1
Other	(1.5)	(1.6)	(1.8)
Total	+3.3	+4.1	+2.5
Extraordinary Income(Loss)			
Income from (loss on) disposal of fixed assets	(0.5)	(0.4)	(0.2)
Loss on impairment of fixed assets		(32.5)	(32.5)
Other	(0.5)	0.3	0.2
Total	(1.0)	(32.6)	(32.5)
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	2.2	1.4	0.1
Minority interests in consolidated subsidiaries	0.3	0.4	0.4
Total	2.5	1.8	0.5

Forecast for Business Performance in FY 2005 (Full Year)



(Billions of Yen)

	FY2004 Actual			FY2005 Projections			Change from Previous Fiscal Year
	1 H	2 H	Total	1 H	2 H	Total	
Net Sales	266.3	273.2	539.5	268.6	277.9	546.5	+1.3%
Operating Income Operating Income Ratio	26.4	18.7	45.1 (8.4%)	24.2	13.8	38.0 (7.0%)	(15.7)%
Recurring Profit Recurring Profit Ratio	29.7	21.3	51.0 (9.5%)	28.3	14.2	42.5 (7.8%)	(16.7)%
Net Income Net Income Ratio	26.2	17.3	43.5 (8.1%)	(6.1)	25.6	19.5 (3.6%)	(55.2)%
Equity Method Income	5.2	5.2	10.4	5.6	3.7	9.3	

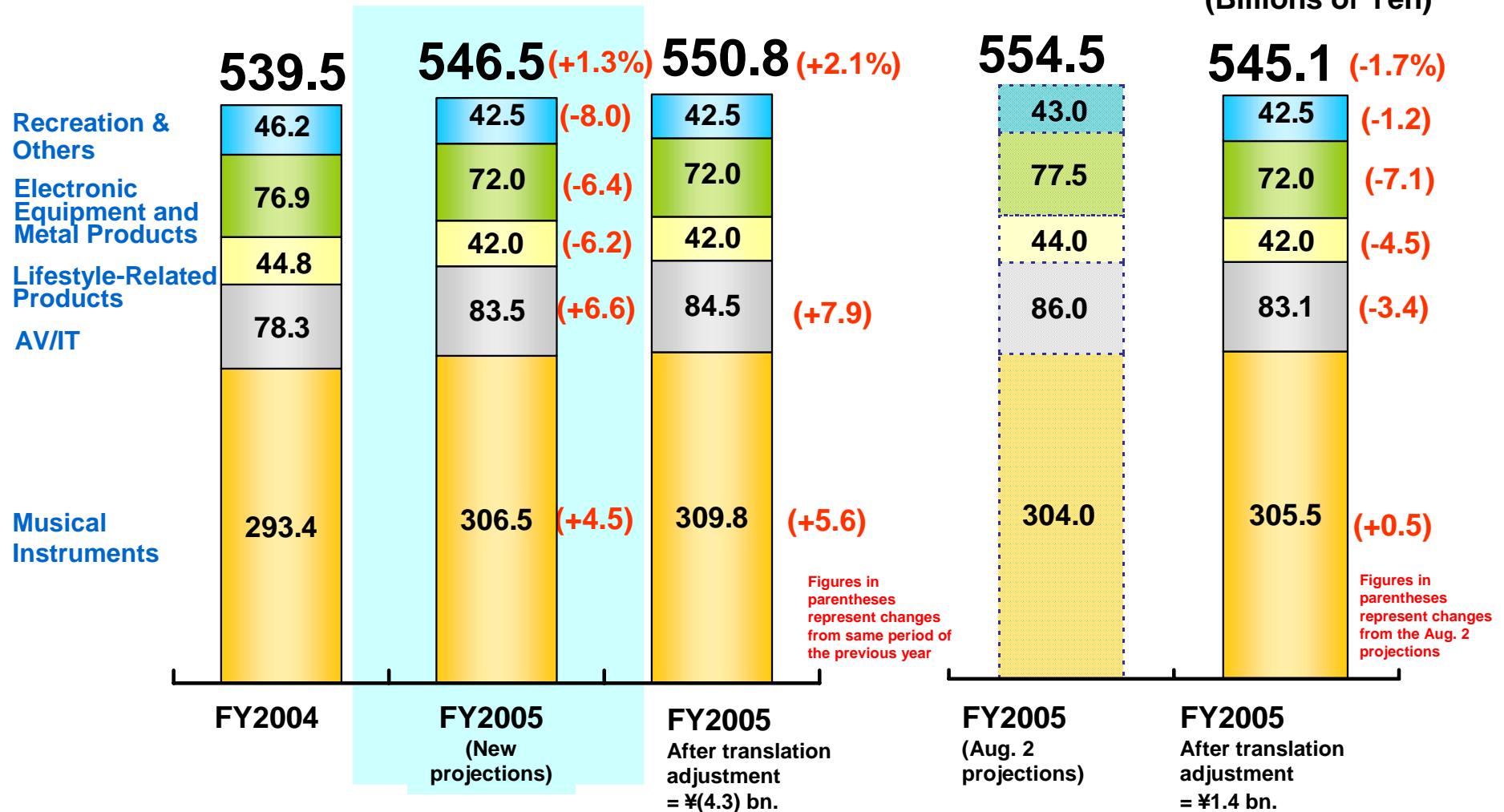
Currency Exchange Rate

Net Sales	US\$	118	108	113	110	110	110
	EUR	133	132	133	133	127	130
Operating Income	US\$	119	109	114	110	110	110
	EUR	128	130	129	132	127	129

Forecasts of Business Performance in FY2005 (Full Year)



(Billions of Yen)



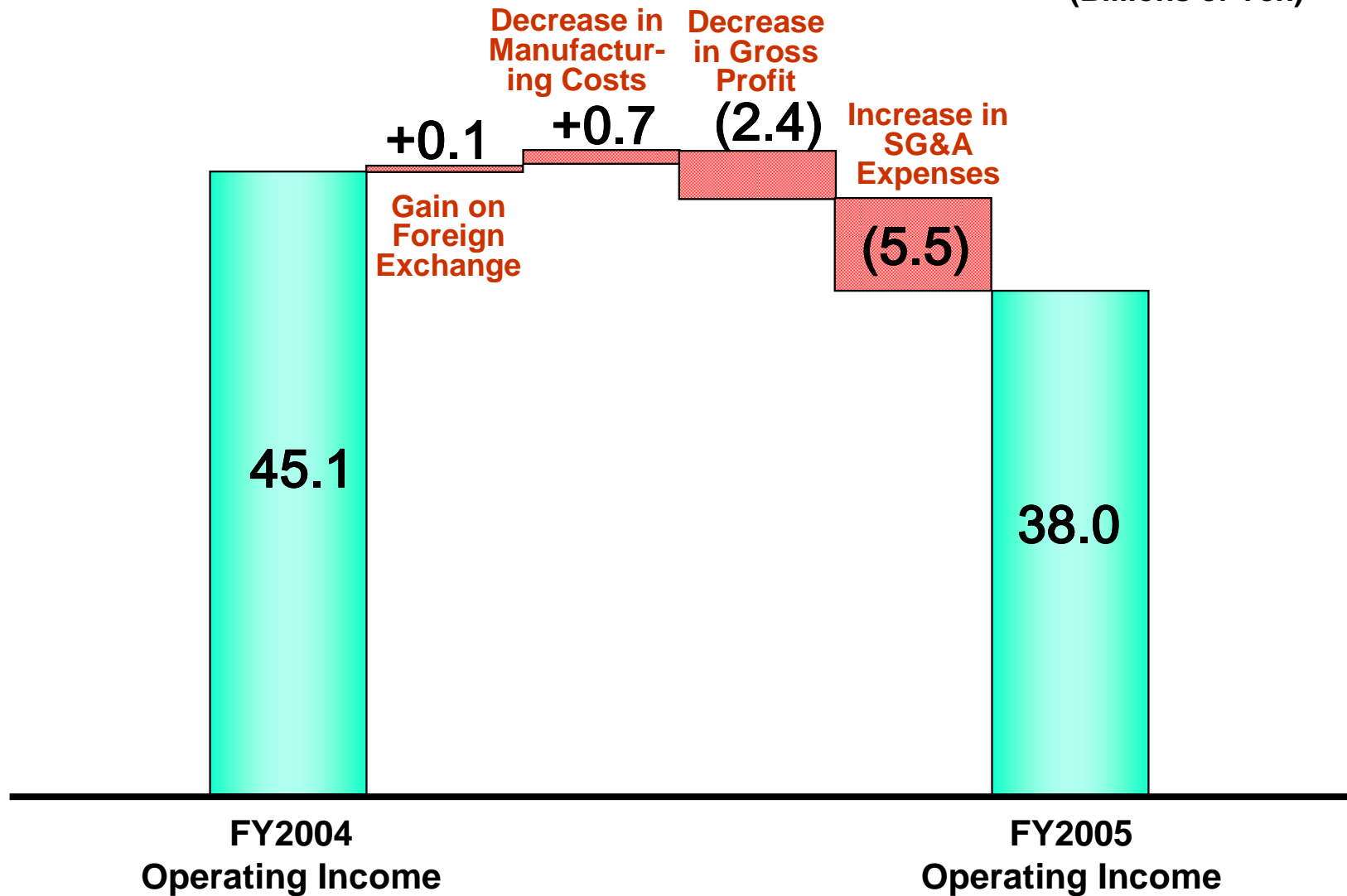
Compared with the Previous Fiscal Year

Compared with the Aug. 2 Projections

Breakdown of Operating Income in FY2005 (Full Year)



(Billions of Yen)



Operating Income/Loss by Business Segment in Fiscal 2005 (Full Year)



(Billions of Yen)

	FY2004	FY2005 (New projections)	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)	Aug. 2 Projections
Musical Instruments	10.5	15.5	+5.0	(0.6)	+5.6	15.5
AV/IT	4.4	4.5	+0.1	+0.7	(0.6)	4.5
Lifestyle-Related Products	1.5	(0.5)	(2.0)		(2.0)	0.1
Electronic Equipment and Metal Products	30.0	20.0	(10.0)		(10.0)	20.0
Recreation	(1.1)	(1.5)	(0.4)		(0.4)	(1.2)
Others	(0.2)	0	+0.2		+0.2	0.1
TOTAL	45.1	38.0	(7.1)	+0.1	(7.2)	39.0

Represents a decline of ¥1.0 billion compared with the projects issued August 2, 2004. Changes in foreign currency rates made a positive contribution of ¥0.7 billion (¥0.5 billion for musical instruments and ¥0.2 billion for AV/IT. Therefore on an actual basis, this represents a decline in operating income of ¥1.7 billion compared to projections.

Non-Operating Income /Extraordinary Income (Loss) in Fiscal 2005 (Full Year)



	FY2004	FY2005 (New projections)	FY2005 (Aug. 2 Projections)
(Billions of Yen)			
Non-Operating Income			
Equity method income	10.4	9.3	7.0
Net financial income (loss)	(1.0)	(0.5)	(0.4)
Other	(3.5)	(4.3)	(4.6)
Total	+5.9	+4.5	+2.0
<ul style="list-style-type: none"> •Gain on return of substitutional portion of pension plan 19.5 •Gain on disposal of assets etc. 5.2 •Loss on impaired assets (32.5) 			
Extraordinary Income(Loss)			
Income from (loss on) disposal of fixed assets	(2.3)	(0.8)	(0.7)
Other	(1.2)	(7.7)	(7.8)
Total	(3.5)	(8.5)	(8.5)
<ul style="list-style-type: none"> •Social insurance fees for previous years payable upon transition to comprehensive remuneration system (0.9) •Payment of European Commission fines (0.3) •Gain on return of substitutional portion of pension plan 19.7 •Gain on disposal of assets etc. 5.2 •Loss on impaired assets (32.5) 			
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	3.5	14.1	12.4
Minority interests in consolidated subsidiaries	0.5	0.4	0.6
Total	4.0	14.5	13.0

Musical Instruments

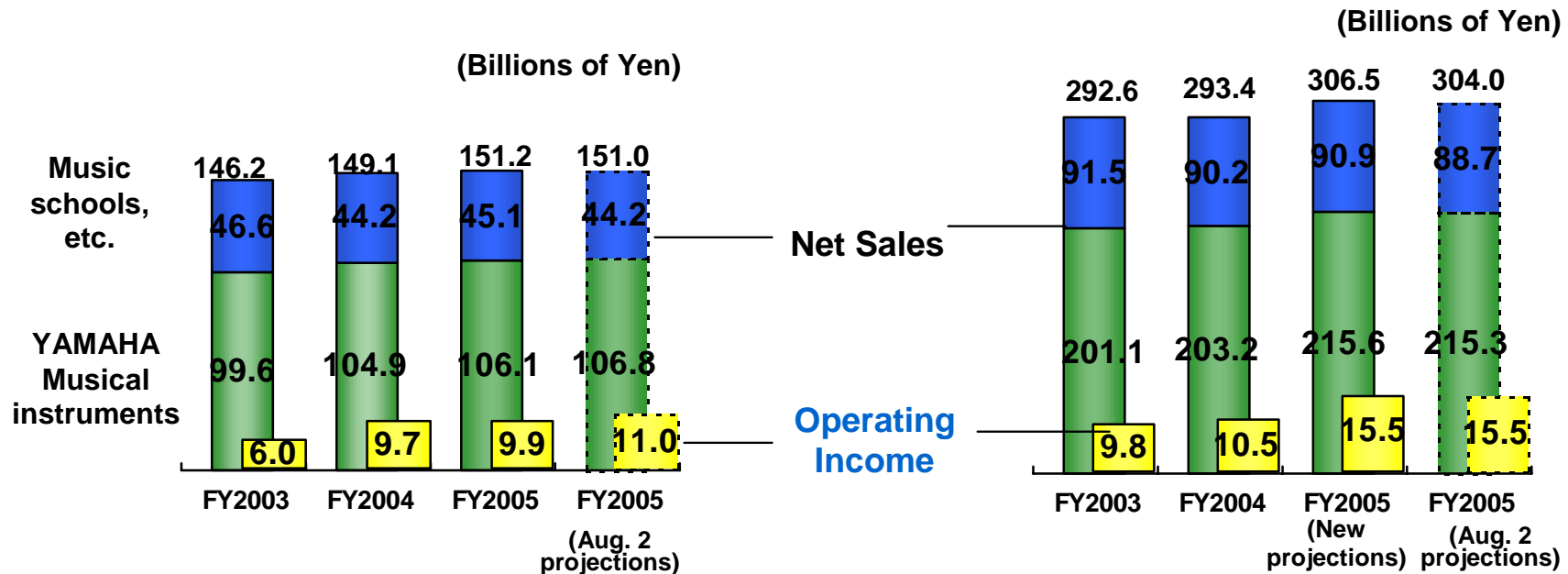


1H Overview

- Higher sales and income from the previous interim period
- Real sales increased 3.5% compared with 1H 2003.
 - ✓ Major increase in Electone™ sales (¥3.7 billion to ¥8.9 billion) because of the positive impact of STAGEA. Sales were above projections
 - ✓ Piano sales were weak in Japan and the United States.
 - ✓ By geographical area, sales expanded in Korea, the Middle East, and Japan.
- Operating income for the interim period was below projections because of the deduction of larger-than-expected unrealized income on inventories.
- Inventories at the end of the interim period were above the level for the same period of the previous year and above projections.

Propriety Policies for 2H

- Projections for net sales for the full fiscal year were adjusted upward, but projections for income were left unchanged.
- Assured introduction of new products and expectation of expanded sales
 - Disklavier Mark IV
 - New CVP Series, PM 5D
- Recovery of U.S. market and continued stable growth in the European market
- In Japan, continue pursuing strategies for music school business and take measures to promote Electone™ sales beyond the second year
- Establish foundation in the Chinese market
- Accelerate reformation of manufacturing system



New Products (1)



➤ Electone™ “STAGEA™”

Since the introduction in March 2004 through the end of September, 17,000 units have been shipped. Projections call for sales of 25,000 units for the full fiscal year ending March 2005.

Plans for the next fiscal year call for continued development of new customers, principally younger people. Marketing strategies will include expanding demand among students, principally for the standard model, as STAGEA is used more broadly for lessons and events, along with CMs and event promotions.
(Prices: Custom Model ¥1,080,000, Standard Model ¥690,000)



➤ Piano Disklavier Mark IV

Introduced on schedule in North America at the end of September. Inquiries from musical instrument stores rose to more than 1,500 units and initial sales performance has been good. Expect first-year sales to easily clear the target of 1,000 units.

Acclaimed for ease of playing because of new features, including an 80 gigabit hard disk and remote control with an LCD touch panel.

The manufacturer's suggested list price in North America is approximately \$42,000 for the C1 type and about \$57,000 for the C3 type.



New Products (2)



➤ Clavinova New CVP Series

Introduced in May in Europe and Australia, in August in North America, and in September in Japan. The first electronic piano that can connect directly to the Internet.

Initial sales performance has been good, with 13,500 units sold during the interim period, which was 10% above initial projections. Forecasts call for sales of 26,500 units during the full fiscal year, also 10% above initial projections.

Highly acclaimed in the market for its design and functions.

Prices of first units sold overseas were €3,700 in Europe and \$8,000 in North America.



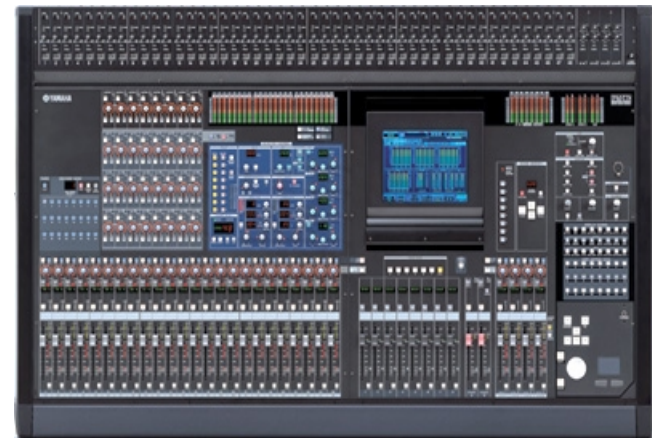
➤ Digital Mixer PM5D

Projections call for sales of 500 units during the year ending March 2005.

Principal users are concert tour companies, but deliveries for concert hall use are expected.

Has been selected along with PM1D for use at the Aichi International Exposition in 2005, and three units will be used by "globe concert tour."

(Actual sales prices; PM5D ¥7 million, PM5D-RH ¥10 million)



Growth in Music Schools for Adults and Recovery/Growth in Schools for Children



- Beachhead established with "Core 100" urban schools for adults



Projections call for setting up 65 sites by the end of March 2005 versus a medium-term goal of 100.

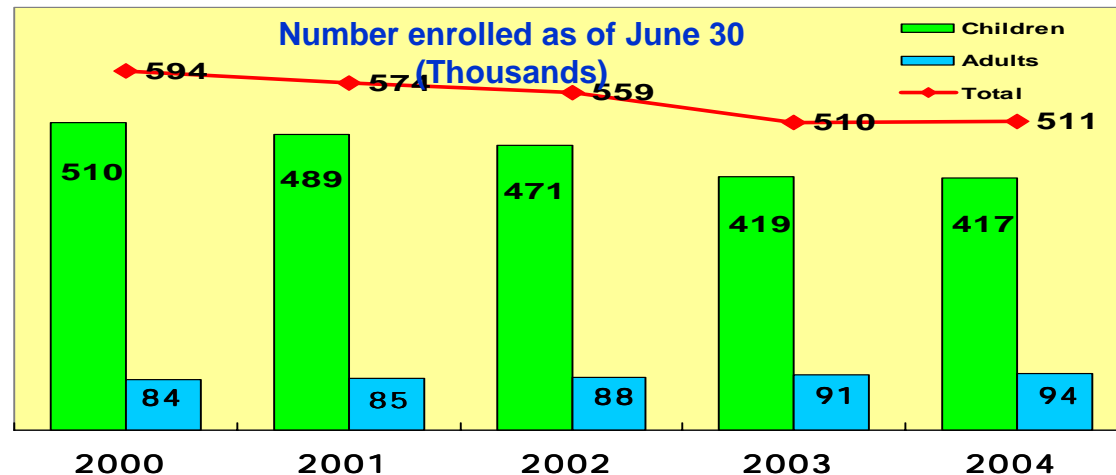
- Establishing a presence through "UniStyle" suburban-type concept schools



Projections call for setting up 35 sites by the end of March 2005 versus a medium-term goal of 200. Amenity of existing sites attracting more students than projected.

- Trends in students enrolled: "Number of adult enrollees expanding and the number of children enrolled bottoming out"

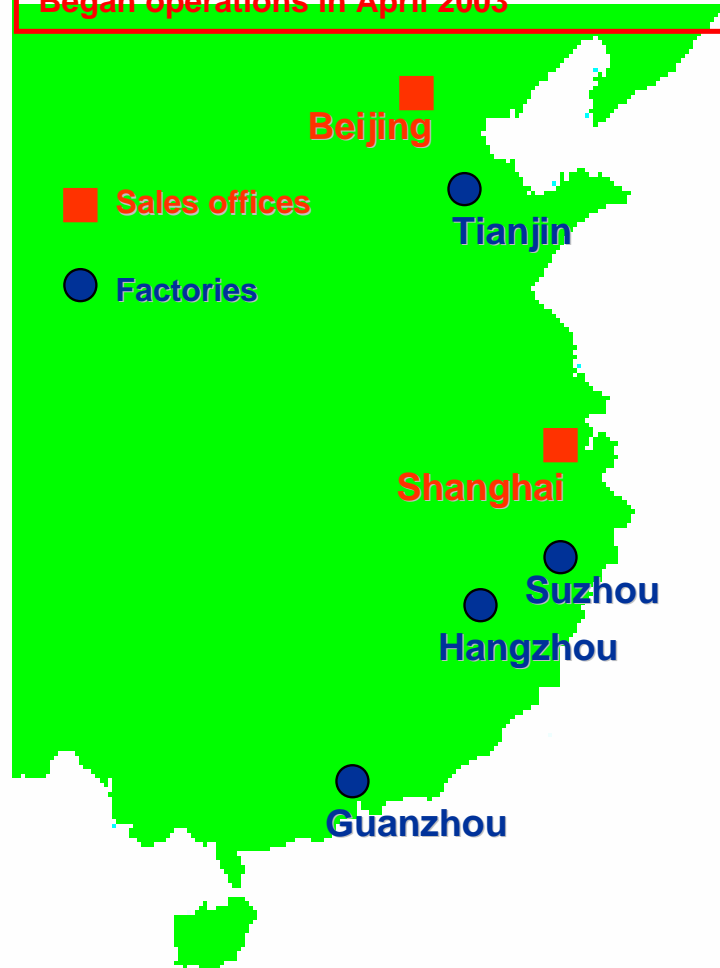
Note: The number of pupils enrolled in spring 2004 exceeded the level for the previous year for the first time in seven years (105%) and enrollment for fall 2004 is proceeding smoothly.



Strategies for the Chinese Market



**Yamaha Music & Electronics (China) Co., Ltd.
(YMEC)
(Regional headquarters company for China)
Began operations in April 2003**



- **Development and introduction of products into the Chinese market**
 - Sales of musical instruments produced at the Xiaoshan plant (flutes, alto saxophones, and trumpets) commenced in June 2006.
 - Hangzhou plant began production of upright pianos in October 2004.

- **Building the YAMAHA brand**

To create a top-quality brand, Yamaha is using "professional," "high-tech," and "reliability" as key words and is working to differentiate its brand from competitors through its approach to and services for professionals and improvement of its after sales service capabilities.

 - Comprehensive service center to be established in Shanghai (November 2004)
 - Preparations under way for opening Yamaha music schools

- **Expansion and improvement of distribution channels**

Moving ahead with the development of distribution channels through piano retails and mass retailers of portable keyboard

Reform Measures for Musical Instrument Manufacturing



■ Progress made through the end of the interim period

- Increase productivity and reduce costs through adoption of a cell production system at the Toyooka plant (for Electone™ and PA)
- Expansion of partner companies in wind instrument TPM activities

■ Themes for the second half of the fiscal year

New plants

- Successful start-up of piano and guitar production at the Hangzhou plant

Relocation of production activities

- Integration of wood parts processing operations (in Yamanashi Kogei Company) into the Kakegawa piano plant

Increase production/reduce costs

- Introduction/expansion of TPS activities into piano manufacturing centers (headquarters plant and Kagegawa plant)
- Integration of certain divisions (wind instrument instruction and string/percussion instruments) to achieve greater efficiencies (operating efficiency and centralization of overlapping functions)

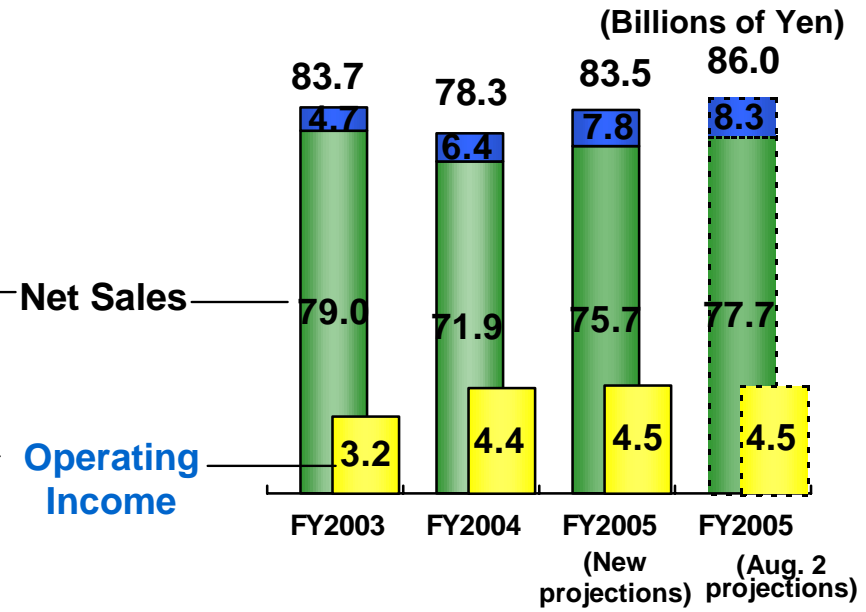
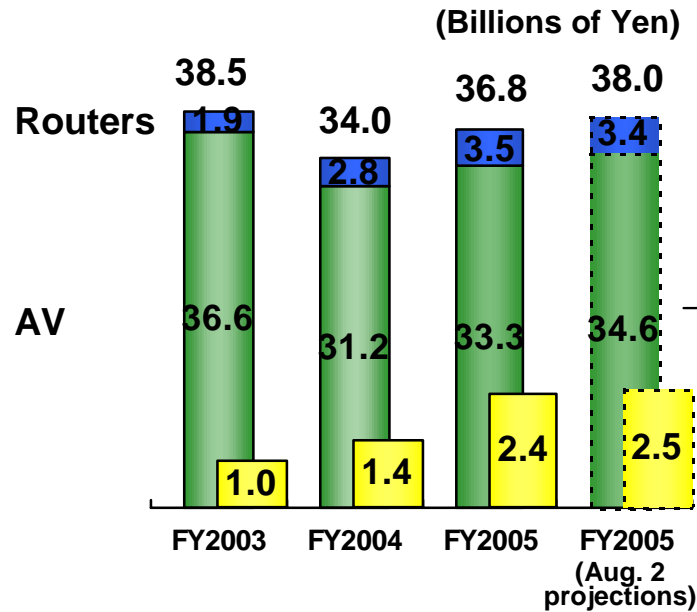
Looking forward, Yamaha will further review its manufacturing processes, shift production to optimal locations, and accelerate integration of various operational bases.

1H Overview

- Sales and income increased in comparison with the interim period of the previous fiscal year
- Actual sales of the AV business were up 10.6% year on year .
- Double digit growth from the previous year was reported in North America, centered around medium to high-end receivers and mass market price band HtiBs (Home theater in a Box).
- Sales of home theater products, online karaoke equipment, and commercial-use routers held firm.
- Operating income achieved a major advance over the interim period of the previous year because of the increase in sales, reductions in cost, and favorable exchange rate.
- Inventories at the end of the period exceeded those of the previous fiscal year and were above projections.

Propriety Policies for 2H

- Sales increased in comparison with the previous term. Outlook for sales for the full fiscal year, however, have been revised downward from the previous projections by ¥2.5 billion
- Growth in the home theater business will continue
- ✓ Introduce 24 new models to respond to changing market needs
- ✓ Begin new businesses through alliances
- ✓ Introduce new products that match large-screen, thin-profile TVs
- Yamaha will pursue growth strategies in the Chinese and other Asian markets
- Strengthen capabilities for providing solutions in the router business



Electronic Equipment and Metal Products

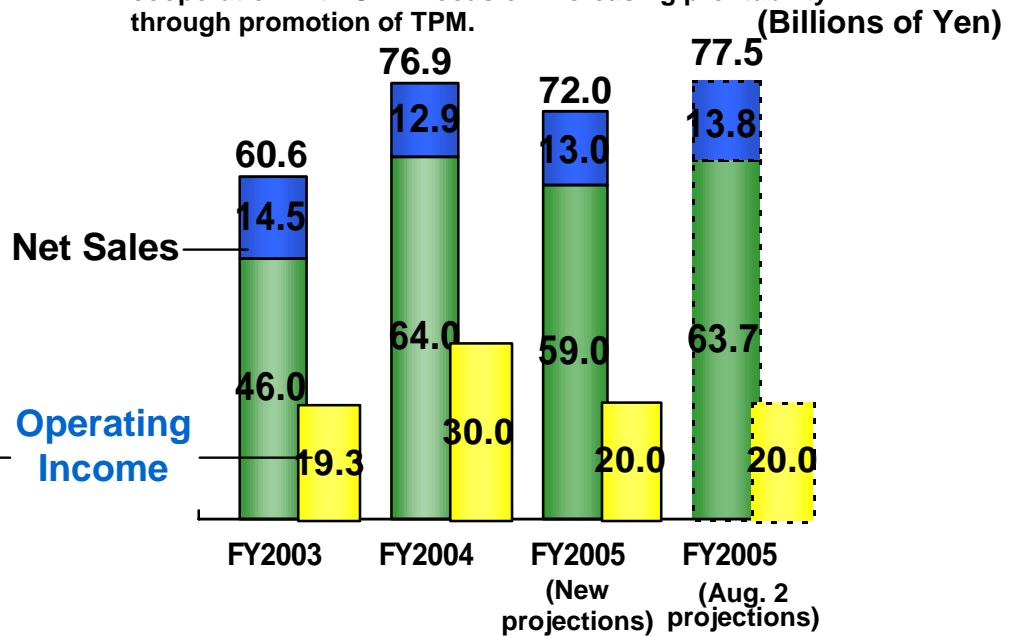
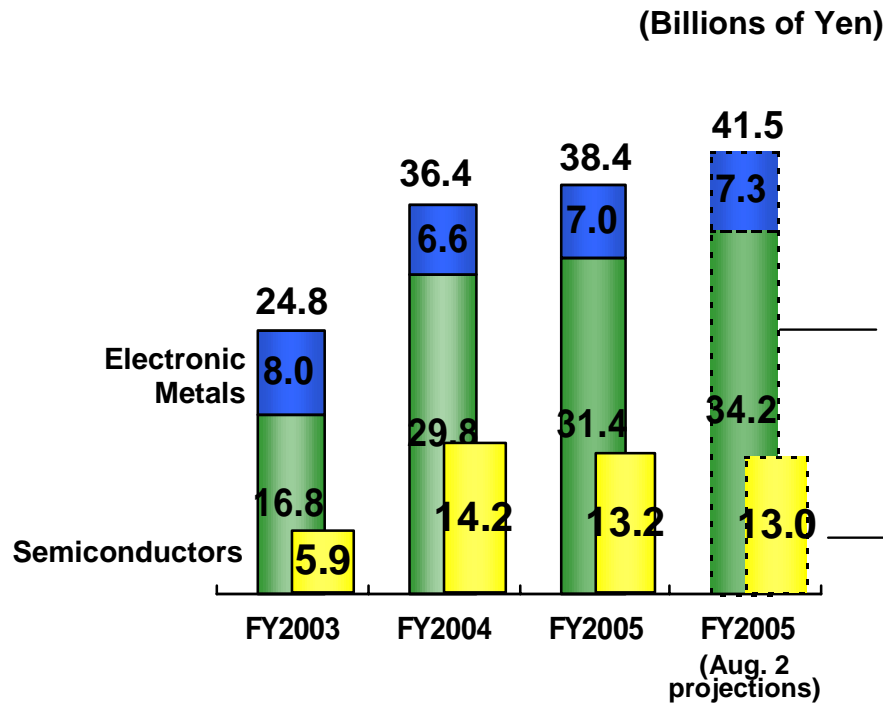


1H Overview

- Increase in sales but a decline in income compared with the interim period of the previous year.
- LSI sound chips for mobile phones will be below projections because of inventory adjustments of phone manufacturers in China and Korea.
- Electronic metal products will be below projections because copper lead frames, which had been strong, entered an adjustment phase in August and September.

Proprietary Policies for 2H

- Previous projections have been adjusted downward in view of expected market conditions.
- Expand sales of LSI sound chips for mobile phones through continued promotion of SMAF to broaden the market. Expect recovery of Chinese and Korean manufacturers as well as increased sales in the BRIC markets.
- Develop LSI sound chips for responding *Chaku-uta* (reproduction of brief portions of CDs using compressed music data) needs.
- Expand semiconductor-related businesses besides LSI sound chips mobile phone.
- Launch new products in the electronic metal product field in cooperation with Olin. Focus on increasing profitability through promotion of TPM.



Lifestyle-Related Products

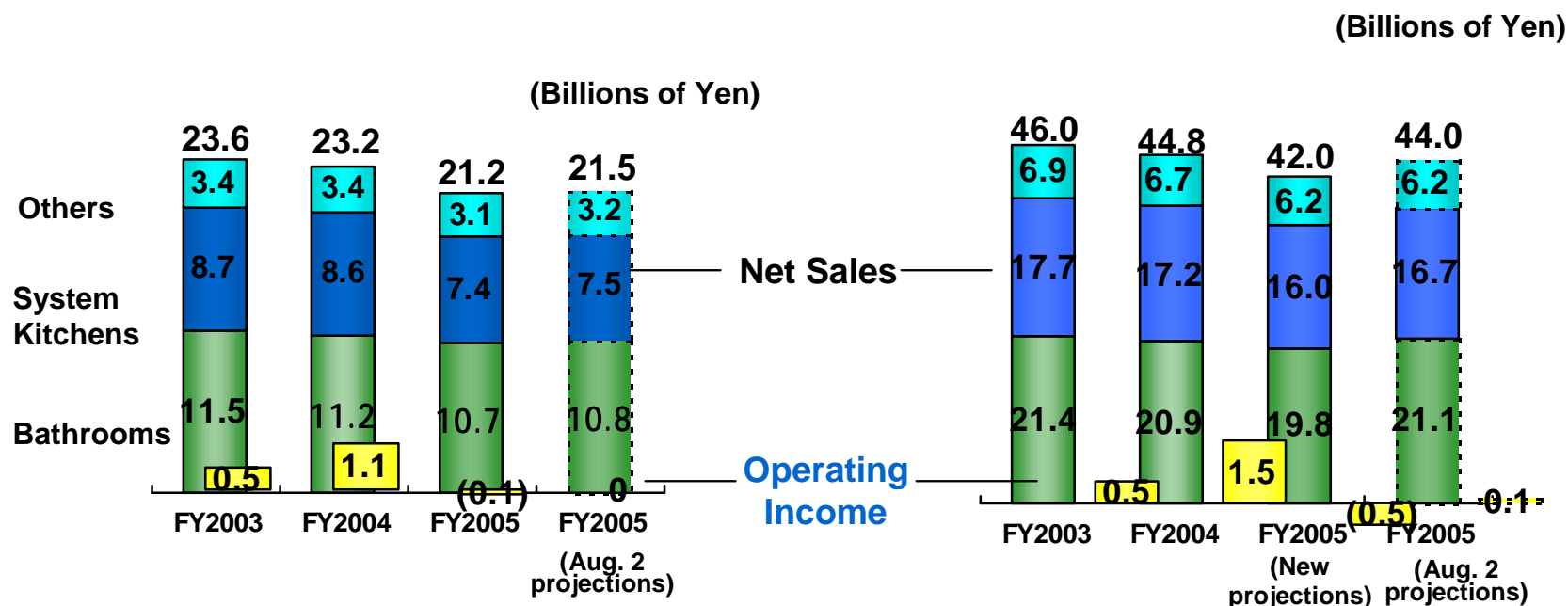


1H Overview

- Sales were down 8.6% year on year because of difficult conditions in the wholesale distribution channels, leading to a loss for the interim period.
- Sales of new products introduced in February in the mainstay bath unit business were below expectations. However, in August and later market share shows signs of recovering previous year levels.
- Market share in the kitchen product business, where new product introductions are scheduled for the latter half of the fiscal year, was down. New products were launched in June for existing products, but were not effective.

Propriety Policies for 2H

- Projections for sales for the full fiscal year have been revised downward by a further ¥2.0 billion, to ¥42.0 billion, and estimates of the loss increased.
- Plans call for strengthening the marketing message through showrooms, advertising, and other means, to increase sales of system kitchens.
- Will work to increase positive impact of alliance with AWE and product attractiveness to recover market share.
- Cut construction and distribution costs



Recreation

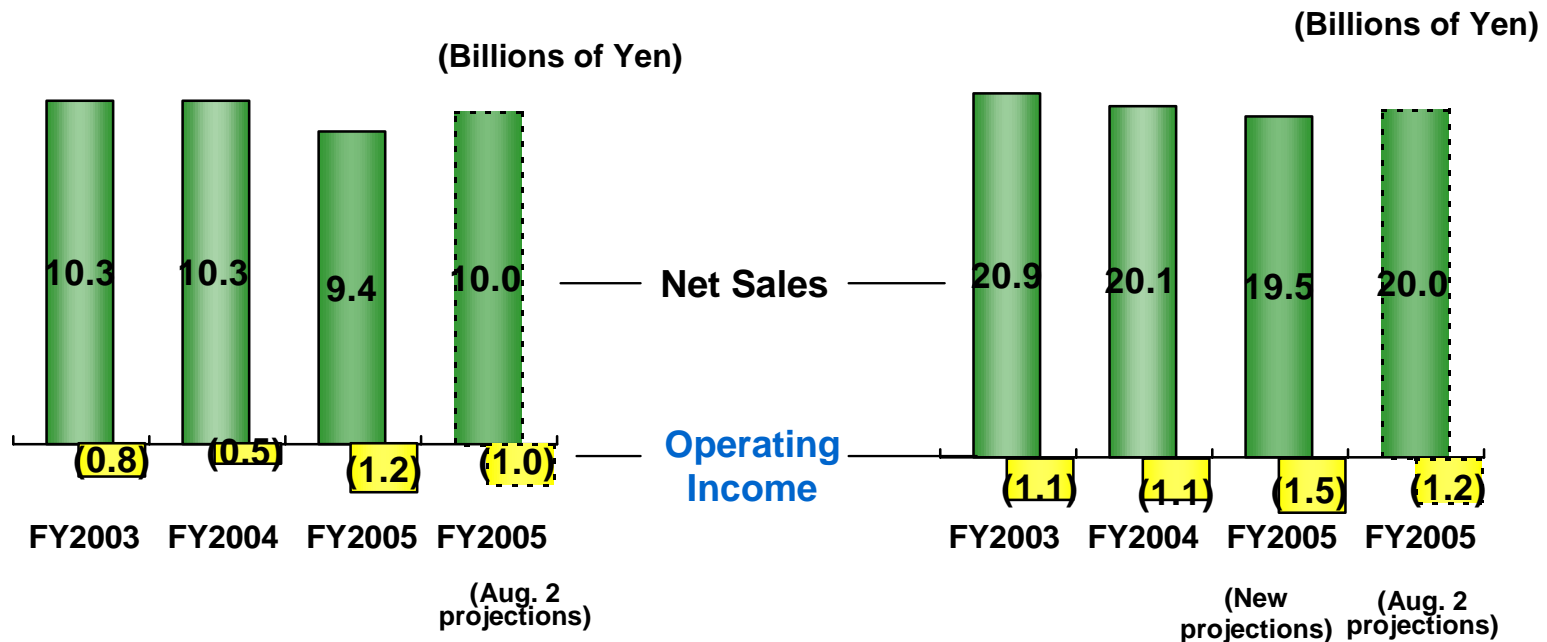


1H Overview

- “Kiroro” experiences tough operating conditions as the Hokkaido economy was generally weak. Other facilities were hit by the series of typhoons in 2004, and sales were below the previous year and under previous projections.
- As a result of declining sales, losses in the first half increased.
- Closure of “Sunza Villa” and “Kiroro” golf course resulted in a decline in sales of about ¥300 million compared to the interim period of the previous year.

Propriety Policies for 2H

- Sales and income projections have been reduced from previously announced targets.
- Will continue efforts to improve income through measures to attract more customers and substantially increase operating efficiency.
- Implement policies to reach the target for drawing customers to “Kiroro” during the ski season and to raise performance at “Ise-Shima” (Toba and Nemu), coinciding with the opening of the Chubu International Airport and the Aichi International Exposition.



Others

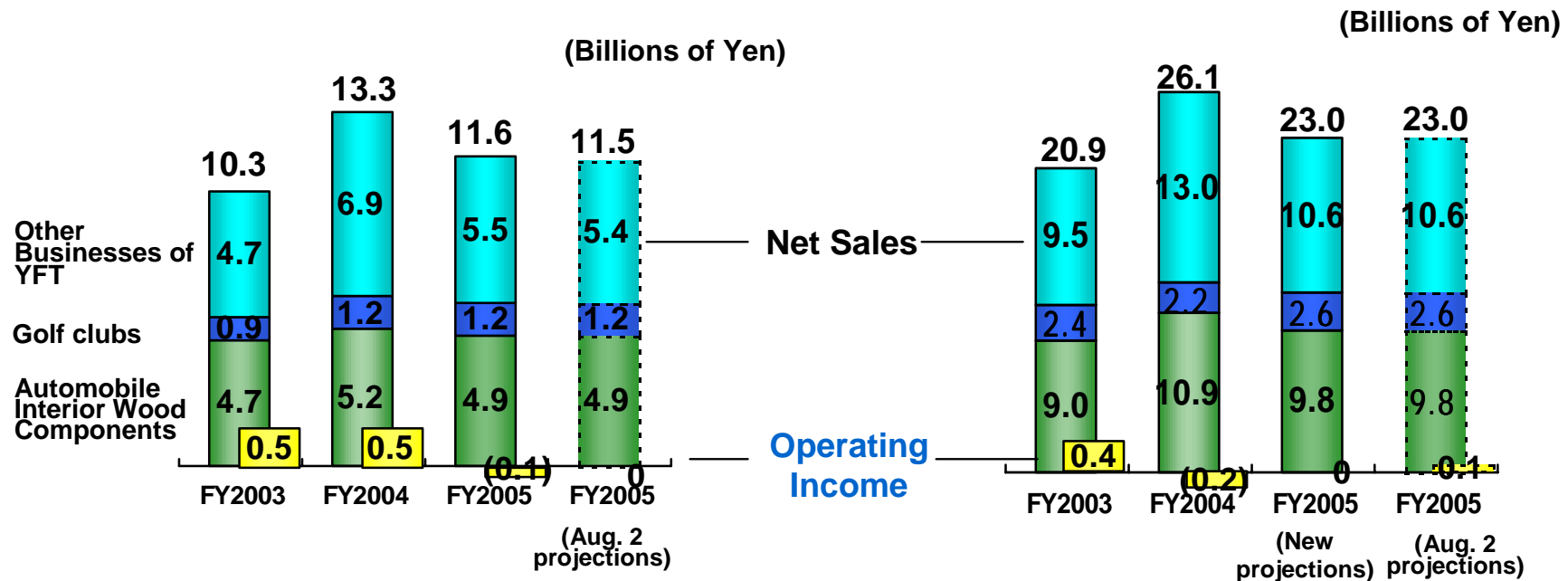


1H Overview

- For this segment as a whole, sales and income will be below the levels of the interim period of the previous fiscal year.
- FA business activities reported a strong performance. However, sales of magnesium components for mobile phones were down sharply because of lower demand. The metallic molds and components business as a whole reported a loss.
- Sales of interior parts for automobiles were down year on year. Sales of golf products remain at previous year levels.

Propriety Policies for 2H

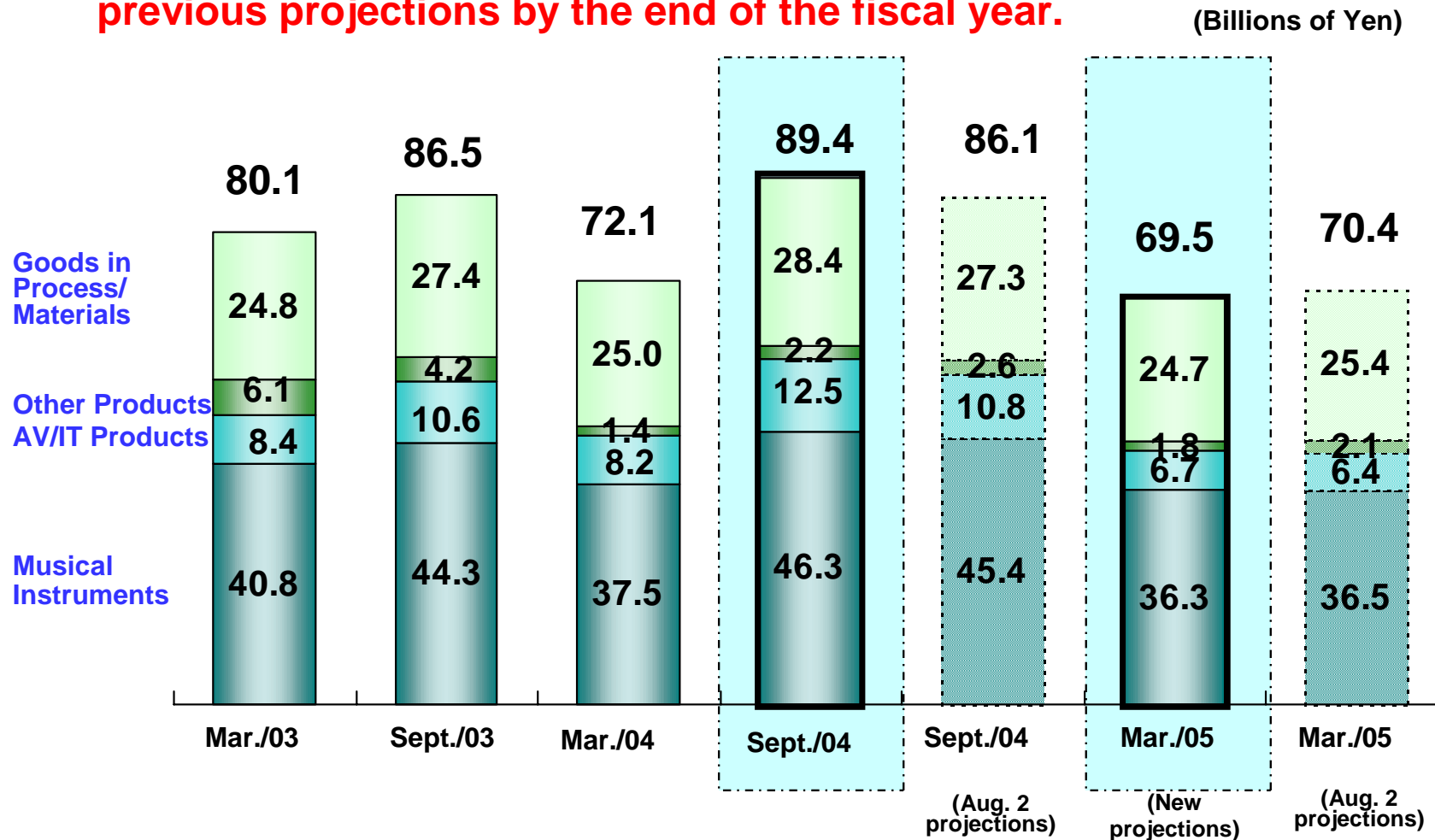
- Reduce the breakeven point in the magnesium mobile phone component business
- Lower manufacturing costs in the automobile interior wood component business through adoption of new production methods
- Implement smooth introductions of gold products.



Inventories



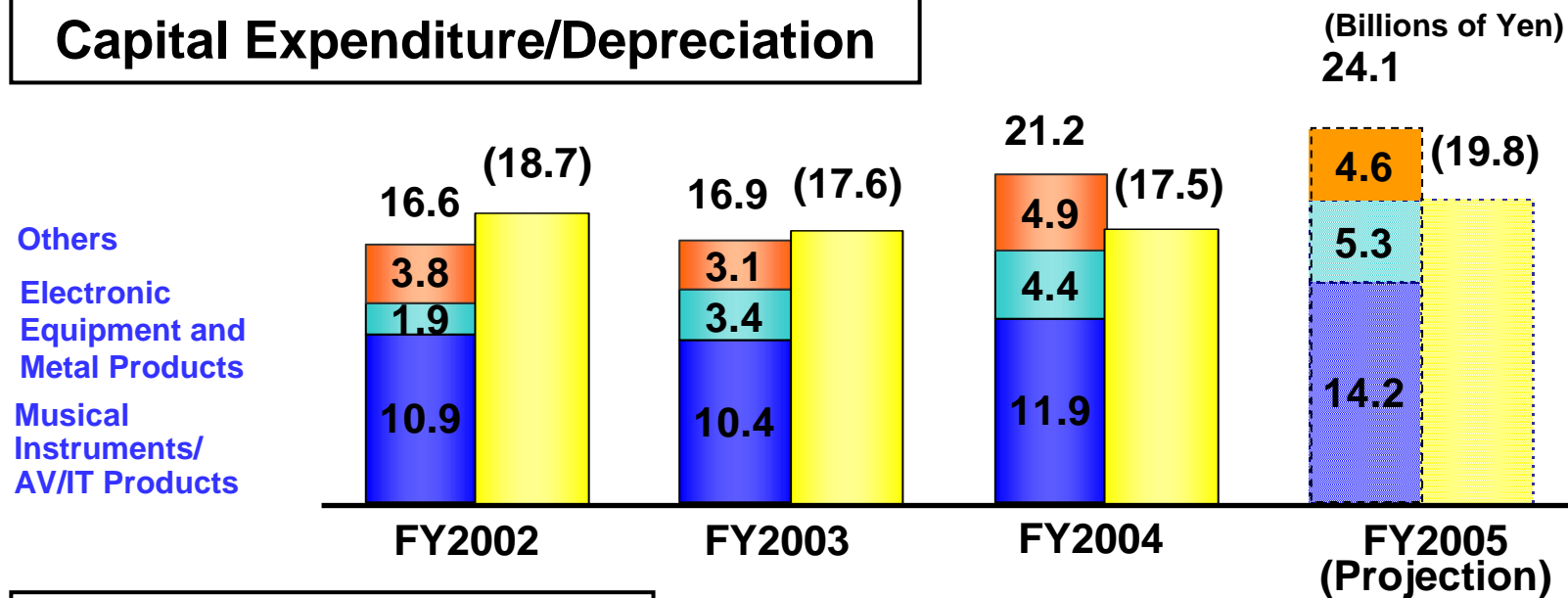
- Inventories at the end of the interim period were above the same period of the previous fiscal year and above projections
- Plans call for reducing inventories below the level of the previous projections by the end of the fiscal year.



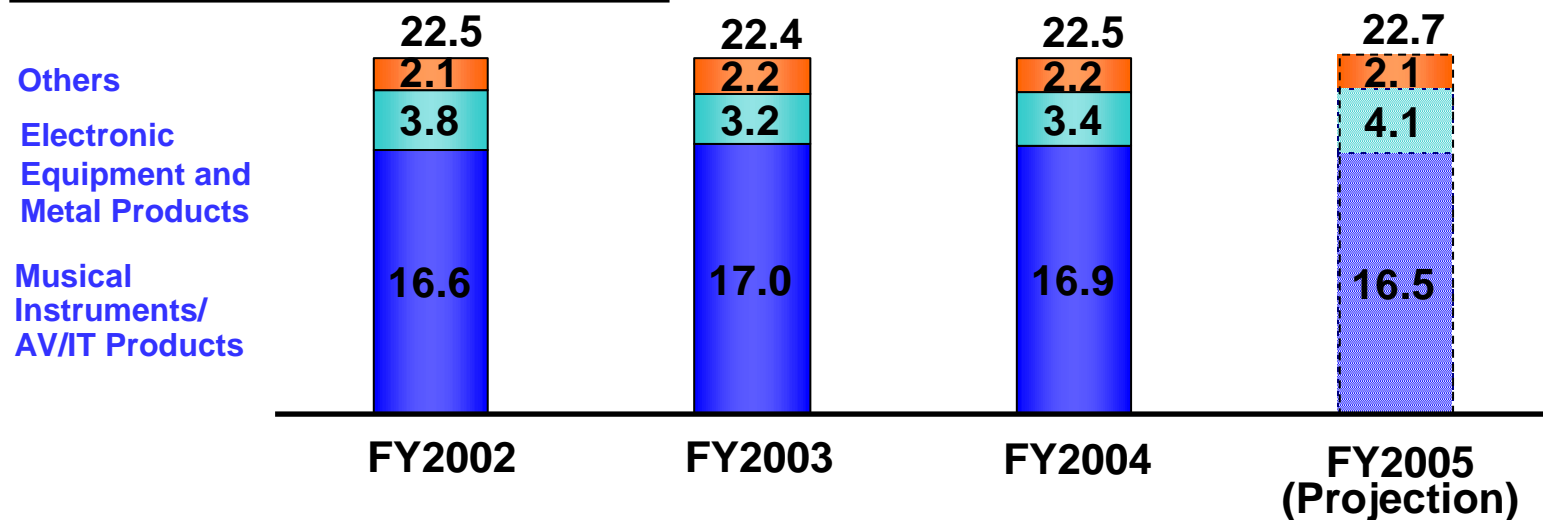
Capital Expenditure/Depreciation/ R&D Expenses



Capital Expenditure/Depreciation



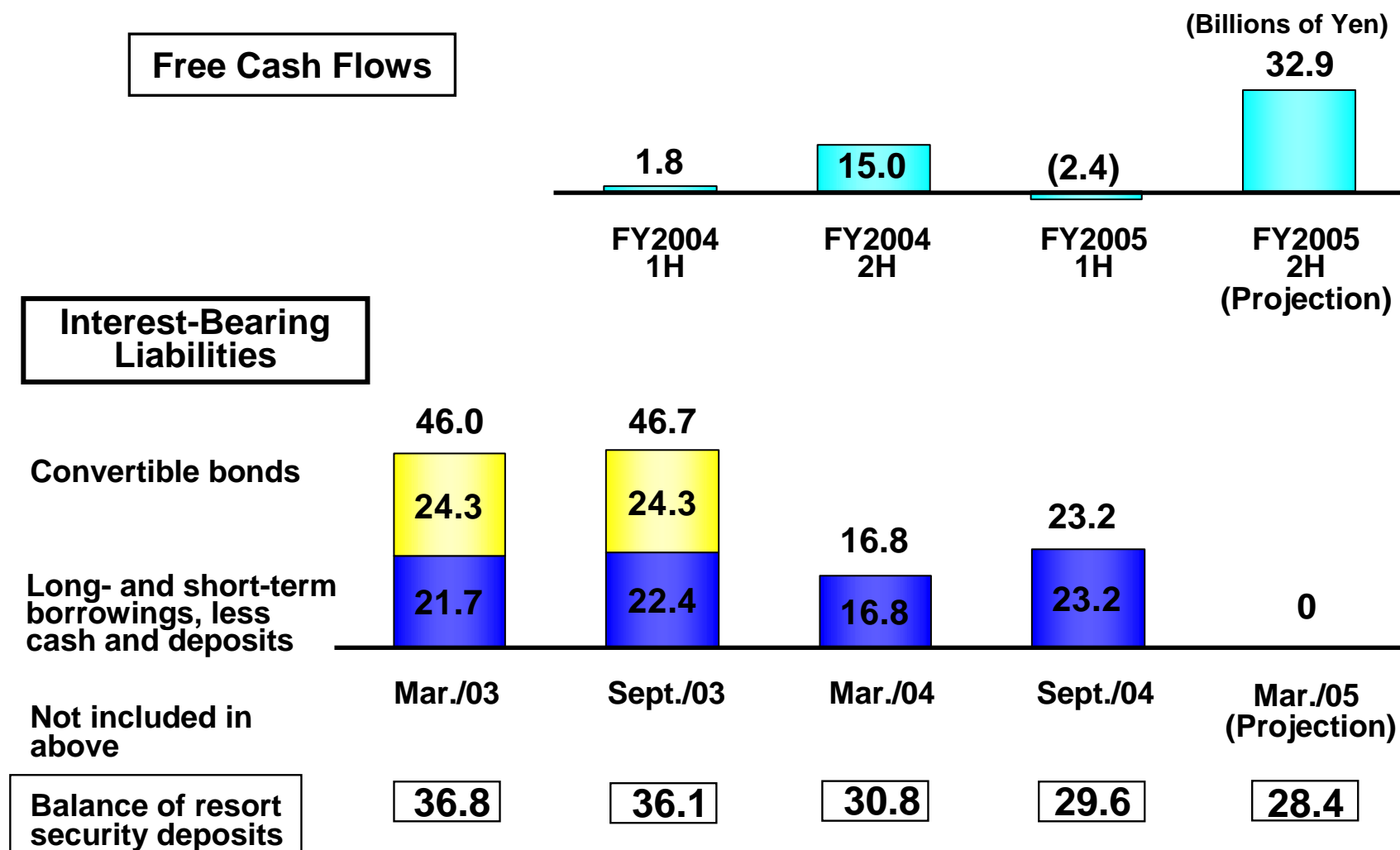
R&D Expenditures



Interest-Bearing Liabilities (Actual Balance)



- Expect to reach goal set in YSD50 of reducing actual interest-bearing liabilities to zero in the latter half of the fiscal year, ahead of schedule



Balance Sheet Summary



➤ Will reduce total assets to less than ¥500 billion by March 31, 2005
(Billions of Yen)

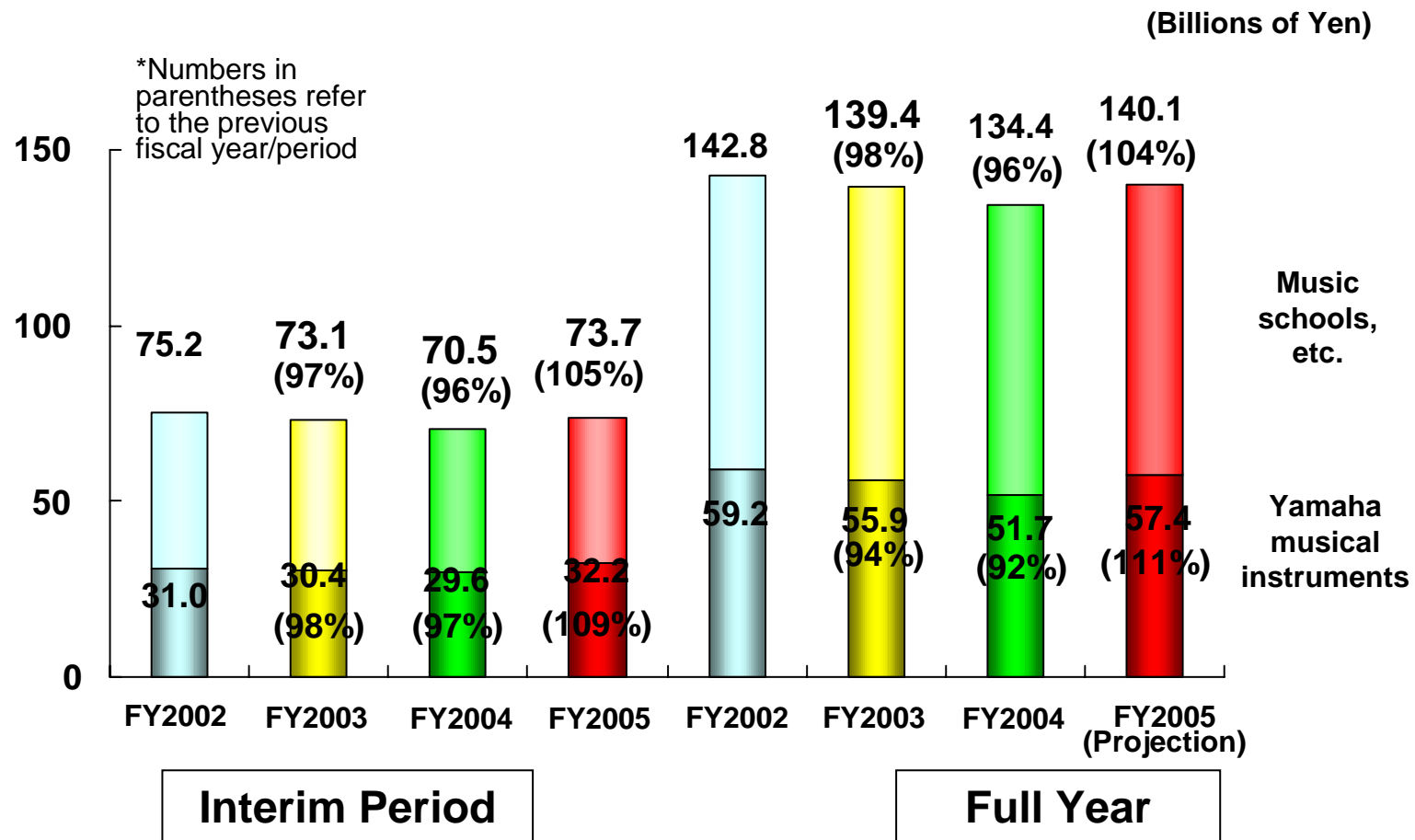
	As of March 31, 2003	As of Sept. 30, 2003	As of March 31, 2004	As of Sept. 30, 2004	As of March 31, 2005
Cash and Bank Deposits	44.5	44.2	32.1	42.5	45.2
Accounts and Notes Receivable	79.1	88.6	78.7	85.8	77.0
Inventories	80.1	86.5	72.1	89.4	69.5
Other Current Assets	17.4	17.5	18.8	24.8	25.2
Fixed Assets	291.6	299.6	307.0	282.2	280.4
Total Assets	512.7	536.4	508.7	524.7	497.3
Accounts and Notes Payable	39.5	42.5	39.9	47.1	46.9
Short-and Long-Term Borrowings	66.1	66.6	48.9	65.7	38.0
Convertible Bonds	24.3	24.3	0	0	0
Other Liabilities*	168.3	160.4	160.2	158.3	135.7
Shareholders' Equity	214.5	242.6	259.7	253.6	276.7
Total Liabilities and Shareholders' Equity	512.7	536.4	508.7	524.7	497.3

Appendix

YAMAHA Musical Instrument Sales in the Japanese Market



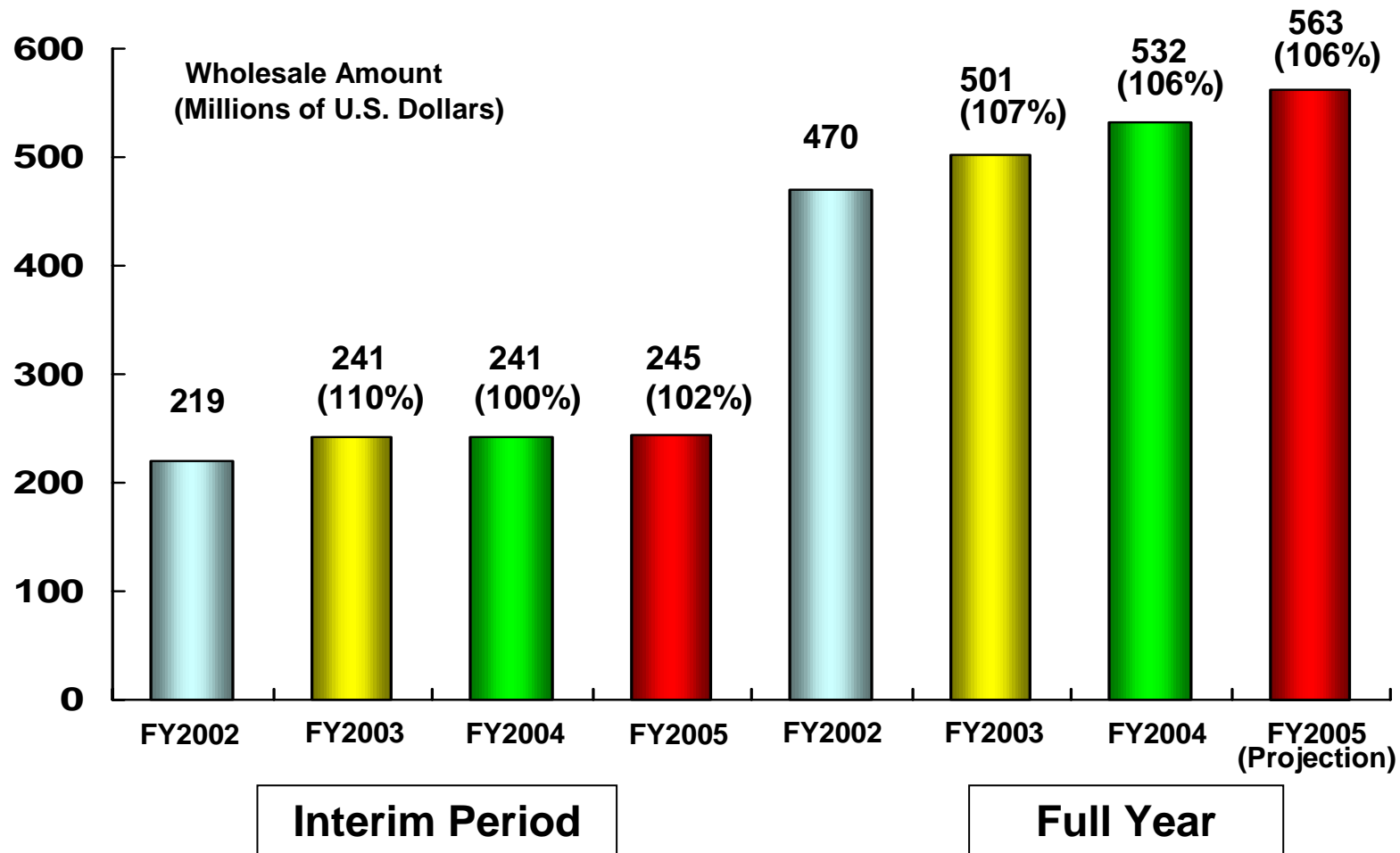
Conditions in the piano market are tough because of the decline in demand, but shipments of the STAGEA™ are holding firm (with 17,213 units sold since introduction) and sales for the interim period were above the level of the previous year for the first time in many periods.



YAMAHA Musical Instrument Sales in the U.S. Market



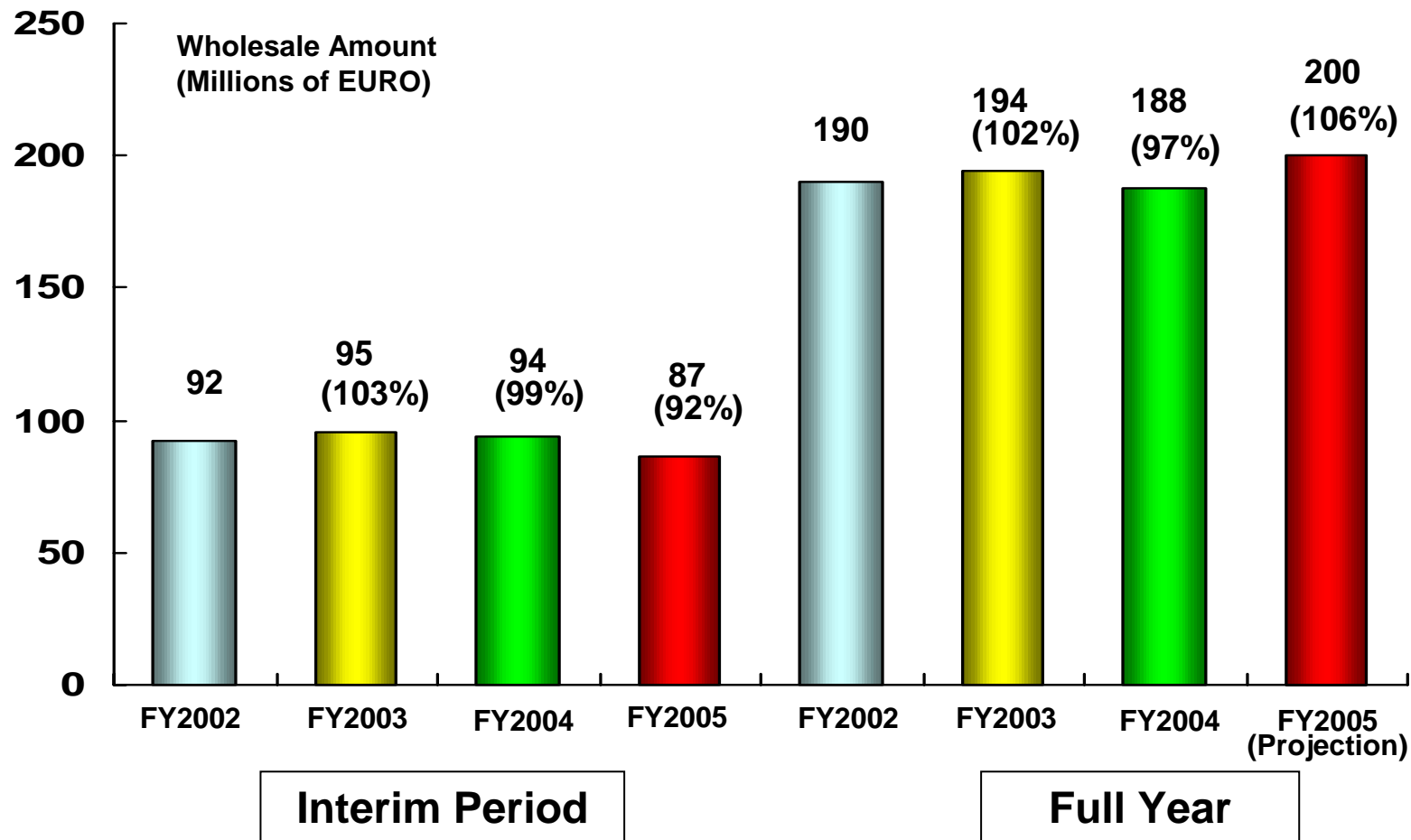
Overall sales of pianos remain slow, but there is trend toward recovery, especially in the grand piano segment. Shipments of electronic musical instruments, especially portable keyboards and electronic pianos, are holding steady ahead of the year-end high-demand season.



YAMAHA Musical Instrument Sales in the German Market



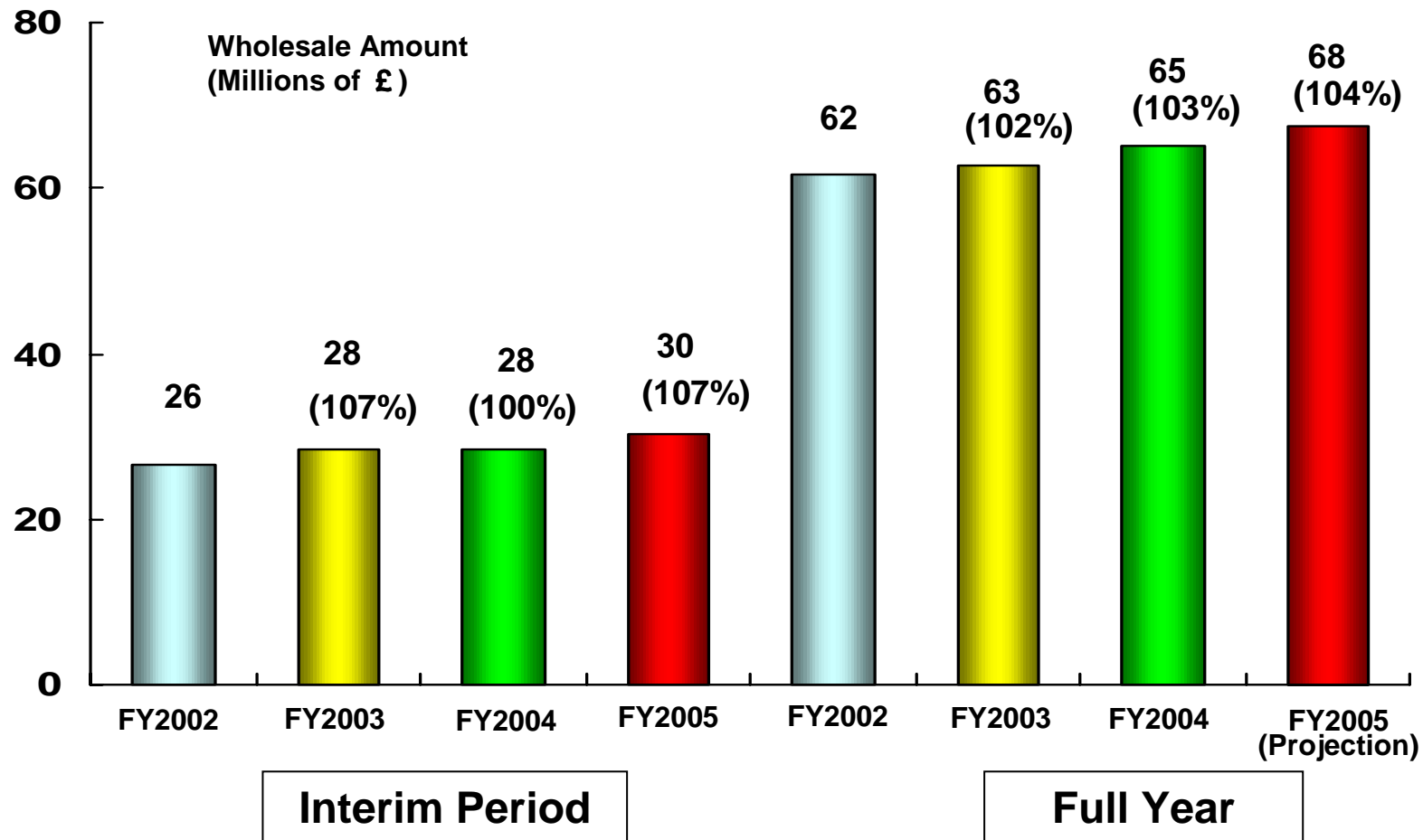
The German economy has shown some signs of recovery, but there are shipment problems related to the integration of European warehouses and stocks are somewhat short. Newly introduced medium to low-priced portable keyboards have been favorably acclaimed and sales of wind instruments are close to planned levels.



YAMAHA Musical Instrument Sales in the U.K. Market

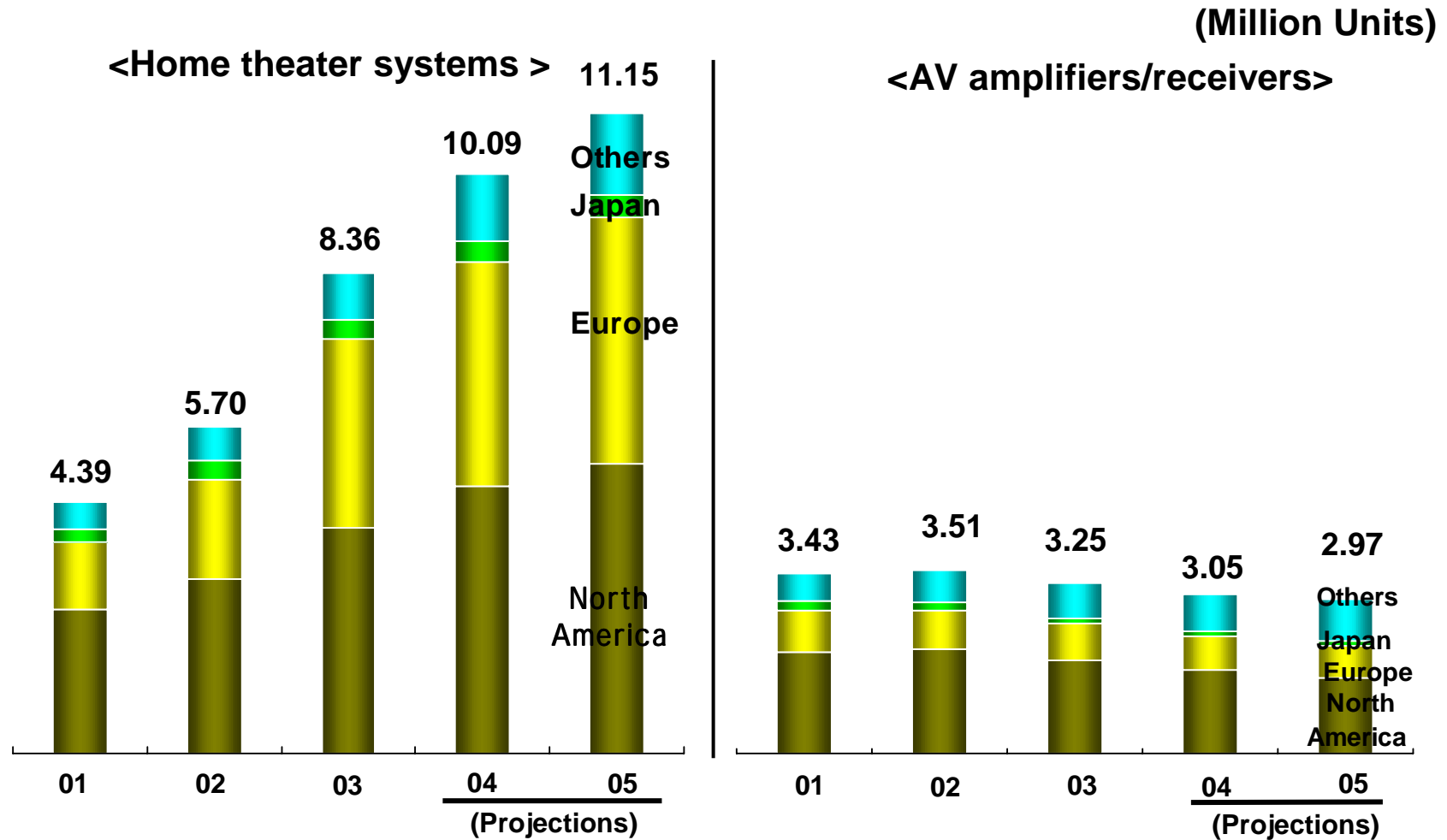


Piano sales are strong, assisted by special pricing schemes and measures to cut inventories. Sales of wind instruments for the school market are also favorable. Among electronic instruments, conditions are difficult for portable keyboards, but plans call for recovery during the year-end selling season.



Scale of Global Market for Home Theater Products

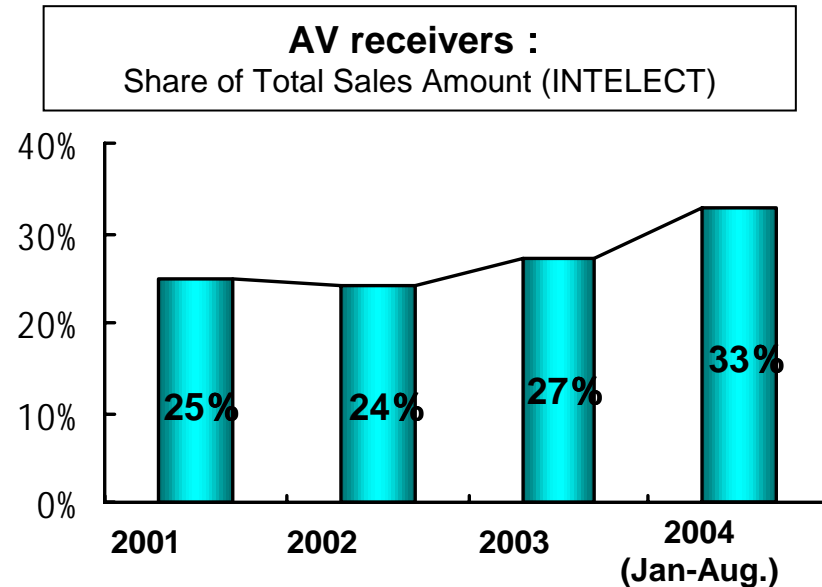
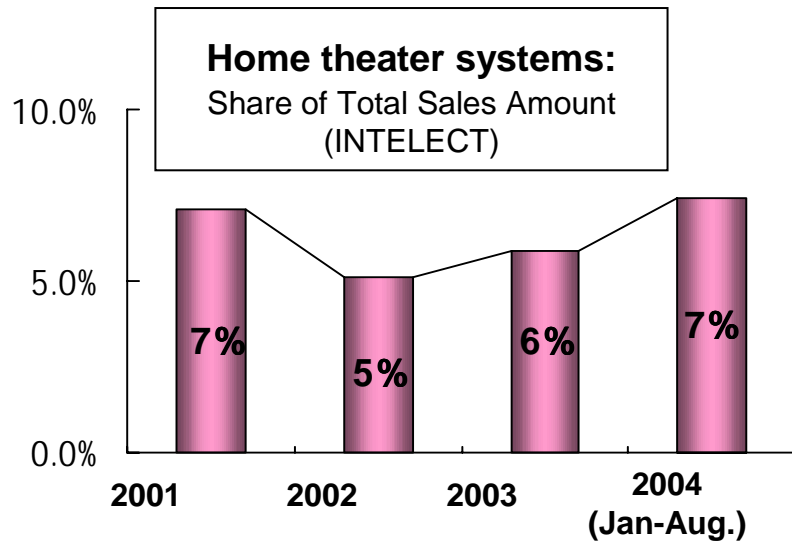
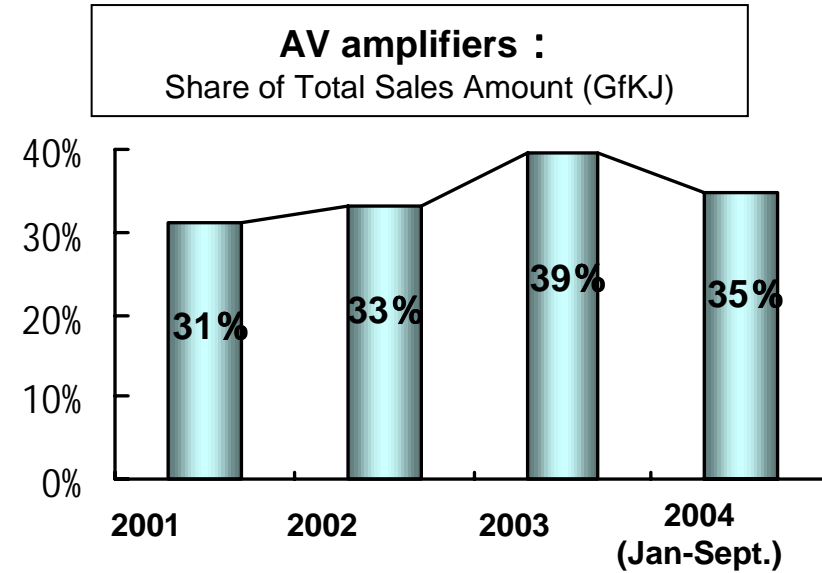
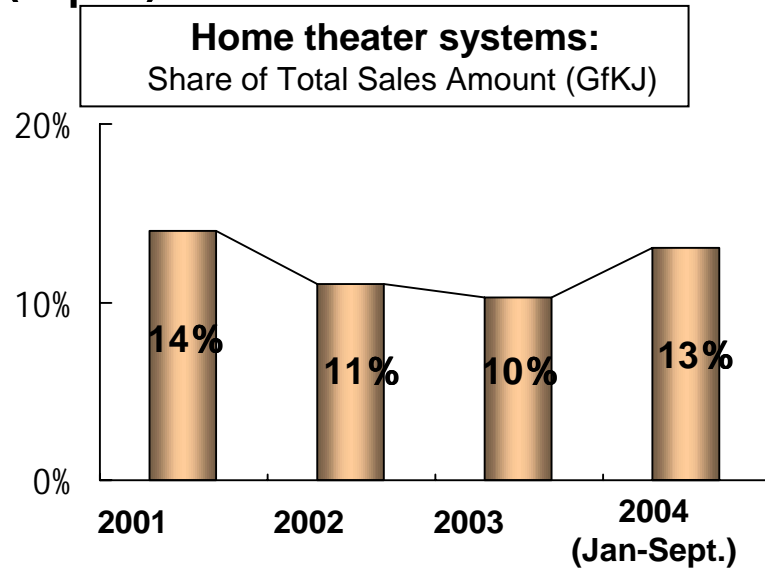
(Home theater systems + AV amplifiers/receivers)



YAMAHA's AV Amplifier Market Share



〈Japan〉



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.