

**Analyst and Investor Briefing on the
First Quarter of the Fiscal Year
Ending March 31, 2011 (FY2011.3)**

**August 2, 2010
YAMAHA CORPORATION**

- First quarter sales declined year-on-year, but operating income increased. Sales were broadly in line with previous projections (made on April 28), but operating income exceeded projections, resulting in net income of ¥2.2 billion.

Year-on-year

- Net sales declined by 8.6% (¥8.5 billion). Discounting the impact of exchange rates (-¥2.6 billion) as well as withdrawal from the lifestyle-related products and magnesium molded parts businesses (-¥9.5 billion), actual sales were 3.9% (¥3.6 billion) higher than the same period of the previous year.
- Operating income increased by ¥5.0 billion, due to factors including the increase in actual sales, increased production, handover of the lifestyle-related products business (+¥0.5 billion), and gains on retirement benefit obligations.

Compared to previous projections

- Discounting the impact of exchange rates (-¥0.2 billion), actual net sales rose by 0.1% (¥0.1 billion).
- Operating income was ¥3.2 billion higher than previously projected, due to factors including increased production and reduced expenses.

■ Inventories

- Inventories at the end of the first quarter were down ¥11.3 billion year-on-year. Discounting the impact of exchange rates (-¥5.3 billion) and changes in the scope of consolidated subsidiaries (-¥1.6 billion), actual inventories were down ¥4.4 billion year-on-year but were ¥3.5 billion higher than previous projections, due to increases in goods in process, parts and materials. Inventories are now at broadly appropriate levels.

Performance in the First Quarter



➤ Sales declined year-on-year, but operating income increased. Operating income was higher than previous projections.

Billions of yen

	FY2010.3 (1Q) results	FY2011.3 (1Q) Results	Change from same period of the previous year	Previous projections (April 28, 2010)	Change from previous projections
Net Sales	99.4	90.9	-8.6%	91.0	0.0%
Operating income (Operating income ratio)	0.2	5.2 (5.7%)		2.0	257.7%
Ordinary income	-0.5	4.9	—	1.5	323.7%
Net income	-2.9	2.2	—	0.5	441.6%

Currency exchange rates (yen)

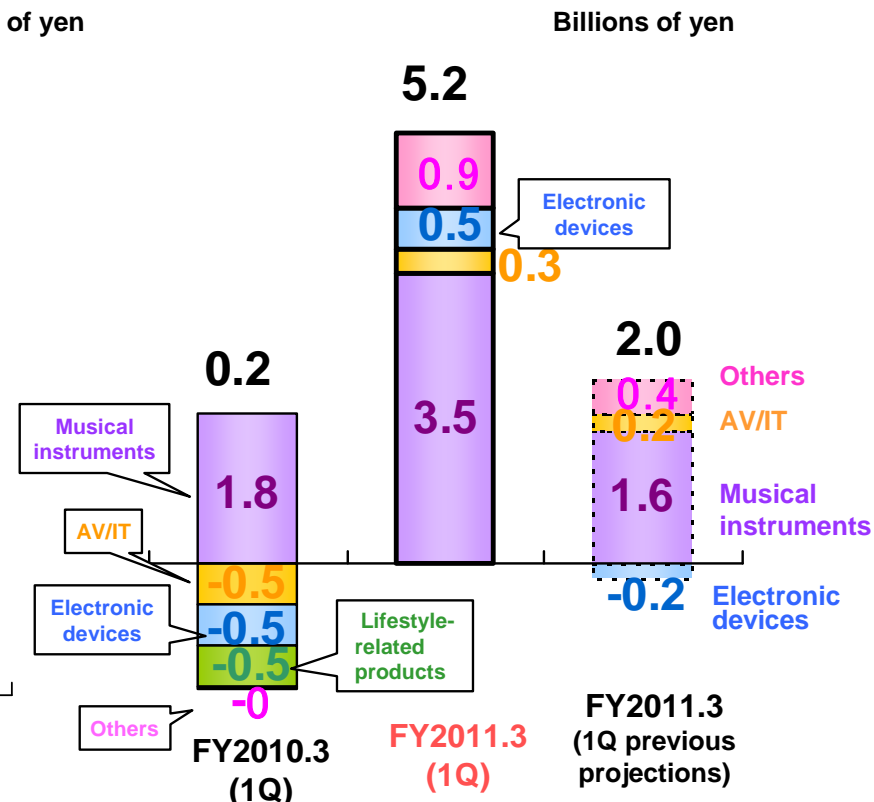
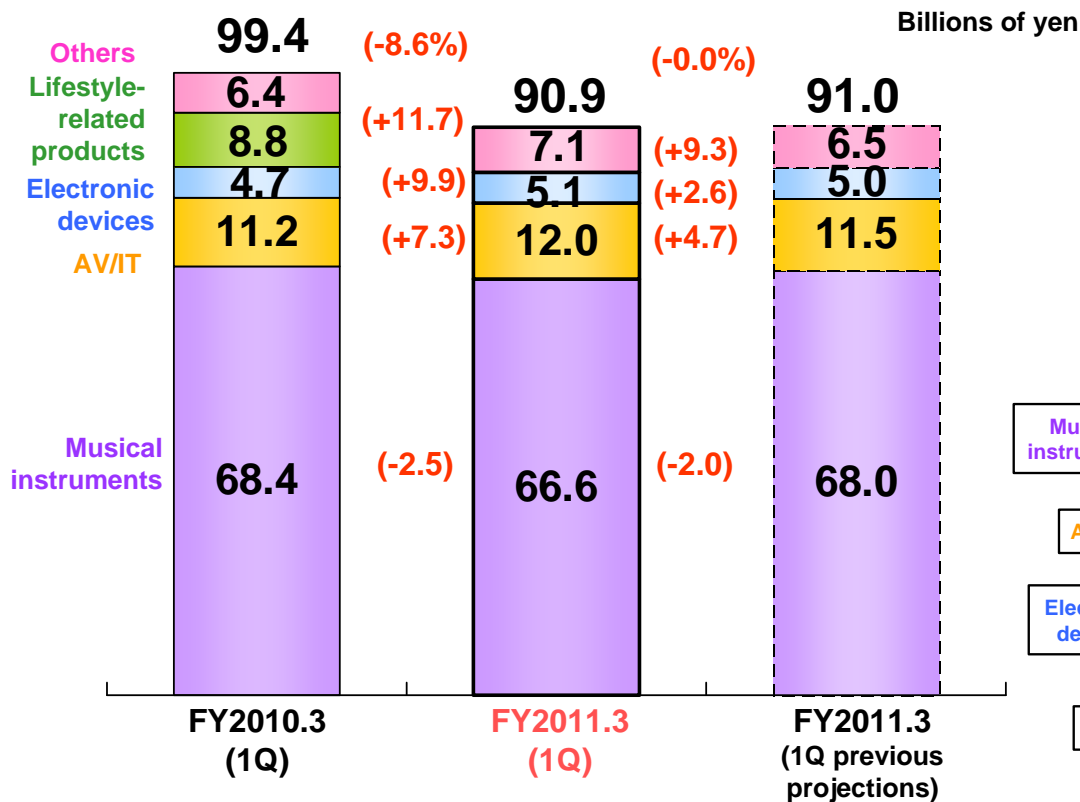
Net sales	US\$	97	92	90
	EUR	133	117	127
Operating income	US\$	97	93	90
	EUR	124	123	127

Performance by Business Segment in the First Quarter



Net Sales

Operating Income



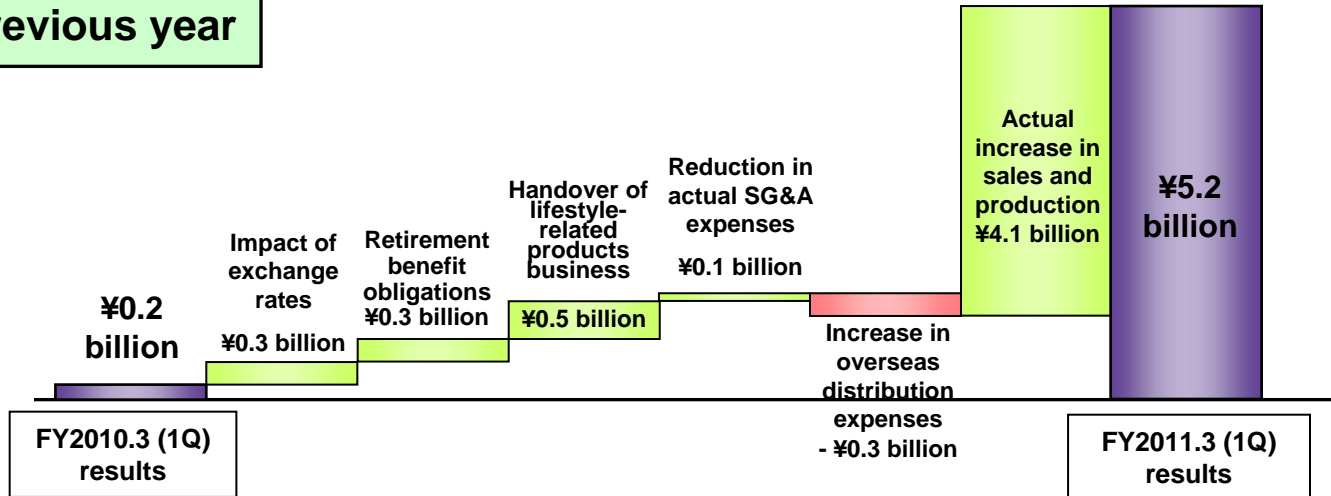
Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥2.6 billion (musical instruments -¥2.0 billion, AV/IT -¥0.5 billion)
Versus previous projections	-¥0.2 billion (musical instruments -¥0.2 billion, AV/IT -¥0.1 billion)

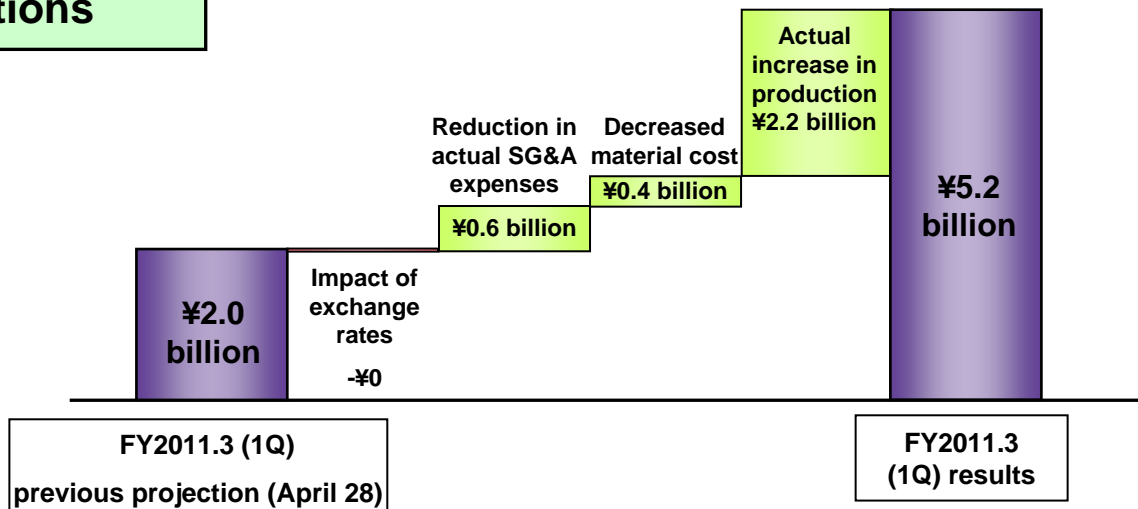
	Impact of exchange rates
Year-on-year	+¥0.3 billion (musical instruments +¥0.2 billion, AV/IT +¥0.2 billion)
Versus previous projections	-¥0 billion (musical instruments +¥0.1 billion, AV/IT -¥0.1 billion)

FY2011.3 1Q Operating Income Analysis

Versus same period of the previous year



Versus previous projections



Business Environment in 2-4Q and Full Year Outlook



2-4Q Business Environment

- Gradual upward trend in global economy
 - Steady recovery in China and emerging markets. Signs that markets are bottoming out in Europe and the U.S.
- Continuing strong yen

2-4Q Overview and Priority Policies

- Focus on greater exposure of new products and other sales activities aimed at year-end holiday shopping season, especially for musical instruments and AV products
- Strengthen business foundation in line with medium-term business plan
 - Expand sales networks in China and emerging markets
 - Enhance musical instrument production structure by consolidating Japanese piano production at the Kakegawa factory (August 2010) and starting production at new wind instrument factory in China (October 2010), etc.

Full Year Performance Forecast

- Full year projections have been reviewed on the basis of performance in the first quarter, current economic trends, and the exchange rate environment. Previous projections (made on April 28) for net sales and operating income remain unchanged, while projections for net income have been revised downward.

Forecast for Business Performance in FY2011.3 (Full Year)



- Following a review of full year forecasts, projections for net sales and operating income remain unchanged. The net income projection has been revised downward to reflect revaluation loss on stock holdings.
- Estimated exchange rates for 2-4Q: US\$=¥90, EUR=¥115

Billions of yen

	FY2010.3 results	FY2011.3 projections	Change from previous year	Previous projections (April 28, 2010)	Change from previous projections
Net Sales	414.8	385.0	-7.2%	385.0	0.0%
Operating income	6.8	10.0	+46.5%	10.0	0.0%
Ordinary income	4.9	7.5	+52.7%	7.5	0.0%
Net income	-4.9	4.0	—	5.5	-27.3%

Currency exchange rates (yen)

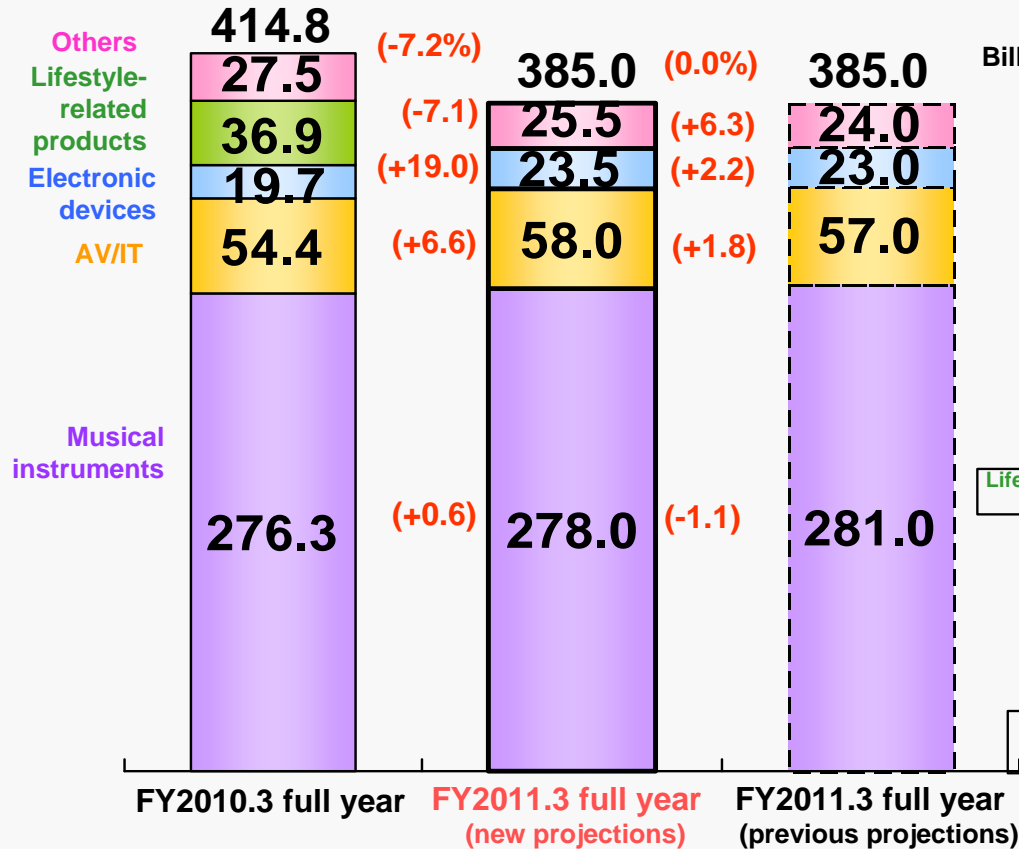
(2-4Q)

Net sales	US\$	93	91	90	90
	EUR	131	116	115	127
Operating income	US\$	93	91	90	90
	EUR	130	117	115	127

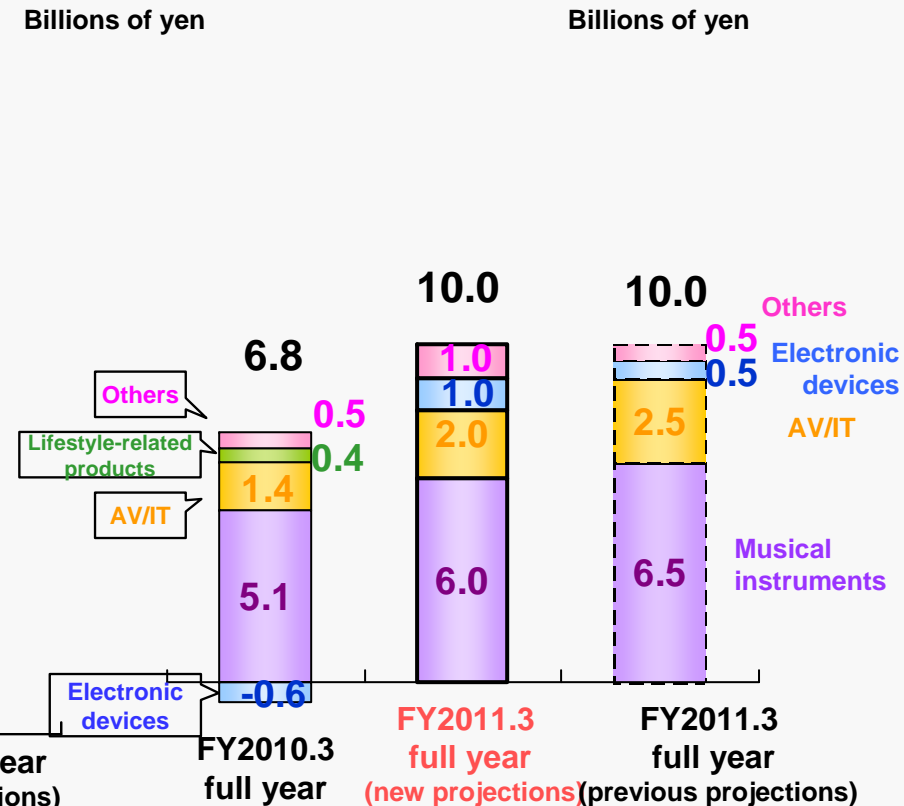
FY2011.3 Full Year Forecast for Performance by Business Segment



Net Sales



Operating Income



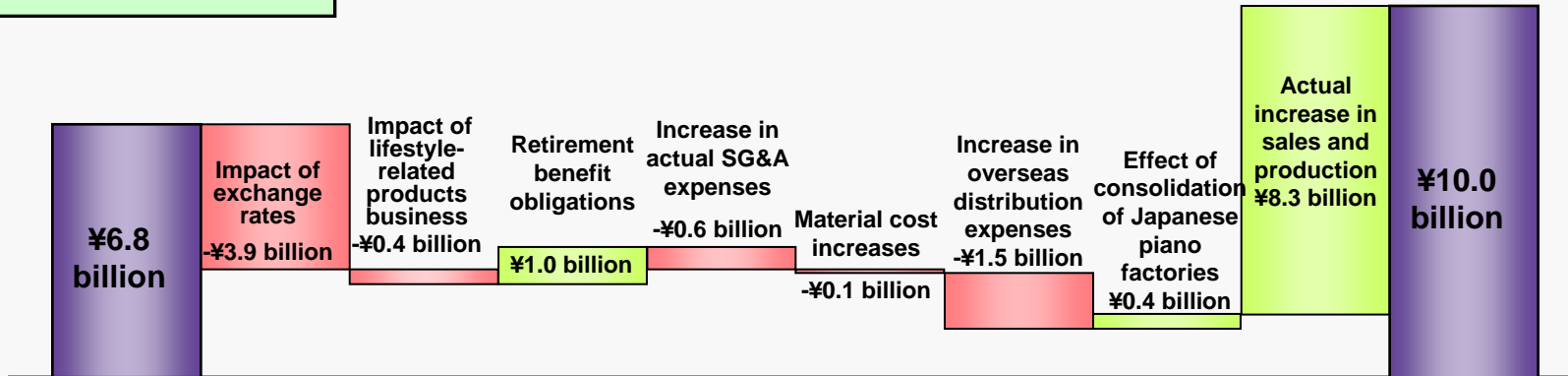
Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥10.8 billion (musical instruments -¥8.2 billion, AV/IT -¥2.5 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥4.4 billion (musical instruments -¥3.4 billion, AV/IT -¥1.0 billion)

	Impact of exchange rates
Year-on-year	-¥3.9 billion (musical instruments -¥3.3 billion, AV/IT -¥0.6 billion)
Versus previous projections	-¥2.3 billion (musical instruments -¥1.5 billion, AV/IT -¥0.9 billion)

FY2011.3 Full Year Operating Income Analysis

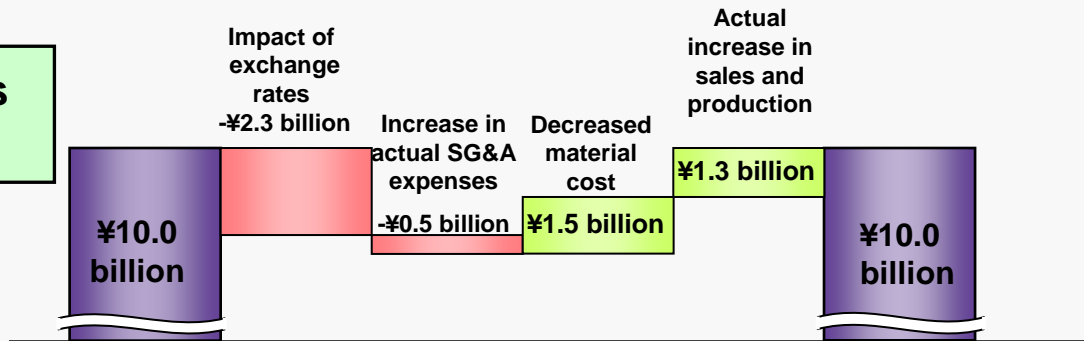
Versus previous year



FY2010.3 full year results

FY2011.3 full year projection

Versus previous projections



FY2011.3 full year previous projection (April 28)

FY2011.3 full year new projection

Musical Instruments

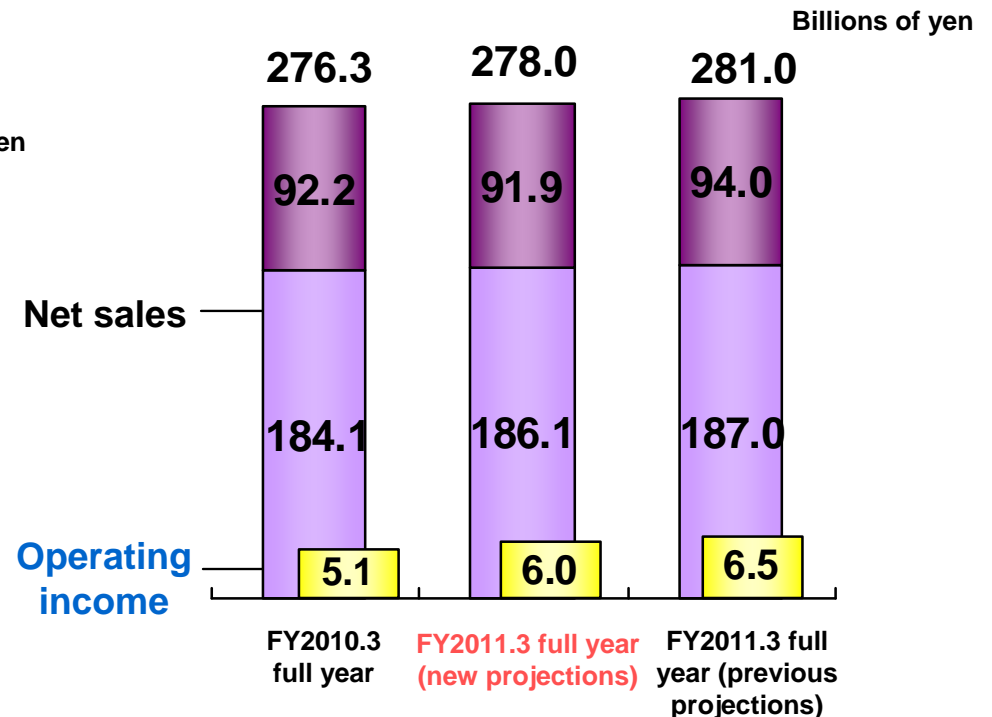
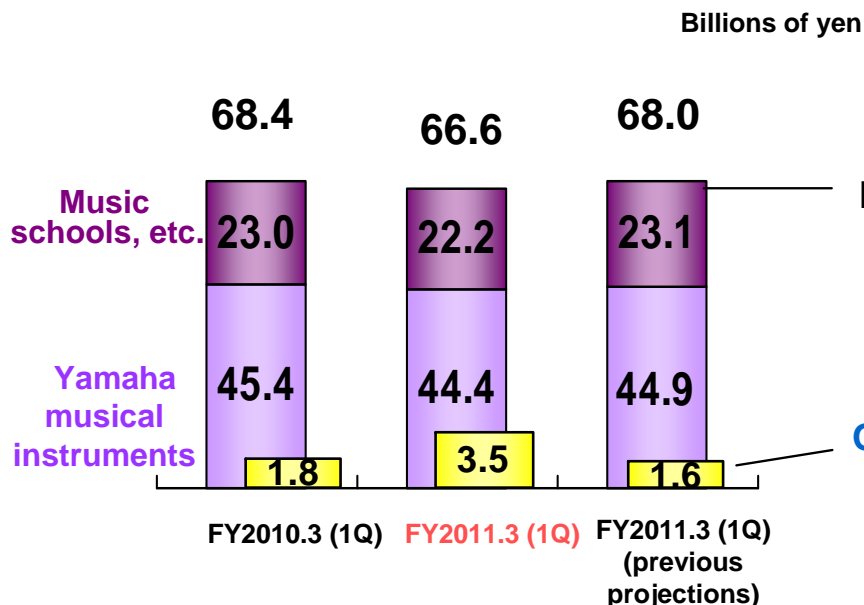


1Q Overview

Full Year Overview and Priority Policies

- Sales declined year-on-year and were lower than previous projections, while income rose year-on-year and exceeded previous projections.
- Discounting the impact of exchange rates, actual sales were up 0.3% (¥0.3 billion) on the same period of the previous year. Actual sales were 1.8% (¥1.2 billion) lower than previous projections.
- Sales of key piano products continued to drive strong performance in China. Sales of pianos and wind instruments are recovering in North America. Although economic recovery is delayed in Southern Europe, Germany and Eastern Europe are improving. Piano sales remain sluggish in Japan.
- Operating income rose year-on-year and exceeded previous projections due to factors including increased production and success in reducing expenses.
- Inventories are at appropriate levels for all product categories.

- Sales and income were lower than previous projections due to impact of exchange rates.
- Ensure new products are launched for key year-end holiday shopping season in Europe and the U.S.
- Increase sales in growth markets (China, emerging markets).
- Form optimum production structure to match market trends:
 - Increase production in China and Indonesia
 - Complete consolidation of piano production in Japan into a single factory (August 2010)
 - Proceed with consolidation of wind instrument production in Japan



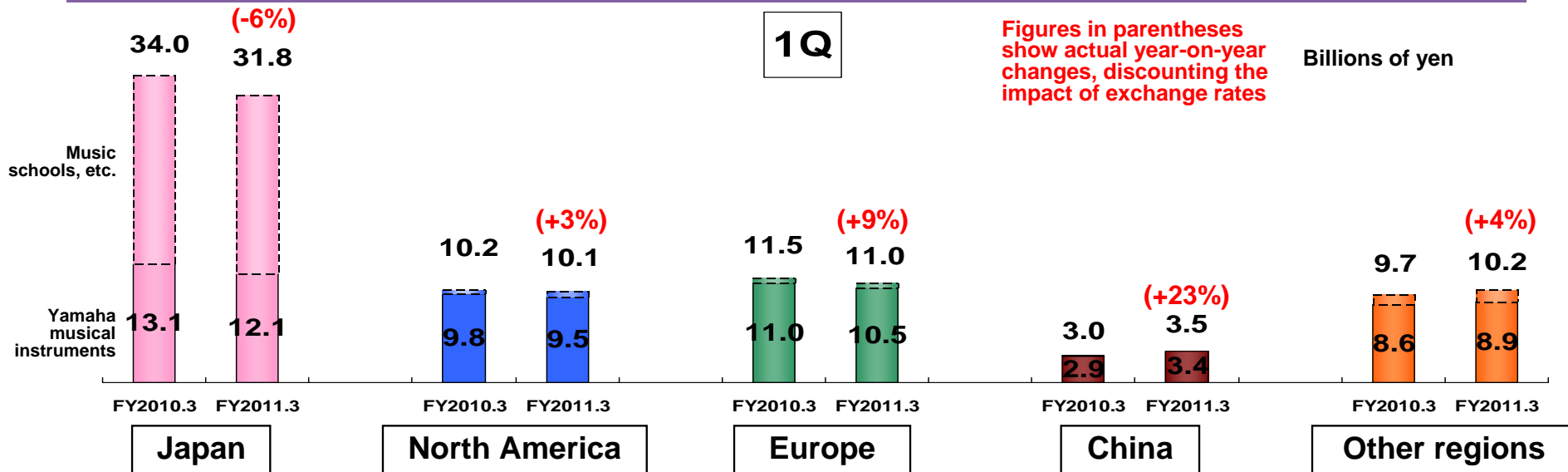
Musical Instruments: Sales by Region



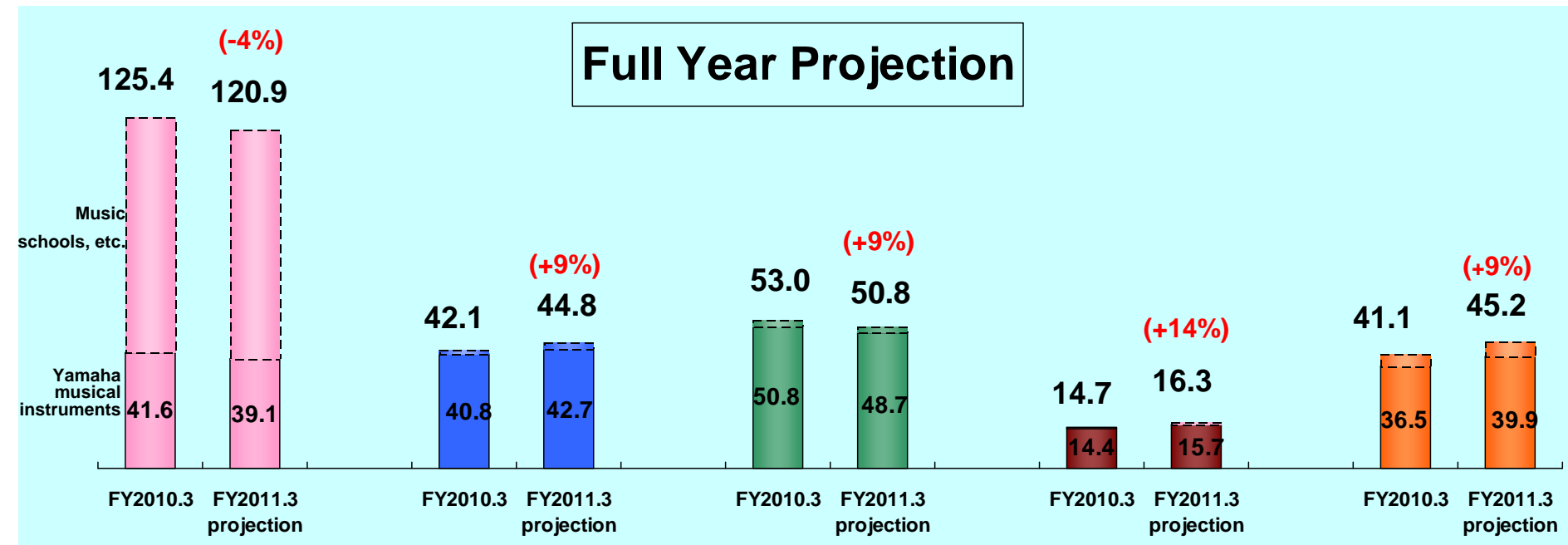
1Q

Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

Billions of yen



Full Year Projection

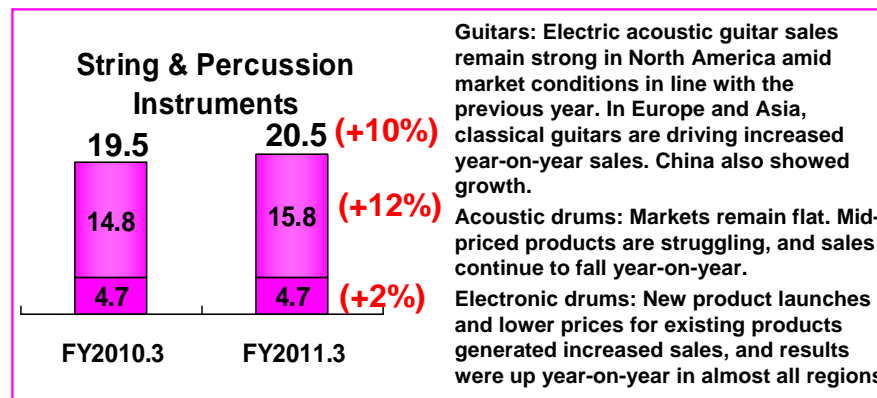
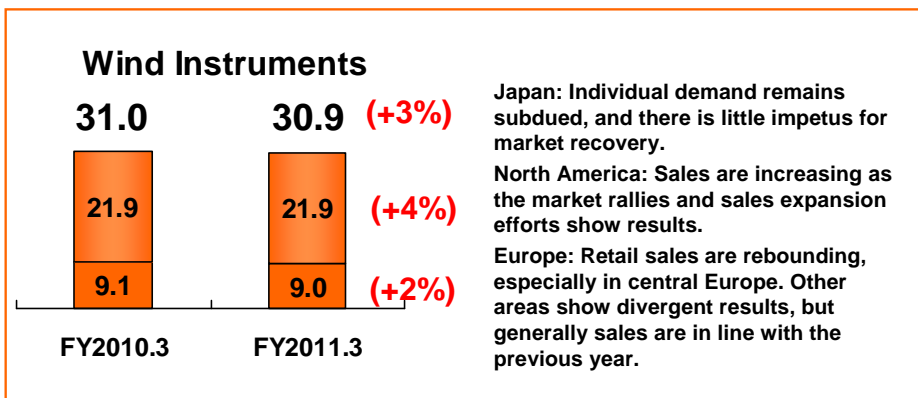
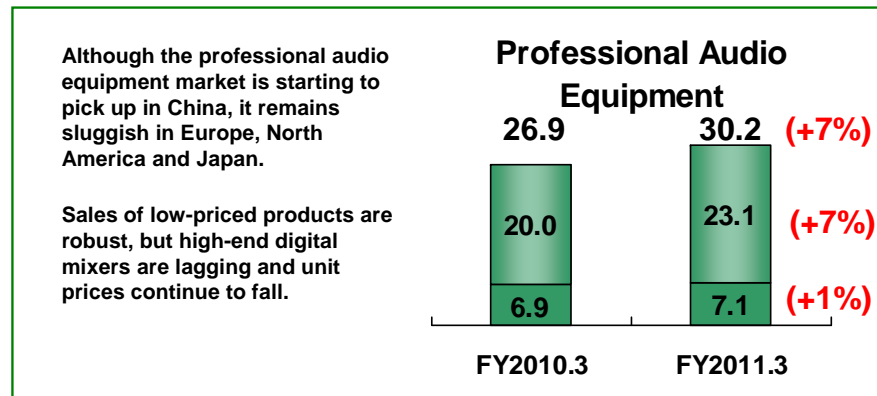
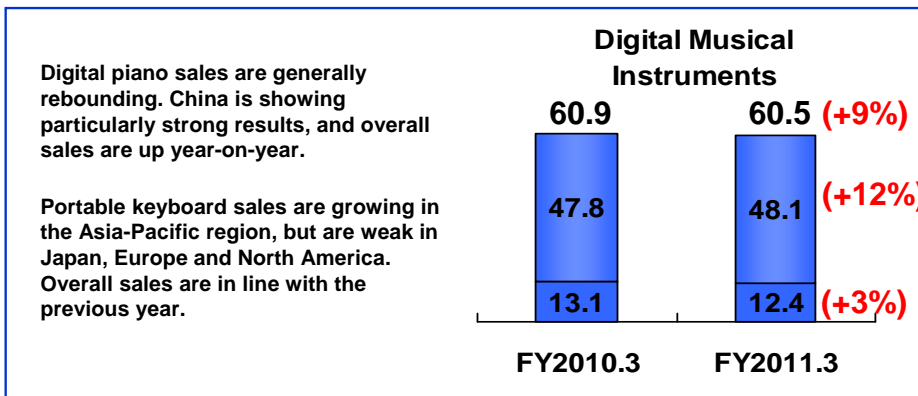
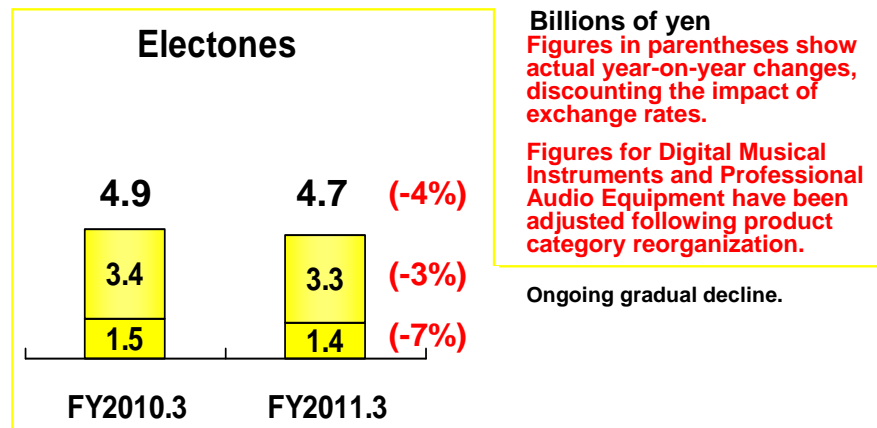
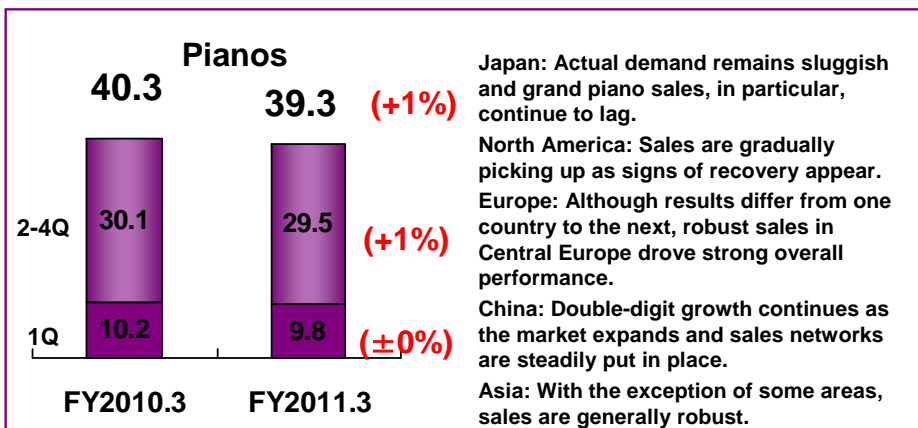


Musical Instruments: Sales by Region



	Musical Instrument Sales by Region
Japan	<p>Sales were below targets and previous year results amid the overall trend toward low-priced products. Consumers continue to trade down to low-priced or second-hand pianos. The company aims to turn the tide with sales promotion efforts and new products. Some of the key initiatives include upright pianos manufactured in Indonesia which are currently generating good customer feedback in sales trials and will be formally launched on the Japanese market at the end of the year.</p>
North America	<p>Although unemployment rate remains high, there has been upswing in customer sentiment. First quarter sales grew, especially for keyboard instruments, and overall musical instrument sales rose year-on-year on a local currency basis. The unprecedented crisis in the professional audio equipment market also seems to be subsiding, but genuine recovery is still some time away.</p>
Europe	<p>At present the Greek economic crisis is having minimal impact on the musical instrument market. Signs of recovery are appearing, especially for keyboard and wind instruments in Central Europe. However, sales remain slow in Southern Europe and the U.K. While there are also indications of recovery in the professional audio equipment market, fierce competition is creating a difficult environment.</p>
China	<p>Pianos are driving sales growth, and results were slightly above target. Sales channels are being further enhanced through initiatives such as expanding portable keyboard sales channels to smaller cities and targeting major guitar stores. Efforts to boost student numbers in the three directly-managed Yamaha music schools are beginning to pay off, but although enrollments increased year-on-year they were still below target.</p>
Other regions	<p>Although overall 1Q sales increased year-on-year and exceeded targets, markets produced widely varying results. Australia, Taiwan, Malaysia, Indonesia and Mexico all struggled, while emerging markets in the Middle East and Latin America showed signs of recovery. Efforts to establish sales networks in India and Russia are beginning to produce results. Apart from commercial audio equipment and drums, all product categories are achieving strong sales. Over the full year sales are projected to exceed targets and the previous year's results.</p>

Musical Instruments: Sales by Product Category YAMAHA

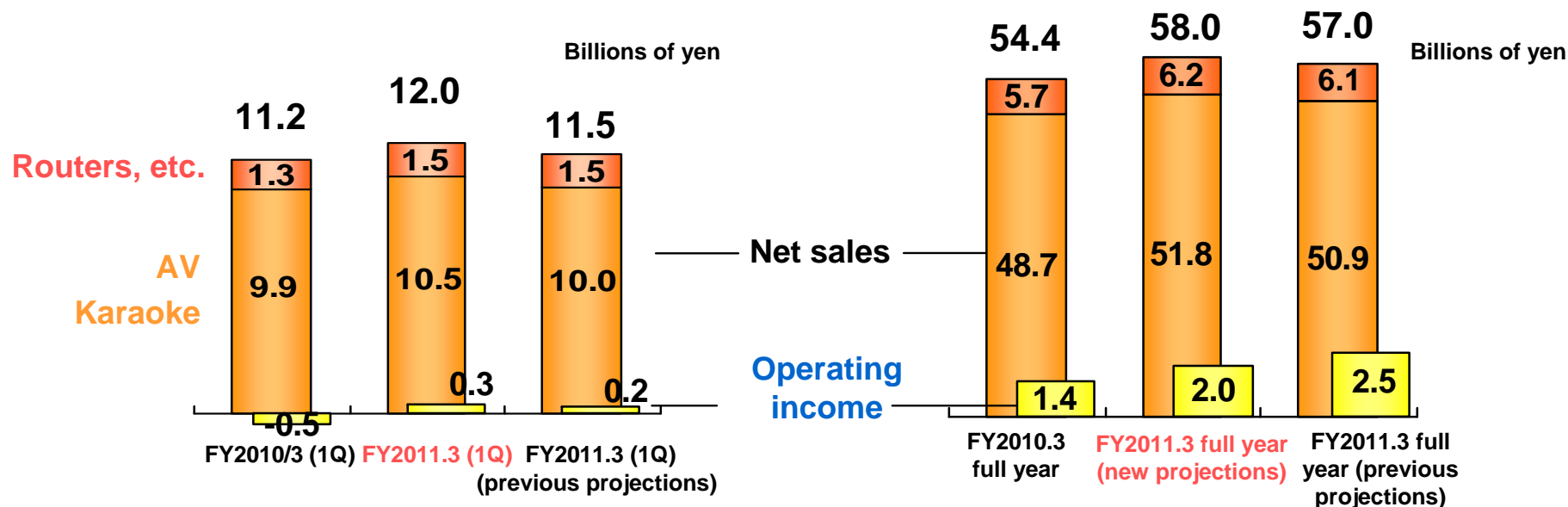


1Q Overview

- Sales and income rose year-on-year and against previous projections.
- Discounting the impact of exchange rates, actual sales increased by 11.6% (¥1.3 billion) year-on-year.
- In the audio segment, price competition became sharper for AV receivers. Sales of front surround systems increased year-on-year in Japan.
- Sales of routers and karaoke equipment were also robust.

Full Year Overview and Priority Policies

- Downward revision of full year operating income due to impact of exchange rates.
- Build AV business by launching products matched to customer preferences:
 - Expand sales of mid-and high-level receivers
 - Increase sales of TV peripheral products such as sound projectors with furniture stands
 - Strengthen product line-up in new categories including desktop audio
 - Continue to reduce manufacturing costs through in-house production of parts and lower material prices
- Develop next-generation karaoke equipment.
- Develop overseas markets for routers.

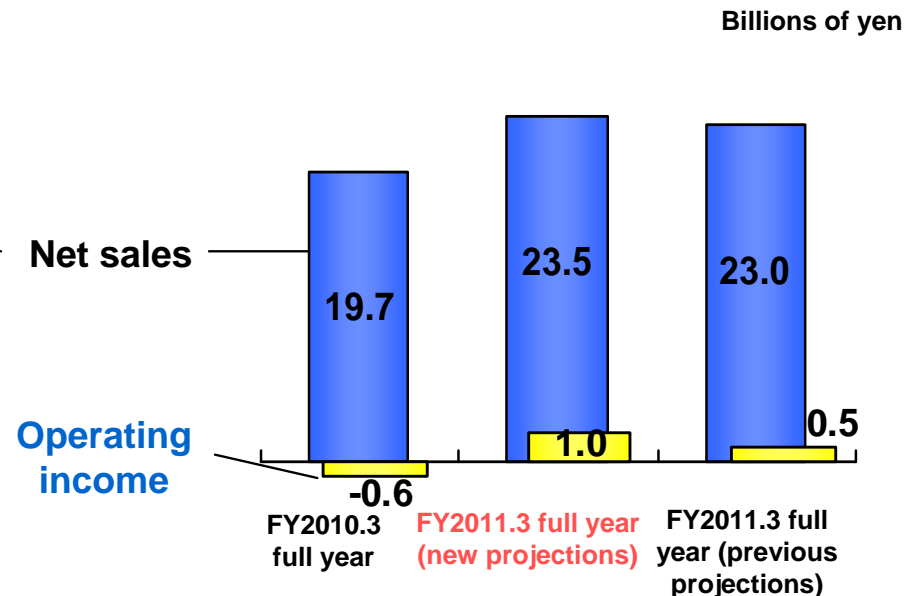
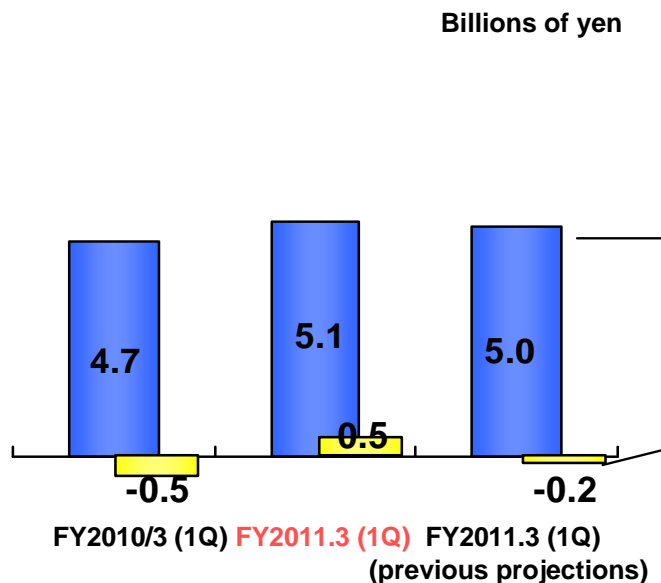


1Q Overview

- Sales and income rose year-on-year and against previous projections.
- Sales of sound generators for mobile phones continued to decline. Sales of graphics controllers for pachinko-related devices and geomagnetic sensor increased from the same period of the previous year.
- Operating income increased year-on-year and against previous projections due to higher sales and changes in the sales mix.

Full Year Overview and Priority Policies

- Sales and income are projected to be higher than previous projections.
- Boost profitability by reducing fixed costs.
- Maintain mobile phone sound generator business by offering added value.
- Increase sales of geomagnetic sensors for use in smart phones and graphics controllers for in-car displays.

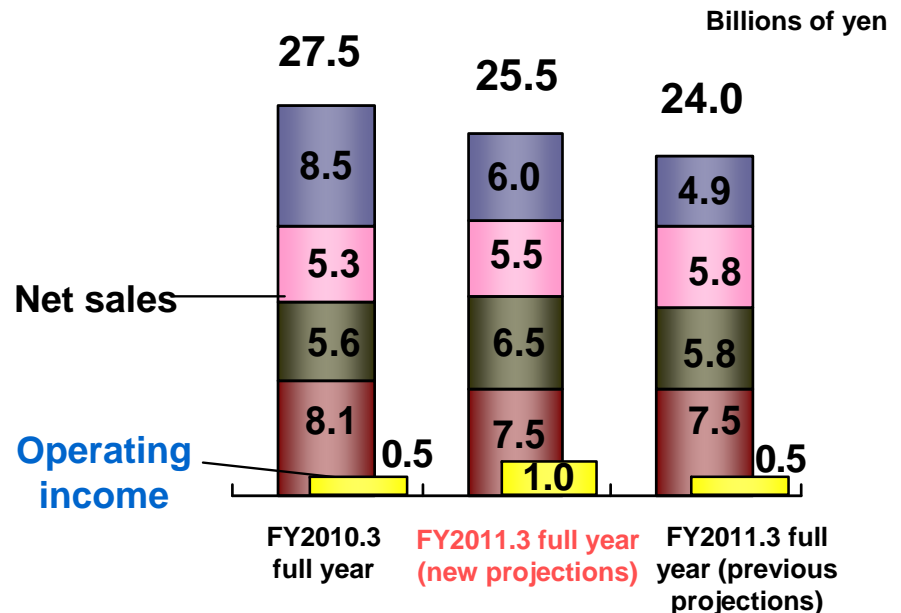
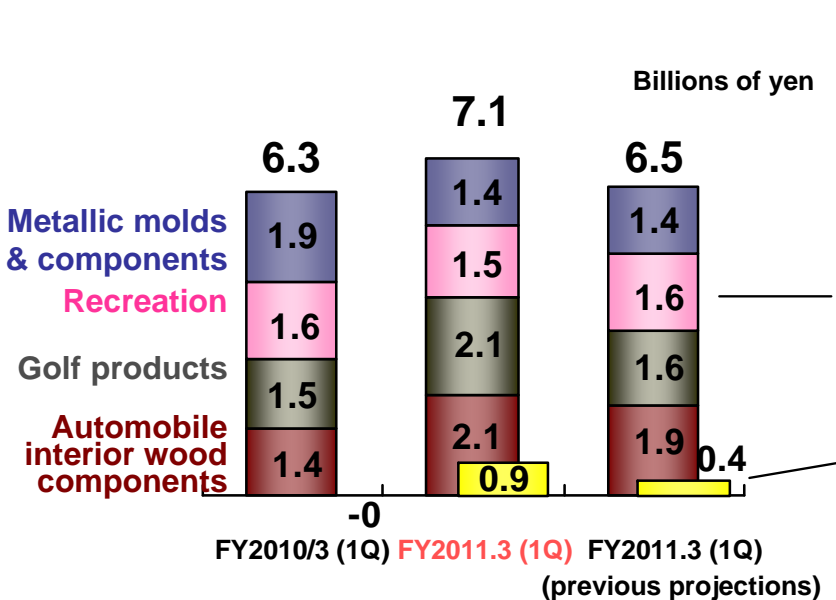


1Q Overview

- Sales and income increased year-on-year and against previous projections.
- Production of automobile interior wood components rose and factory automation orders rebounded.
- Strong sales of golf products in both Japanese and overseas markets.

Full Year Overview and Priority Policies

- Sales and income are projected to be higher than previous projections.
- Assure profitability of automobile interior wood components business by further lowering break-even point.
- Expand market share in golf products business by developing competitive new products.
- Aim for profitability in the recreation business by offering packages that make the most of facilities' attractions and reducing fixed costs.



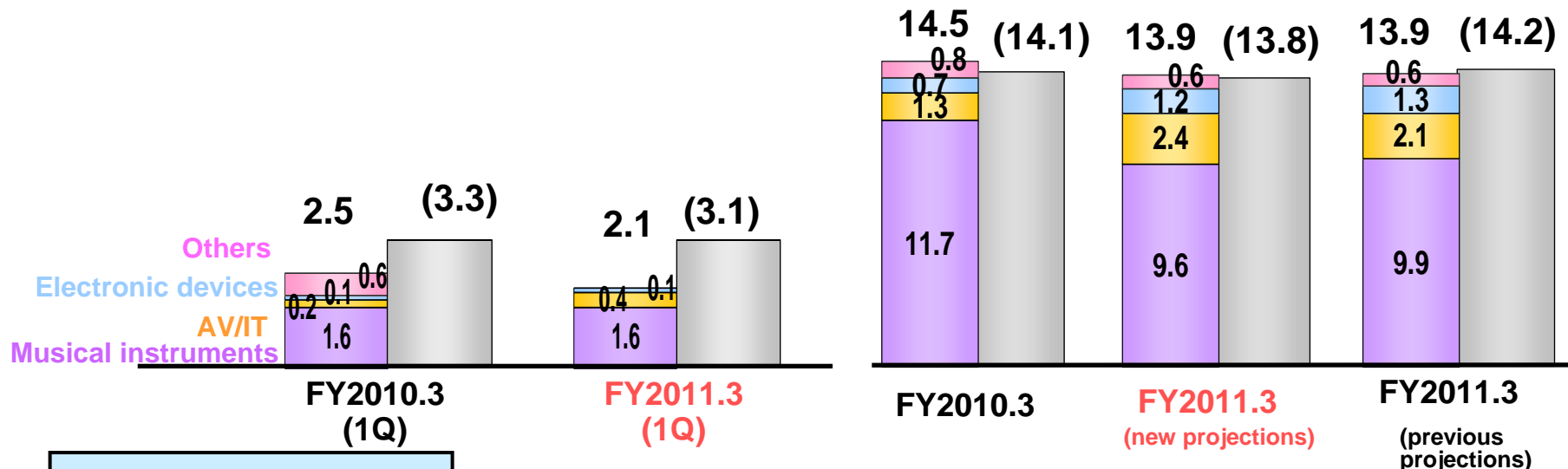
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure (Depreciation)

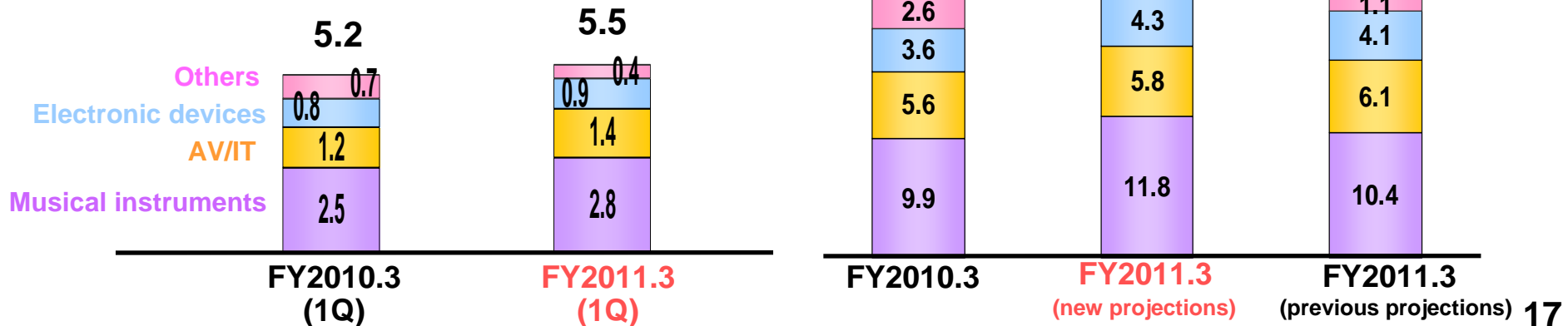
Billions of yen

1Q

Full Year

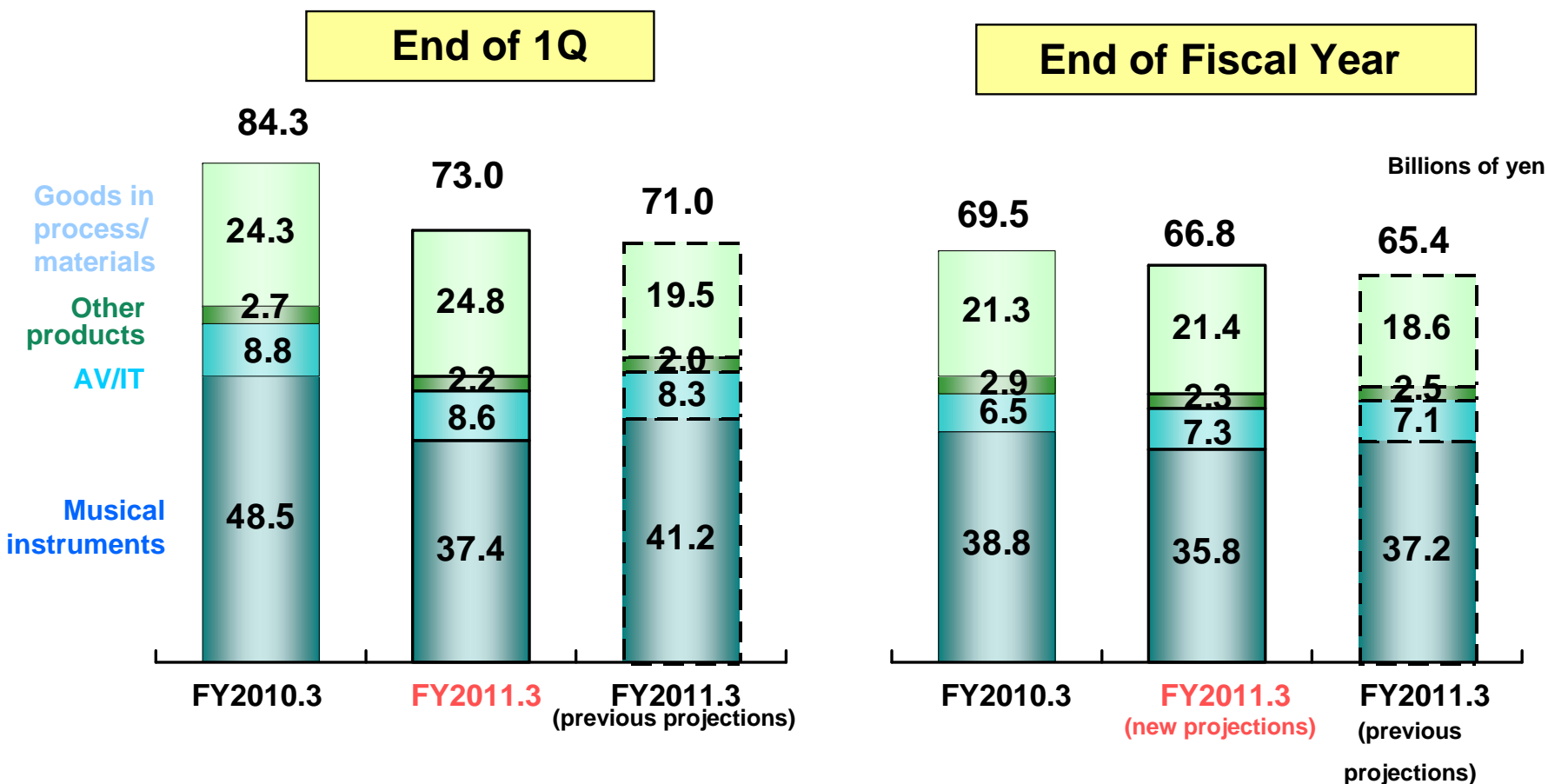


R&D Expenses



Inventories

- Inventories at the end of 1Q were ¥11.3 billion lower than the same quarter of the previous year (discounting the impact of exchange rates and changes in the scope of consolidated subsidiaries, actual inventories fell by ¥4.4 billion)
- Discounting the impact of exchange rates, actual inventories were ¥3.5 billion higher than previous projections



Balance Sheet Summary



Billions of yen

	As of end of 1Q			As of Fiscal Year End		
	As of June 30, 2009	As of June 30, 2010	Change	As of March 31, 2010	Mar. 31, 2011 Projection	Change
Cash and deposits	36.5	50.6	14.1	59.4	56.8	-2.6
Notes and accounts receivable	52.5	45.0	-7.5	47.4	48.1	0.7
Inventories	84.3	73.0	-11.3	69.5	66.8	-2.7
Other current assets	24.3	17.3	-7.0	17.0	19.5	2.5
Fixed assets	212.3	196.1	-16.2	208.9	196.1	-12.8
Total assets	409.9	382.0	-27.9	402.2	387.3	-14.9
Notes and accounts payable	25.8	23.3	-2.5	21.8	22.6	0.8
Short- and long-term loans	19.6	13.7	-5.9	15.0	11.1	-3.9
Resort membership deposits	16.6	16.0	-0.6	16.1	16.0	-0.1
Other liabilities	93.0	89.2	-3.8	94.7	94.6	-0.1
Total net assets	254.9	239.8	-15.1	254.6	243.0	-11.6
Total liabilities and net assets	409.9	382.0	-27.9	402.2	387.3	-14.9

Appendix

First Quarter Non-Operating Income/Loss & Extraordinary Income/Loss



FY2010.3 (1Q) results		FY2011.3 (1Q) results	FY2011.3 (1Q) previous projections
Non-operating income/loss			Billions of yen
Net financial income (loss)	0.2	0.5	0.1
Other	-0.9	-0.8	-0.6
Total	-0.7	-0.3	-0.5
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	-0.1	0.1
Other	0	-1.3	-0.1
Total	-0.1	-1.4	0
Income taxes and others			
Income taxes - current	0.7	1.3	0.4
Income taxes - deferred	1.5	-0.1	0.5
Minority interests in income	0.1	0.1	0.1
Total	2.3	1.3	1.0

Revaluation loss on investment securities -1.5

Full Year Non-Operating Income/Loss & Extraordinary Income/Loss



	FY2010 results	FY2011.3 new projections	FY2011.3 previous projections
Non-operating income/loss			Billions of yen
Net financial income (loss)	0.3	0.5	0
Other	-2.2	-3.0	-2.5
Total	-1.9	-2.5	-2.5
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	0	-0.7	-0.1
Other	-5.1	-0.8	-0.4
Total	-5.1	-1.5	-0.5
Income taxes and others			
Income taxes - current	3.1	3.5	2.6
Income taxes - deferred	1.3	-1.5	-1.3
Minority interests in income	0.4		0.2
Total	4.7	2.0	1.5

- Handover of Yamaha Livingtec -2.2
- Impairment loss -2.0
- Indonesian tariff assessment from previous periods -0.6

Revaluation loss on investment securities -1.5

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 the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.