





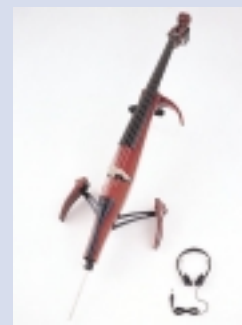
The forerunner of YAMAHA CORPORATION was founded in 1887 by Torakusu Yamaha. On October 12, 1897, Nippon Gakki Co., Ltd., was incorporated (the corporate name was changed to YAMAHA CORPORATION on occasion of its 100th anniversary), and YAMAHA celebrates its 100th year of manufacturing pianos in 2000.

YAMAHA is one of the world's leading manufacturers of pianos, digital musical instruments, and wind, string, and percussion instruments. At the same time, the Company has grown through a broad spectrum of business activities, including electronic devices and equipment, professional audio equipment, and audiovisual equipment.

To continue growing in the 21st century, the YAMAHA Group will make a concerted effort to become a truly global enterprise that fulfills its corporate mission of contributing to enriching the quality of life of people worldwide.

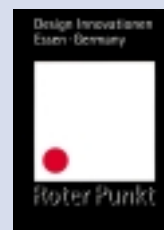
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SVC-200 (Silent Cello)

In fiscal 2000, YAMAHA was the recipient of the Highest Design Quality Award in the Leisure and Hobby category of Germany's Roter Punkt Awards.



Roter Punkt Awards:

One of Germany's most prestigious design awards, Roter Punkt Awards are awarded based on nine criteria, including design innovation and functionality. The Highest Design Quality Award is bestowed upon outstanding entries.

SV-100 (Silent Violin)

(Cover)

In fiscal 1999, YAMAHA was the recipient of the Most Sought After Design Award in the Leisure category of Germany's iF Awards.



Germany's iF Awards:

One of Germany's most prestigious design awards, the iF Awards consist of three divisions: Product, Ecology, and Interaction. The Product Design Awards comprise 10 subcategories, each of which is ranked into three awards: Top 10 Award, Best of Category (Most Sought After Design Award), and Top Three Award.

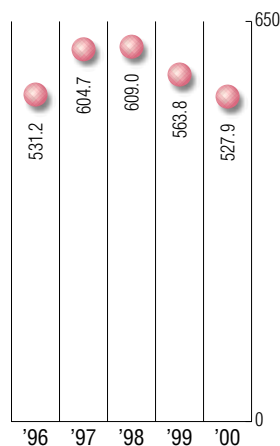
	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2000	1999	1998	2000
For the year:				
Net sales	¥527,897	¥563,751	¥608,990	\$4,973.12
Operating income (loss)	8,082	(97)	24,103	76.14
Net income (loss)	(40,777)	(15,879)	13,475	(384.15)
At year-end:				
Total shareholders' equity.....	¥221,750	¥214,896	¥231,940	\$2,089.03
Total assets	543,088	532,852	544,465	5,116.23

	Yen			U.S. Dollars (Note 2)
	2000	1999	1998	2000
Amounts per share:				
Shareholders' equity.....	¥1,073.75	¥1,040.56	¥1,123.09	\$10.12
Net income (loss)				
Primary.....	(197.45)	(76.89)	65.25	(1.86)
After full dilution.....	—	—	62.86	—

- Notes: 1. Figures for net sales do not include national consumption tax.
 2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.15=U.S.\$1.00, the approximate rate of exchange on March 31, 2000.
 3. Net income per share after full dilution (yen) for the fiscal years ended March 31, 2000 and 1999 is not presented because net losses for the years then ended were recorded.

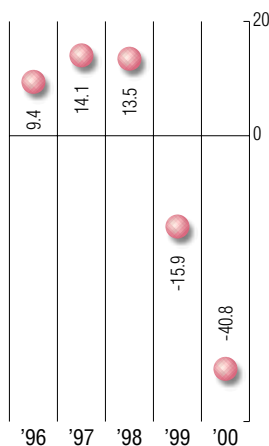
Net Sales

(Billions of Yen)



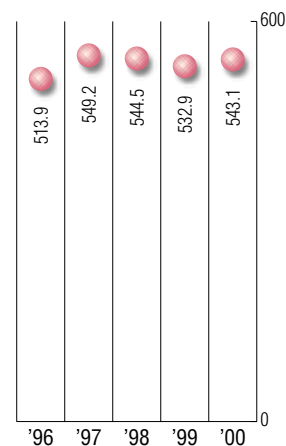
Net Income (Loss)

(Billions of Yen)



Total Assets

(Billions of Yen)



In fiscal 2000, ended March 31, 2000, consolidated net sales for the YAMAHA CORPORATION and its consolidated subsidiaries (collectively “the Company”) declined 6.4%, to ¥527.9 billion, owing to a decrease in net receipts caused by the appreciation of the yen and a decline in the storage heads business, which are components that write on and read from hard disks, the withdrawal from which was determined at fiscal year-end.

In spite of declining revenues and adverse exchange rates, Group companies, most notably overseas subsidiaries, produced strong results, and the Company succeeded in recording ¥8.1 billion in operating income.

However, the Company incurred extra retirement benefit disbursements due to the implementation of special early retirement initiatives; suffered losses related to its withdrawal from the storage heads business; and conducted lump-sum payments of past service benefits. As a result, operations for the term under review resulted in a net loss of ¥40.8 billion.

Accomplishments and Initiatives for a Return to Profitability

During the term, although improvements were seen in stock prices and housing investments, the Japanese economy overall remained stagnant as private-sector capital investment declined and personal spending failed to achieve a genuine recovery. Overseas, although the U.S. economy remained strong and recoveries were witnessed in both Europe and Asia, the strong yen represented an uphill struggle for exporters.

Against this backdrop, in addition to the continuation of its musical instruments and audio products sales enhancement initiatives, YAMAHA proactively developed and introduced exciting new products to meet the up-to-date needs of its users. At the same time, in the

high growth potential field of multimedia networks, in addition to supplying ringing tones for mobile phones, the Company established a new Digital Media Business R&D Division, through which it will configure a new business model for the 21st century.

With “selection and concentration” of business in mind, the Company has endeavored to achieve the following drastic reorganization goals, human resource initiatives, and financial structure enhancements:

- Withdrawal from the storage heads business
- Sale of the Tenryu semiconductor plant and realignment toward “sound” business content
- Implementation of special concessions for early retirement
- Lump-sum payments of past service benefits
- Restructuring initiatives for nonperforming Group companies

Medium-Term Management Plan

In December 1999, YAMAHA drew up its medium-term management plan for fiscal 2001 through fiscal 2003, which will see the finalization of YAMAHA’s New Values 21 Strategy (NV21).

The aim of NV21 is the creation and maximization of corporate value. Hence, the Company will concentrate its managerial resources on its core businesses of sound and music as well as pursue new growth and development.

While implementing competitive growth strategies in its existing businesses, YAMAHA will propose a new business model through the recombination of its principal assets—hardware technologies, music information (the Company’s forte), entertainment, education software, and Internet content—and strive for renewed growth.

At the same time, the Company will enhance the value of the YAMAHA brand and maximize Group



consolidated results through the strengthening of consolidated Group operations. YAMAHA's goals to be accomplished by March 31, 2003, are consolidated net sales of ¥600.0 billion, recurring profit of ¥30.0 billion, operating income of ¥32.0 billion, net income of ¥18.0 billion, a 9% return on equity (ROE), and a free cash flow of ¥13.0 billion.

Recovering Profitability

Over the coming fiscal year, the Company will push through the following operational objectives.

First and foremost, the Company's main objective is to return to profitability. To achieve this, YAMAHA will strive to swiftly generate results from restructuring measures implemented in the previous term as well as further strengthen its core sound and music businesses.

Second, we will undertake the securing of growth in the medium term as well as achieve the earliest

possible solidification of our new business model for long-term growth.

Third, the Company will augment its manufacturing ability—the cornerstone of operations as a manufacturer. To achieve this, the Company will adopt initiatives for the acceleration of product development time, firm market establishment, thorough cost reduction measures, boosting of overseas manufacturing, and maintaining levels of product quality.

YAMAHA will also promote management that emphasizes current value accounting compatibility, cash flows, and balance sheets, and fortify its financial structure.

Furthermore, the Company will concentrate its efforts on augmenting the profit bases of its Group affiliates.

Moreover, YAMAHA will proactively engage in environmental conservation activities. The Company will strive for ISO 14001 certification at all business facilities and push through preparations for environmental accounting.

At this delicate time, when full-fledged economic recovery is most crucial, concerns are being voiced over a further rise in the value of the yen, creating a less than optimistic outlook for the business environment. The YAMAHA Group will work to lay the cornerstone for new growth in the 21st century and at the same time unite all Group companies to fulfill its management goals. I look forward to the continued guidance and support of our valued shareholders and colleagues.

June 2000

A handwritten signature in black ink, reading "Shuji Ito". The signature is fluid and cursive, with a long, sweeping underline.

Shuji Ito

President and Representative Director

FOCUSING MANAGERIAL RESOURCES ON SOUND AND MUSIC

You have declared two bold principles that will guide the entire YAMAHA Group in boosting value and achieving its medium-term managerial goals.

ITO: We have set directions for managerial action and made them clear to both the domestic and overseas markets. First, we will focus our managerial resources on our businesses that include musical instruments and audiovisual groups. Second, we will focus on better and more-thorough coordination of our individual efforts in an attempt to achieve concerted business expansion across the entire Group. Rather than setting up and carrying out business plans independent of each other, as our Group affiliates and subsidiaries currently do, we must introduce synergy-based corporate management. This will be accomplished by shifting to consolidated Group management.

For corporate growth, our new Digital Media Business Strategy will help us shore up our combined resource base, encompassing software, hardware, and content. Our growth will be driven by the synergistic effects of our existing lines of business as well as the formation of new business lines.

Could you elaborate on some specific business models?

ITO: We are prepared to implement several specific models. I will briefly describe how they will affect each line of business.

▶ *Mobile Phone and Related Business*

We supply sound chips for mobile communications equipment and develop and deliver related digital content. In addition, we began the production of casings for handheld devices.

▶ *Formation of a New Record Company—Yamaha Music Communications*

Such prominent popular music artists in Japan as Chage & Aska and Miyuki Nakajima, among others, have already signed up with this new company. Plans for future expansion include talent searches and training, as well as on-line downloading of music content. (The company was established May 1, 2000.)

▶ *Talent Searches*

We plan to hold auditions on-line, to be named “MusicFront.” Internet auditions will provide us with a flow of promising artists, who will receive training and other assistance for on-line and CD debuts. (This was announced April 18, 2000.)

▶ *Formation of Music e Club*

This is a completely new type of music instruction, since it is designed specifically to deal with the very topics that are most difficult to teach in conventional classroom situations. The new music education system will utilize a mixture of virtual and real elements, aided by Internet technologies and classroom instruction at remote locations. It will provide ideal solutions for those who wish to

study at home as well as students in remote locations who wish to receive serious music instruction.

► *Development of New Network-Enabled Equipment*

We plan to develop musical instruments and equipment that can be used in conjunction with digital networks. Here too, we seek to achieve synergies by synchronizing our efforts in instrument development with our efforts to strengthen a variety of network-related business lines.

► *Strengthening of Subsidiaries in Preparation for the New Content Business*

Additional funding will be invested in Yamaha Music Media Corporation in Japan, and a new organization called Yamaha Music InterActive Corporation in New York has been formed. We will give priority to content development, including publications and software development.

MUSIC © TAINMENT

Q Is there a catchphrase to serve as a common platform for all the new business models that comprise the core of the Digital Media Business Strategy?

ITO: Yes there is, Music © Tainment. Let me explain this new term. It stands for e-commerce and e-business as well as entertainment and education.

Q In other words, YAMAHA is entering the brave new world of cutting-edge business projects. Could you describe some of the common goals that YAMAHA as a whole is trying to achieve?

ITO: I believe that it is most crucial to improve the image of the YAMAHA brand. We must add “sparkle” to it. This will be accomplished by increasing synergies on every level of the entire organization, across subsidiaries and affiliates as well as business and merchandise groups. This process will be supported by the creation of new values to be associated with our name.

We must begin by reconditioning the fundamental ground of our business. We must make it fertile so as to nurture genuine talent and professionalism. In this way, I hope we will be able to cultivate new qualitative characteristics that can be classified as distinctively YAMAHA.

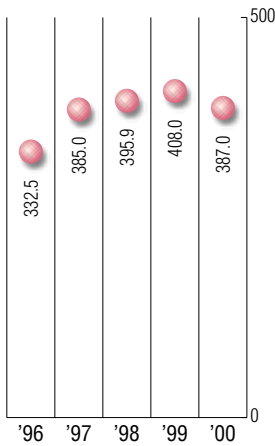
To this purpose, I ask each one of our staff to be forward-looking and outgoing. As a start, I ask them to act on their own initiative and strive to serve as role models. Our mission is to add luster to the YAMAHA brand and make it a creative force for many more years to come.

We are experiencing a period of change that requires us to continuously renew ourselves. One way of doing this is to listen to our customers and the marketplace, whose voices and opinions are valued very highly and reflected in our decision making.

Musical Instruments and Audio Products

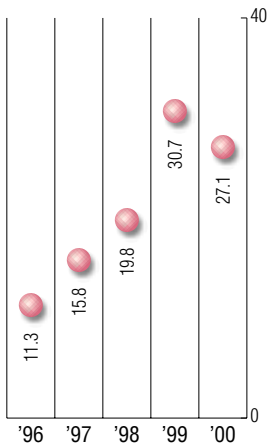
Net Sales

(Billions of Yen)



Operating Income

(Billions of Yen)



Although sales of musical instruments in Japan during the term under review were generally low, overseas sales produced favorable results. However, overall sales declined owing to the effects of the appreciation of the yen.

In domestic sales of pianos, YAMAHA's new lineup of grand pianos, which includes the top-of-the-line CFIIS concert grand piano, helped boost sales, sales of upright pianos fell slightly, and sales of electronic pianos also declined. Overseas, although sales in Europe and Central America and South America stagnated, sales in North America remained favorable, and recovery was seen in Asia as well.

In digital musical instruments, although growth was seen in electronic portable keyboards and such computer music products as "Hello Music," overall domestic results were lackluster, due to the current slow sales period for Electones® and Clavinovas®. Overseas, electronic keyboards and Clavinovas® increased in sales volumes.

In wind, string, and percussion instruments, healthy results were seen both in Japan and overseas in wind instruments, drums, and acoustic guitars.

In Yamaha music schools in Japan, although revenues from adult students increased, the number of child students decreased, resulting in a slight decline in tuition income.

In audio products, YAMAHA's flagship home theater amplifier and receiver, the DSP-AX1/RX-V1, immediately won high praise worldwide upon its release for its high sound quality and helped boost sales in this segment both in Japan and overseas. The Company also strove to augment its lineup of products that combine audiovisual technologies and IT and released such new products as the RP-100—the world's first genuine audio amplifier to employ USB interface.



The Junior Original Concert was held in Eisenach, Germany, to commemorate the 250th anniversary of Johann Sebastian Bach's death.



The 100th-anniversary edition upright piano



The S-80 music synthesizer is the resounding success of YAMAHA's devotion to technology and sound, achieved over long years of development in voicing.

The CFIII S top-of-the-line concert grand piano represents the pinnacle of artistic expression.



YAMAHA's acoustic violins provide a sharp response to the player's sensitivities and a crisp, brilliant timbre. (Available only in Japan.)



The CVP-109 Clavinova® features high quality sound and auto-accompaniment functions.



YAMAHA's DTXPRESS enables an individual user to experience a music session with a full band on their own in a compact space of 1m².



YAMAHA's handmade wooden flute is gaining popularity in orchestras worldwide.

Musical Instruments and Audio Products

Major Products & Services

- Pianos (upright pianos, grand pianos, etc.)
- Digital musical instruments (Clavinovas®, Electones®, portable keyboards, synthesizers)
- Wind instruments (trumpets, flutes, saxophones, etc.)
- String instruments (guitars and violins)
- Percussion instruments (drums, vibraphones, etc.)
- Educational musical instruments (recorders, pianicas (part piano and part harmonica), etc.)
- Audio equipment (mixers, power amplifiers, speaker systems, etc.)
- CD-R/RW, remote routers
- Soundproof room: Avitecs
- Music schools, English schools

Major Subsidiaries

- Yamaha Music Tokyo Co., Ltd., and 16 other domestic musical instruments sales subsidiaries
- Yamaha Music Trading Corporation
- Yamaha Music Media Corporation
- Yamaha Sound Technologies Inc.
- Yamaha Corporation of America
- Yamaha Electronics Corporation, U.S.A.
- Yamaha Europa G.m.b.H.
- Yamaha Elektronik Europa G.m.b.H.
- Yamaha Musique France S.A.
- Yamaha-Kemble Music (U.K.) Ltd.
- Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.
- Tianjin Yamaha Electronic Musical Instruments, Inc.
- Yamaha Elektronik Manufacturing (M) Sdn. Bhd.
- P.T. Yamaha Indonesia
- Yamaha Music Australia Pty., Ltd.

However, sales declined for the term, owing to the effects of the appreciation of the yen and the decline in demand for digital karaoke machines.

In IT equipment, although sales volumes of CD recorders (CD-Rs) increased substantially, low selling prices caused sales revenues to stagnate. Benefiting from the spread of the Internet, ISDN routers continued to produce healthy sales results.

As a result of these factors, net sales for the segment decreased 5.2% for the term, to ¥387.0 billion (US\$3.65 billion), and operating income declined 11.8%, to ¥27.1 billion (US\$0.26 billion).

In fiscal 2001, YAMAHA will strive to increase earnings in this segment through growth in its existing businesses backed by its 100th-anniversary campaign for YAMAHA pianos and by pursuing new Internet and digital media related business.



At the forefront of the new digital age, the YAMAHA DSP-AX1 is highly acclaimed around the world as an AV amplifier with DSP.



YAMAHA's high-performance CD-R/RW Drive: the result of leading-edge LSI technology

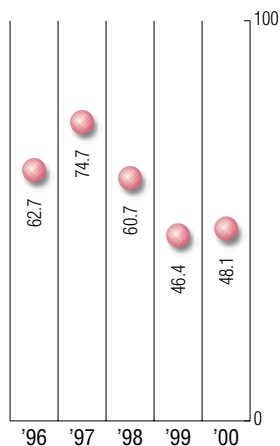


All-in-one recording solution with AW4416 Professional Audio Station

Lifestyle Related Products

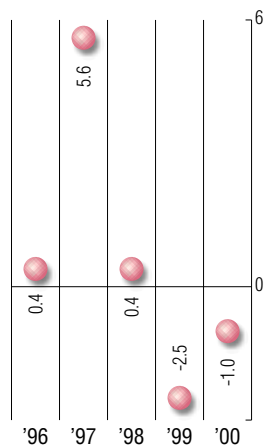
Net Sales

(Billions of Yen)



Operating Income (Loss)

(Billions of Yen)

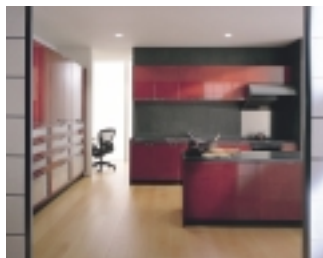


Major Products & Services

- System kitchens, bathtubs, washstands, furniture, parts for housing facilities, sound equipment for residential use

Major Subsidiaries

- Yamaha Livingtec Corporation
- Yamaha Living Products Corporation



Transcending mere culinary functions, YAMAHA's system kitchens make an interior decorating statement with unique materials, color schemes, and designs.

Benefiting from the revival of the housing market, YAMAHA succeeded in expanding sales of its mainstay system kitchens and bathtubs by developing new sales routes through such channels as building contractors. However, sales revenues increased only slightly due to the decline in prices. Sales of wooden front doors for houses also performed well due to the Company's efforts at promoting the benefits of wood over aluminum.

On the profit side, the Company succeeded in decreasing its loss in the segment through increased revenues, production streamlining, and the reduction of labor expenses.

As a result, net sales for the segment increased 3.7%, to ¥48.1 billion (US\$0.45 billion), and the operating loss amounted to ¥1.0 billion, an improvement from a ¥2.5 billion loss in the previous term.

YAMAHA's industry-leading new products, which were released in February 2000, have produced steady results thus far. In the next fiscal year, the Company will concentrate on the development of new sales routes and sales promotion initiatives. At the same time, it will strive to regain profitability in this segment through further production streamlining and restructuring efforts.

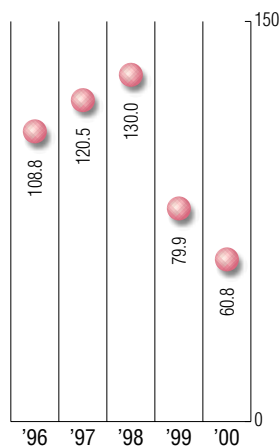


YAMAHA's system bathtubs turn an ordinary bathtub into a soothing exuberant space.

Electronic Equipment and Metal Products

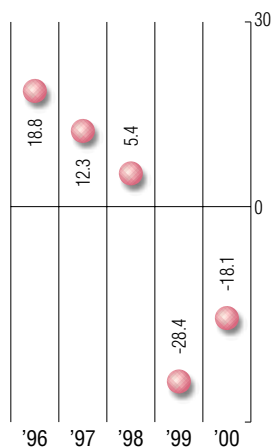
Net Sales

(Billions of Yen)



Operating Income (Loss)

(Billions of Yen)

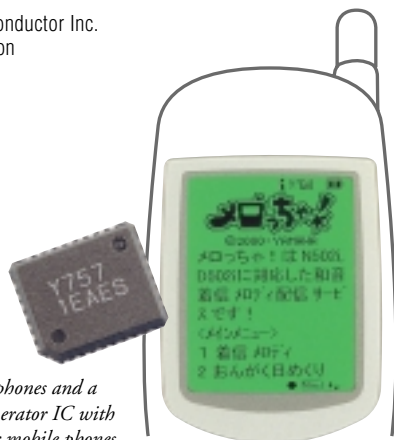


Major Products & Services

- Electronic devices
- Semiconductors, specialty metals

Major Subsidiaries

- Yamaha Kagoshima Semiconductor Inc.
- Yamaha Metanix Corporation



A display of mobile phones and a YMU757 sound generator IC with 4-note polyphony for mobile phones

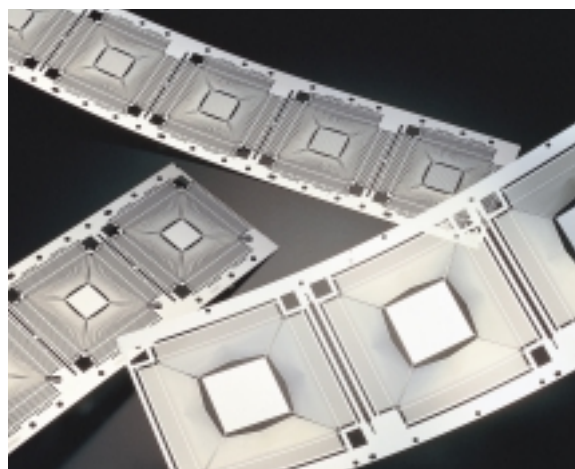
In semiconductors, sales of YAMAHA's large-scale integrations (LSIs) increased due to expanded use in home video game unit and arcade game machine applications. The Company also created a major hit product with the release of its LSI YMU757, a four-note polyphony FM chip for mobile phones that produces high-quality ringing tones.

Although we attempted to remedy the ailing storage heads business through restructuring initiatives, owing to plummeting sales prices and the high capital investment burden, we determined that we were unlikely to achieve future improvement in earnings. Withdrawal from the business was decided upon in November 1999, and production was halted in March 2000. This action resulted in a substantial decline in sales.

In electronic metallic products, demand for copper and nickel lead frames increased due to the spread of PCs and mobile phones. Sales also increased accordingly.

As a result of these factors, net sales for the segment declined 23.9%, to ¥60.8 billion (US\$0.57 billion); however, operating loss improved ¥10.3 billion, to ¥18.1 billion (US\$0.17 billion).

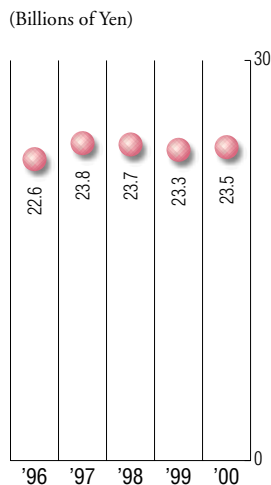
Over the next term, considering the enormous demand for mobile phone melody devices and amusement-related products, we anticipate our LSI semiconductor products to continue to produce favorable results. The alloy and mobile markets for electronic metallic materials and lead frames are also expected to remain strong, and YAMAHA will strive to roll out its cathode-ray tube (CRT) inverter materials, which it will position as its next mainstay product.



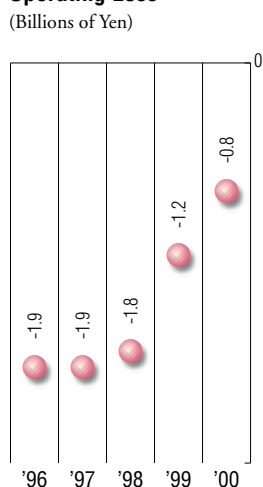
Lead frames for semiconductors

Recreation

Net Sales



Operating Loss



Major Products & Services

- Sightseeing facilities and accommodation facilities (Tsumagoi, Nemunosato, Haimurubushi, Sunza Villa, Kiroro, Toba-kokusai, Kitanomaru)
- Ski resort (Kiroro Recreation Resort)
- Golf courses (Katsuragi Golf Club, Kiroro Golf Club, Nemunosato Golf Club)

Major Subsidiaries

- Yamaha Resort Corporation
- Kiroro Development Corporation
- Haimurubushi Inc.

Although all the Company's resort facilities recorded increases in patronage during fiscal 2000, decreases in prices necessitated by the lackluster economic conditions in Japan resulted in a decline in sales, and business conditions remained severe. However, the sale of lots at the Nemunosato resort proceeded favorably, and overall sales slightly exceeded those of the previous fiscal year.

YAMAHA promoted improvement on the profit side as well as through reductions in labor expenses and fixed costs. It also increased capital and strove to strengthen financial content.

As a result, net sales for the segment edged up 0.7%, to ¥23.5 billion (US\$0.22 billion), and operating loss improved ¥0.4 billion year-on-year, to ¥0.8 billion (US\$7.36 million).

We expect similar results in the coming term and plan to further decrease our losses in this segment.



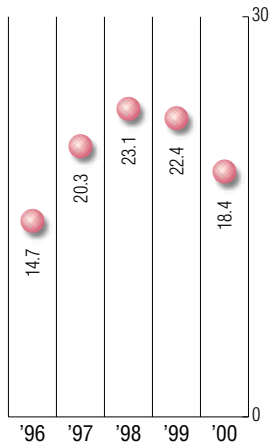
The emerald green ocean of Haimurubushi in Okinawa, Japan's southernmost resort spot



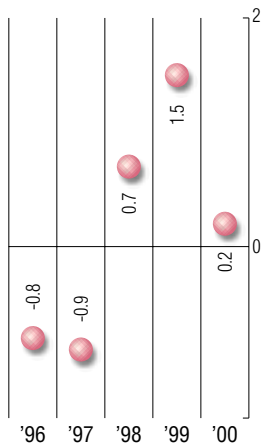
The Katsuragi Golf Club is highly acclaimed for its strategically designed golf courses.

Others

Net Sales (Billions of Yen)



Operating Income (Loss) (Billions of Yen)



Major Products & Services

- Golf and archery gear
- Automobile interior components
- Industrial robots

Major Subsidiaries

- Yamaha Insurance Service Co., Ltd.
- Yamaha Fine Technologies Co., Ltd.

In other business, sales of automobile interior components increased. In golf equipment, the new Power Magic series lineup, which now includes women's models, received high praise. Yet overall sales declined owing to the adverse state of the Japanese economy.

As a result, net sales for the segment declined 17.8%, to ¥18.4 billion (US\$0.17 billion), and operating income amounted to ¥0.2 billion (US\$1.92 million).

Over the coming term, we anticipate automobile interior components operations to continue to produce healthy results, benefiting from enormous market demand.



YAMAHA's automobile components are widely used in luxury cars both in Japan and overseas.



YAMAHA's AW-30 aluminum wheel leakage-inspection system for automobiles

Power Magic 730GT delivers gentle shots. Power Magic 703GT provides power and accuracy.

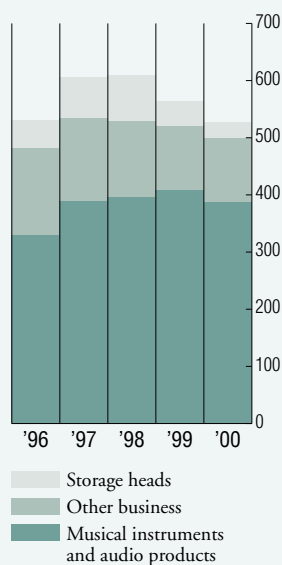


SELECTED FINANCIAL DATA	Millions of Yen				
	2000	1999	1998	1997	1996
For the year:					
Net sales	¥527,897	¥563,751	¥608,990	¥604,746	¥531,236
Cost of sales	371,758	402,239	416,435	409,256	351,744
Gross profit	156,140	161,511	192,556	195,490	179,492
Selling, general and administrative expenses	148,057	161,608	168,452	165,859	151,770
Operating income (loss)	8,082	(97)	24,103	29,631	27,721
Income (loss) before income taxes and minority interests	(47,601)	(6,532)	18,995	24,354	18,995
Net income (loss)	(40,777)	(15,879)	13,475	14,066	9,430
At year-end:					
Total assets	¥543,088	¥532,852	¥544,465	¥549,162	¥513,905
Total shareholders' equity	221,750	214,896	231,940	219,970	169,186
Total current assets	205,979	212,911	217,408	231,853	220,719
Total current liabilities	178,281	189,386	181,409	191,327	207,005
Yen					
Amounts per share:					
Net income (loss):					
Primary	¥ (197.45)	¥ (76.89)	¥ 65.25	¥ 71.97	¥ 48.59
After full dilution	—	—	62.86	65.83	44.89
Shareholders' equity	1,073.75	1,040.56	1,123.09	1,065.17	871.76
Ratios:					
Current ratio (%)	115.5%	112.4%	119.8%	121.2%	106.6%
Equity ratio (%)	40.8	40.3	42.6	40.1	32.9
Return on assets (%)	(7.6)	(2.9)	2.5	2.6	1.9
Return on equity (%)	(18.7)	(7.1)	6.0	7.2	5.8

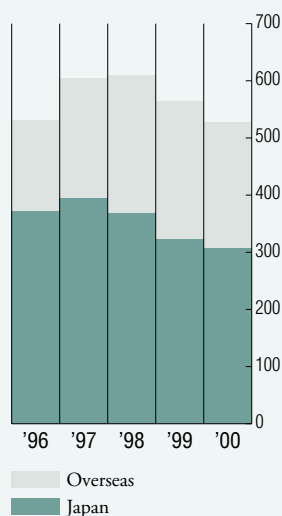
Notes: 1. Figures for net sales do not include national consumption tax.
2. Net income per share after full dilution (yen) for the fiscal years ended March 31, 2000 and 1999 is not presented because net losses for the years then ended were recorded.

Sales by Business Segment

(Billions of Yen)

**Sales by Geographical Segment**

(Billions of Yen)

**INCOME ANALYSIS****Net Sales**

Net sales for the Company for fiscal 2000, ended March 31, 2000, were adversely affected by foreign currency exchange rates and a ¥15.8 billion drop in sales from the storage heads business—the withdrawal from which was determined at year-end. As a result, net sales declined 6.4%, or ¥35.9 billion, to ¥527.9 billion (US\$4.97 billion) compared with the previous fiscal year.

Sales in Japan, hindered by the loss of storage heads revenue, fell 4.5%, or ¥14.6 billion, to ¥307.9 billion (US\$2.90 billion).

Overseas sales were weakened by the appreciation of the yen and declined 8.8%, or ¥21.3 billion, to ¥219.9 billion (US\$2.07 billion). The percentage of overseas sales fell 1.2% from the previous year, to 41.6%.

Costs and Expenses

In costs during the term under review, the cost of sales ratio improved 1.0% owing to the decrease in sales and a ¥7.9 billion decline in depreciation expenses due to withdrawal from the storage heads business. As a result, cost of sales decreased ¥30.5 billion, to ¥371.8 billion (US\$3.50 billion). Selling, general and administrative expenses declined ¥13.6 billion, to ¥148.1 billion (US\$1.39 billion), primarily due to decreases in personnel expenses.

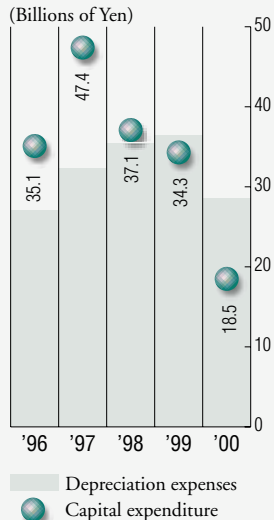
Operating Income and Net Income

As a result of the aforementioned factors, operating income for fiscal 2000 improved ¥8.2 billion, from a ¥0.1 billion loss in the previous fiscal year to a profit of ¥8.1 billion (US\$0.08 billion). However, despite the recording of extraordinary profit from the sale of investment securities, the Company incurred a ¥17.4 billion loss on the withdrawal from the storage heads business; a ¥21.3 billion payment of extra retirement benefits in line with special early retirement initiatives; and a ¥29.5 billion lump-sum payment for past service cost of the pension plans. The recording of these extraordinary losses resulted once again in a net loss for the term of ¥40.8 billion (US\$0.38 billion).

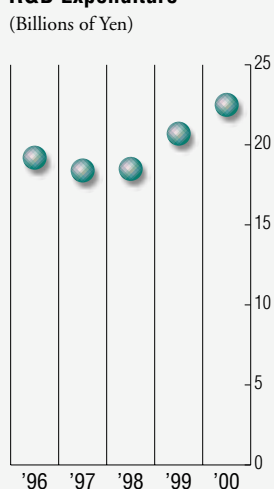
FINANCIAL POSITION

In total assets at year-end, although tangible fixed assets declined due to a withdrawal from the storage heads business and a decline in notes and accounts receivable and inventories, deferred income taxes increased owing to the application of tax-effect accounting, resulting in a year-on-year increase in total assets of 1.9%, or ¥10.2 billion, to ¥543.1 billion (US\$5.12 billion).

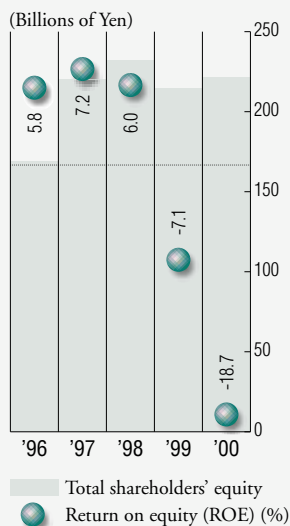
Capital Expenditure and Depreciation Expenses



R&D Expenditure



Total Shareholders' Equity and ROE



In liabilities, although accrued expenses and bank loans declined, the recording of accrued past service benefit expenses resulted in an increase of 1.4%, or ¥4.3 billion, to ¥318.0 billion (US\$3.00 billion).

Total current assets declined ¥6.9 billion, to ¥206.0 billion (US\$1.94 billion), and total current liabilities fell ¥11.1 billion, to ¥178.3 billion (US\$1.68 billion). Working capital increased ¥4.2 billion compared to the previous year, to ¥27.7 billion (US\$0.26 billion). The current ratio thus rose 3.1%, to 115.5%. Total shareholders' equity increased ¥6.9 billion, to ¥221.8 billion (US\$2.09 billion).

CASH FLOWS

Although the Company incurred a loss before income taxes and minority interests for the term of ¥47.6 billion, cash and cash equivalents at end of year increased ¥14.3 billion compared to the previous fiscal year, to ¥33.6 billion (US\$0.32 billion). This was due to an increase in the accrued past service benefit expenses, a decline in trade receivables and inventories, a curtailment of capital expenditures, and the sale of investment securities.

Net cash provided by operating activities totaled ¥10.9 billion (US\$0.10 billion), due primarily to depreciation expenses, an increase in the accrued past service benefit expenses, and a decline in trade receivables and inventory assets.

Due to the sale of investment securities, net cash provided by investing activities totaled ¥12.5 billion (US\$0.12 billion).

Net cash used in financing activities amounted to ¥7.5 billion (US\$0.07 billion), due to the repayment of loans.

EXCHANGE RATES

Owing to the rise in the value of the yen, net sales fell ¥33.0 billion and net income declined ¥19.1 billion. Foreign currency exchange rates applied were as follows:

- Average rate: US\$1=¥114.02 (¥130.23 in fiscal 1999)
- Euro1=¥119.03 (¥144.19 in fiscal 1999)
- Year-end rate: US\$1=¥106.15 (¥120.55 in fiscal 1999)
- Euro1=¥102.14 (¥129.29 in fiscal 1999)

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Current assets:			
Cash and bank deposits (Notes 6 and 14)	¥ 33,796	¥ 18,031	\$ 318,380
Marketable securities (Notes 6 and 13)	2,805	4,056	26,425
Notes and accounts receivable.....	76,334	91,649	719,114
Less: Allowance for doubtful accounts	(2,852)	(4,022)	(26,868)
	73,482	87,627	692,247
Inventories.....	77,416	91,095	729,308
Refundable income taxes.....	—	653	—
Deferred income taxes (Note 7)	12,354	—	116,382
Prepaid expenses and other current assets.....	6,124	11,447	57,692
Total current assets	205,979	212,911	1,940,452
Property, plant and equipment, net of accumulated depreciation (Notes 5 and 6):			
Land	48,970	45,449	461,328
Buildings and structures.....	81,478	89,327	767,574
Machinery and equipment	34,999	57,042	329,713
Construction in progress.....	2,672	4,674	25,172
Property, plant and equipment, net of accumulated depreciation	168,121	196,494	1,583,806
Investments and other assets:			
Investment securities (Notes 4, 6 and 13)	78,474	71,926	739,275
Valuation reserve for investment securities and investments in unconsolidated subsidiaries and affiliates.....	(2,024)	(3,134)	(19,067)
Long-term loans receivable.....	2,940	4,016	27,697
Lease deposits	5,134	5,694	48,366
Deferred income taxes (Note 7)	32,123	—	302,619
Excess of cost over net assets acquired	366	383	3,448
Other assets	7,324	7,822	68,997
Total investments and other assets	124,337	86,707	1,171,333
Translation adjustments	44,649	36,739	420,622
Total assets	¥543,088	¥532,852	\$5,116,232

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Current liabilities:			
Short-term loans	¥ 42,683	¥ 49,853	\$ 402,101
Current portion of long-term debt (Note 6)	11,527	6,253	108,592
Notes and accounts payable	52,335	49,969	493,029
Accrued expenses	48,580	53,066	457,654
Income taxes payable	1,803	3,576	16,985
Employees' savings deposits	8,381	10,263	78,954
Advances received	4,745	5,829	44,701
Deferred income taxes (Note 7)	122	—	1,149
Other current liabilities.....	8,146	10,570	76,740
Total current liabilities	178,281	189,386	1,679,520
Long-term liabilities:			
Long-term debt (Note 6)	34,002	41,212	320,320
Long-term accounts payable	42,448	—	399,887
Deferred income taxes (Note 7)	132	—	1,244
Deferred income taxes on land revaluation (Note 1 (n))	1,632	—	15,374
Retirement benefits (Note 9)	18,635	38,010	175,553
Long-term deposits received.....	41,448	42,096	390,466
Other long-term liabilities.....	1,416	3,038	13,340
Total long-term liabilities	139,716	124,358	1,316,213
Minority interests	3,340	4,211	31,465
Contingent liabilities (Note 10)			
Shareholders' equity (Note 8):			
Common stock, ¥50 par value:			
Authorized—700,000,000 shares;			
Issued —206,523,263 shares.....	28,533	28,533	268,799
Additional paid-in capital	26,924	26,924	253,641
Reserve for land revaluation (Note 1 (n))	8,331	—	78,483
Retained earnings	157,962	159,441	1,488,102
	221,752	214,900	2,089,044
Treasury stock, at cost	(2)	(3)	(19)
Total shareholders' equity	221,750	214,896	2,089,025
Total liabilities and shareholders' equity	¥543,088	¥532,852	\$5,116,232

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Net sales	¥527,897	¥563,751	\$4,973,123
Cost of sales	371,758	402,239	3,502,195
Gross profit	156,140	161,511	1,470,937
Selling, general and administrative expenses.....	148,057	161,608	1,394,790
Operating income (loss)	8,082	(97)	76,138
Other income (expenses):			
Interest and dividend income.....	957	1,070	9,016
Interest expense and discounts on notes.....	(2,968)	(3,449)	(27,960)
Sales rebates.....	(4,188)	(4,155)	(39,454)
Loss on foreign exchange.....	(280)	(121)	(2,638)
Gain on sale of marketable and investment securities.....	12,247	138	115,374
Gain (loss) on sale or disposal of properties, net.....	1,820	(1,963)	17,146
Equity in earnings of unconsolidated subsidiaries and affiliates.....	4,209	3,366	39,651
Early retirement benefits.....	(21,281)	(1,517)	(200,480)
Cumulative effect of accounting change with respect to prior service cost of the pension plan.....	(29,507)	—	(277,975)
Loss on disposal of discontinued operations.....	(17,368)	—	(163,618)
Other, net.....	675	196	6,359
	(55,684)	(6,434)	(524,578)
Loss before income taxes and minority interests	(47,601)	(6,532)	(448,431)
Income taxes (benefit):			
Current.....	2,947	6,128	27,763
Deferred.....	(10,167)	2,740	(95,780)
	(7,219)	8,869	(68,008)
Loss before minority interests.....	(40,382)	(15,401)	(380,424)
Minority interests	395	477	3,721
Net loss	¥(40,777)	¥(15,879)	\$ (384,145)

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Common stock:			
Balance at beginning of year (2000—206,523,263 shares; 1999—206,523,263 shares)	¥ 28,533	¥ 28,533	\$ 268,799
Balance at end of year (2000—206,523,263 shares; 1999—206,523,263 shares)	¥ 28,533	¥ 28,533	\$ 268,799
Additional paid-in capital (Note 8):			
Balance at beginning of year	¥ 26,924	¥ 26,924	\$ 253,641
Balance at end of year	¥ 26,924	¥ 26,924	\$ 253,641
Reserve for land revaluation:			
Balance at beginning of year	¥ —	¥ —	\$ —
Add:			
Gain on revaluation of land	8,331	—	78,483
Balance at end of year	¥ 8,331	—	\$ 78,483
Retained earnings:			
Balance at beginning of year	¥159,441	¥176,485	\$1,502,035
Cumulative effect of initial adoption of tax-effect accounting	39,411	—	371,276
Add:			
Effect of change in scope of consolidation	—	1,033	—
Effect of change in interests in subsidiaries	—	70	—
Effect of change in revaluation reserve	1,157	—	10,900
Net loss	(40,777)	(15,879)	(384,145)
Deduct:			
Decrease in consolidated subsidiaries	(945)	—	(8,902)
Effect of change in interests in subsidiaries	(116)	(145)	(1,093)
Cash dividends paid	(206)	(2,065)	(1,941)
Bonuses to directors and statutory auditors	(2)	(58)	(19)
Balance at end of year	¥157,962	¥159,441	\$1,488,102

See notes to consolidated financial statements.

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2000	2000
Cash flows from operating activities:		
Loss before income taxes	¥(47,601)	\$(448,431)
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities:		
Depreciation and amortization.....	28,876	272,030
Allowance for doubtful accounts	(1,010)	(9,515)
Provision for accrued employees' retirement benefits, net.....	(19,322)	(182,025)
Interest and dividend income.....	(957)	(9,016)
Interest expense.....	2,968	27,960
Equity in earnings of unconsolidated subsidiaries and affiliates	(4,209)	(39,651)
Gain on sale of investment securities	(9,091)	(85,643)
Gain on sale or disposal of properties, net	(1,820)	(17,146)
Loss on foreign exchange, net.....	280	2,638
Changes in operating assets and liabilities:		
Decrease in accounts and notes receivable—trade	11,511	108,441
Decrease in inventories	9,811	92,426
Increase in accounts and notes payable—trade	3,087	29,081
Increase in long-term accounts payable—other	42,448	399,887
Other, net	(2,470)	(23,269)
	12,501	117,767
Interest and dividends received	959	9,034
Interest paid.....	(2,968)	(27,960)
Refundable income taxes, net of payment	358	3,373
Net cash provided by operating activities	10,851	102,223
Cash flows from investing activities:		
Purchases of investment securities	(34,321)	(323,325)
Proceeds from sale of marketable securities	3,733	35,167
Proceeds from sale of investment securities	45,290	426,660
Purchases of properties.....	(20,175)	(190,061)
Proceeds from sale of properties	17,137	161,441
Other, net	811	7,640
Net cash provided by investing activities	12,474	117,513
Cash flows from financing activities:		
Decrease in short-term loans, net	(4,666)	(43,957)
Proceeds from long-term debt.....	2,382	22,440
Repayments of long-term debt.....	(5,033)	(47,414)
Cash dividends paid.....	(206)	(1,941)
Other, net	0	0
Net cash used in financing activities	(7,522)	(70,862)
Effect of exchange rate changes on cash and cash equivalents	(1,467)	(13,820)
Net increase in cash and cash equivalents	14,335	135,045
Cash and cash equivalents at beginning of year.....	17,923	168,846
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	1,373	12,935
Cash and cash equivalents at end of year (Note 14).....	¥ 33,632	\$ 316,835

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

YAMAHA CORPORATION (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of the countries of their domicile. The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. Accordingly, the accompanying consolidated financial statements may differ in certain significant aspects to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

In March 1998, the Business Accounting Deliberation Council of Japan (the "BADC") issued a new accounting standard for statements of cash flows, which became effective the year ended March 31, 2000. The Company and its consolidated subsidiaries adopted the new accounting standard for consolidation effective the year ended March 31, 2000, and the accompanying consolidated statements of cash flows for the year ended March 31, 2000 only has been prepared in accordance with this standard.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

(b) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

In accordance with the revised accounting standards for consolidation issued by the BADC, effective April 1, 1999, consolidated financial statements are required to include the accounts of the parent company and all its subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. As a result, the accompanying consolidated financial statements include the accounts of the Company and 72 consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

In addition, effective April 1, 1999, the scope of affiliates who should be accounted for by the equity method has been expanded to include companies (other than subsidiaries as defined above) whose decision-making control over their operations is significantly affected by the consolidated group in various ways even if they are owned by less than 20%. As a result, the investments in three affiliates have been accounted for by the equity method.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Certain foreign subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differ from that of the Company; however, the necessary adjustments are made when the effect of the difference is material.

All assets and liabilities of the subsidiaries are revaluated at fair values on acquisition, if applicable, and the excess of cost over underlying net assets at the date of acquisition is amortized over a period of five years on a straight-line basis.

(c) Foreign currency translations

The revenue and expense accounts of its foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. The balance sheet accounts, except for the components of shareholders' equity, are also translated into yen at the rate of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at historical exchange rates.

Current monetary assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance sheet date if not hedged by forward exchange contracts, or at the contracted rates of exchange when hedged by forward exchange contracts. Other assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated into yen at the historical rates of exchange in effect at the dates of the respective transactions.

(d) Cash and cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

The BADC issued a new accounting standard for statements of cash flows in March 1998. This standard became effective for fiscal years beginning on or after April 1, 1999. Accordingly, certain short-term investments in money trusts and other, which had previously been classified under "marketable securities," are now considered cash equivalents. The reclassifications were not made to the consolidated balance sheets as of March 31, 1999 in order to conform the prior year's presentation to the current year's presentation.

(e) Marketable securities, including those classified as investment securities

Marketable securities are stated at cost or at the lower of cost or market, cost being determined by the average method.

(f) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the last-in, first-out method. Inventories of the Company's foreign consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(g) Depreciation and amortization

Depreciation of property, plant and equipment is mainly calculated by the declining-balance method as stipulated in the Corporation Tax Law of Japan, except that certain consolidated subsidiaries employ the straight-line method at rates based on the estimated useful lives of the respective assets.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. For the Company and its consolidated subsidiaries, the amount of the allowance is determined based on (1) the maximum amount permitted to be charged to income under the Corporation Tax Law of Japan and based on past write-off experience, and (2) an estimated amount for probable doubtful accounts based on a review of the collectibility of individual receivables.

(i) Retirement benefits

Employees' retirement benefits: The Company and its consolidated subsidiaries have retirement benefits plans covering substantially all their employees. Employees of the Company and its consolidated subsidiaries who terminate their employment are entitled to lump-sum payments determined by reference to their current basic rate of pay, length of service and the conditions under which the termination occurs. Accrued employees' retirement benefits are stated at the amount which would be required to be paid if all employees covered by the plan voluntarily terminated their employment as of the balance sheet date.

In addition, the Company and certain consolidated subsidiaries have introduced defined benefit pension plans covering certain employees who meet the stipulated eligibility requirements as to age and length of service. The unamortized prior service cost is recognized as obligations of the Company and its consolidated subsidiaries and included in retirement benefits.

Directors' retirement benefits: The Company's directors are generally entitled to receive lump-sum retirement payments based on the Company's internal rules. The Company provides a 100% allowance for retirement benefits for its directors under its internal rules and this balance is included in retirement benefits in the balance sheets.

(j) Warranty reserve

The warranty reserve is provided to cover costs for possible repairs which may be claimed by customers after the Group companies' sales. The amount of this reserve is estimated based on a percentage of the amount or volume of sales and after considering past experience with repairs to products under warranty.

(k) Leases

Noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(l) Income taxes

Effective the year ended March 31, 2000, the Company and its consolidated subsidiaries fully adopted deferred tax accounting for income taxes in accordance with a new accounting standard issued by the BADC. This standard requires recognition of income taxes by the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. The effect of this change on deferred income taxes amounted to ¥12,303 million (\$115,902 thousand) as current assets, ¥32,123 million (\$302,619 thousand) as noncurrent assets, ¥122 million (\$1,149 thousand) as current liabilities, ¥132 million (\$1,244 thousand) as long-term liabilities and ¥1,632 million (\$15,374 thousand) as long-term liabilities with respect to land revaluation as of March 31, 2000. In addition, the effect of this change was to decrease net loss ¥10,769 million (\$101,451 thousand) for the year ended March 31, 2000 and increase retained earnings ¥50,180 million (\$472,727 thousand) as of March 31, 2000 from the amounts which would have been recorded by the method applied in the previous year.

(m) Appropriation of retained earnings

Under the Commercial Code of Japan (the "Code"), the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriation.

(n) Land revaluation

Pursuant to the "Law Concerning the Revaluation of Land" (the "Law"), land used for the business operations of a consolidated subsidiary and an affiliate was revalued on March 31, 2000. The excess of the revalued carrying amount over the book value before

revaluation that has been included in shareholders' equity amounted to ¥8,331 million (\$78,483 thousand) as the reserve for land revaluation at an amount net of the related tax effect at March 31, 2000. The corresponding income taxes of ¥1,632 million (\$15,374 thousand) are included in long-term liabilities at March 31, 2000 as deferred income taxes on land revaluation.

The revaluation of the land was determined based on the official standard notice prices in accordance with the relevant regulations of the Local Income Tax Law of Japan with certain necessary adjustments.

(o) Reclassifications

Certain prior-year amounts have been reclassified to conform to the fiscal 2000 presentation. These changes have had no impact on previously reported results of operations or shareholders' equity.

2. U.S. DOLLAR AMOUNTS

For the convenience of the reader, the accompanying financial statements with respect to the year ended March 31, 2000 have been presented in U.S. dollars by translating all yen amounts at ¥106.15=U.S.\$1.00, the exchange rate prevailing on March 31, 2000. This translation should not be construed as a representation that yen have been, could have been or could in the future be converted into U.S. dollars at the above or any other rate.

3. ACCOUNTING CHANGES

In previous years, the prior service cost of the employees' pension plans was recognized as expenses when contributions to the plans were made by the Company and certain consolidated subsidiaries. Effective April 1, 1999, the Company and certain consolidated subsidiaries have changed their accounting method to recognize the unamortized prior service cost as obligations at the balance sheet date on an accrual basis. The effect of this change was to decrease net income ¥29,507 million (\$277,975 thousand) from the amount which would have been recorded under the method applied in the previous year.

4. INVESTMENT SECURITIES

Investment securities and investment in and advances to unconsolidated subsidiaries and affiliates at March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Investment securities	¥35,409	¥27,727	\$333,575
Investment in and advances to unconsolidated subsidiaries and affiliates	43,065	44,199	405,699
	¥78,474	¥71,926	\$739,275

5. ACCUMULATED DEPRECIATION

Accumulated depreciation at March 31, 2000 and 1999 was ¥226,825 million (\$2,136,835 thousand) and ¥256,217 million, respectively.

6. SHORT-TERM LOANS AND LONG-TERM DEBT

Short-term loans consisted of unsecured loans payable to banks at the weighted average interest rate of 3.1% per annum at March 31, 2000.

Long-term debt at March 31, 2000 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Loans from banks, due through 2012 at average rates of 3.4% and 2.3% for current and noncurrent portion, respectively	¥21,212	\$199,830
1.9% unsecured convertible bonds, due 2004	24,317	229,082
Total long-term debt	45,529	428,912
Less: Current portion	11,527	108,592
	¥34,002	\$320,320

On September 30, 1988, the Company issued 1.9% unsecured convertible bonds, due 2004, which are convertible into common stock of the Company at ¥2,200 per share during the period from November 1, 1988 to March 31, 2004.

The assets pledged as collateral for long-term debt and certain other current liabilities at March 31, 2000 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Bank deposits.....	¥ 52	\$ 490
Marketable securities.....	1,349	12,708
Property, plant and equipment, net of accumulated depreciation.....	16,544	155,855
Investment securities.....	12,730	119,925

The aggregate annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2001	¥11,527	\$108,592
2002	2,818	26,547
2003	2,388	22,497
2004	25,400	239,284
2005 and thereafter.....	3,396	31,992
	¥45,529	\$428,912

7. INCOME TAXES

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 41% and 46% for 2000 and 1999, respectively.

Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2000 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred tax assets:		
Write-down of inventories	¥ 2,245	\$ 21,149
Allowance for doubtful receivables.....	1,176	11,079
Depreciation	13,589	128,017
Valuation allowance of equity securities	827	7,791
Accrued employees' bonuses	1,068	10,061
Warranty reserve.....	672	6,331
Retirement benefits and long-term accounts payable—other.....	22,861	215,365
Tax loss carried forward	16,312	153,669
Other.....	10,812	101,856
	69,565	655,346
Valuation allowance.....	(22,683)	(213,688)
Total deferred tax assets	46,882	441,658
Deferred tax liabilities:		
Reserve for deferred gain on properties	(1,589)	(14,969)
Other.....	(1,070)	(10,080)
Total deferred tax liabilities.....	(2,660)	(25,059)
Net deferred tax assets.....	¥44,222	\$416,599

8. LEGAL RESERVE AND ADDITIONAL PAID-IN CAPITAL

In accordance with the Code, the Company and its consolidated subsidiaries have provided the legal reserve as an appropriation of retained earnings. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

The legal reserve of the Company and its consolidated subsidiaries has been included in retained earnings.

9. RETIREMENT BENEFITS

The charges to income for the provision for retirement benefits of the Company and its consolidated subsidiaries for the years ended March 31, 2000 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Provision for retirement benefits.....	¥4,629	¥5,542	\$43,608

10. CONTINGENT LIABILITIES

The Company had the following contingent liabilities at March 31, 2000 and 1999:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Export bills discounted with banks	¥1,821	¥3,203	\$17,155
As guarantors of indebtedness of others	212	250	1,997

11. AMOUNTS PER SHARE

Basic loss per share shown below is based on the weighted average number of shares of common stock outstanding during each year. Diluted net loss per share is based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common shares to be issued upon the conversion of convertible bonds.

Net assets per share are based on the number of shares of common stock outstanding at each balance sheet date.

	Yen		U.S. Dollars
	2000	1999	2000
Net loss:			
Basic	¥(197.45)	¥(76.89)	\$(1.86)
Diluted	—	—	—

	Yen		U.S. Dollars
	2000	1999	2000
Shareholders' equity	¥1,073.75	¥1,040.56	\$10.12

Diluted net loss per share for the years ended March 31, 2000 and 1999 has not been presented because no consolidated net income was reported for the years then ended.

12. LEASES

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased assets as of March 31, 2000 and 1999, which would have been reflected in the balance sheets if finance leases currently accounted for as operating leases had been capitalized.

	Millions of Yen			Thousands of U.S. Dollars		
	Tools and equipment	Other	Total	Tools and equipment	Other	Total
Year ended March 31, 2000						
Acquisition costs	¥6,394	¥ 980	¥7,374	\$60,236	\$9,232	\$69,468
Accumulated depreciation	3,471	674	4,146	32,699	6,350	39,058
Net book value.....	¥2,922	¥ 305	¥3,228	\$27,527	\$2,873	\$30,410

	Millions of Yen			Thousands of U.S. Dollars		
	Tools and equipment	Other	Total	Tools and equipment	Other	Total
Year ended March 31, 1999						
Acquisition costs	¥7,946	¥1,130	¥9,077	\$74,856	\$10,645	\$85,511
Accumulated depreciation	4,295	715	5,011	40,462	6,736	47,207
Net book value.....	¥3,651	¥ 414	¥4,065	\$34,395	\$ 3,900	\$38,295

Lease expenses relating to finance leases accounted for as operating leases amounted to ¥1,809 million (\$17,042 thousand) and ¥1,965 million for the years ended March 31, 2000 and 1999, respectively.

Future minimum lease payments subsequent to March 31, 2000 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2001	¥1,375	\$12,953
2002 and thereafter.....	1,852	17,447
	¥3,228	\$30,410

13. MARKETABLE AND INVESTMENT SECURITIES

Information with respect to the book and fair values of marketable and investment securities for which market prices are available for the year ended March 31, 2000 is summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Marketable securities:						
Equity securities	¥ 1,312	¥ 5,148	¥ 3,836	\$ 12,360	\$ 48,497	\$ 36,138
Debt securities	44	52	7	415	490	66
Other	98	91	(6)	923	857	(57)
	1,455	5,292	3,837	13,707	49,854	36,147
Investment securities:						
Equity securities	68,656	92,943	24,287	646,783	875,582	228,799
Debt securities	2,412	2,448	36	22,723	23,062	339
Other	4	5	1	38	47	9
	71,072	95,398	24,325	669,543	878,709	229,157
Total	¥72,528	¥100,691	¥28,163	\$683,260	\$948,573	\$265,313

The fair value of listed securities is based primarily on the closing prices on the Tokyo Stock Exchange. The fair value of over-the-counter (OTC) traded securities is the price issued by the Japan Securities Dealers' Association. The fair value of securities with their positions, etc., is based on the position price issued by the Japan Securities Dealers' Association. The fair value of unlisted beneficial certificates of securities investment trusts is the price quoted by the respective securities investment management companies.

14. SUPPLEMENTARY CASH FLOW INFORMATION

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Cash and bank deposits.....	¥33,796	\$318,380
Time deposits with a maturity of more than three months.....	(163)	(1,536)
Cash and cash equivalents	¥33,632	\$316,835

15. DERIVATIVES AND HEDGING ACTIVITIES

The Company and its subsidiaries primarily utilize forward foreign exchange and currency option contracts to hedge their exposure to fluctuations of foreign exchange arising from exporting and importing transactions in the normal course of business. As a matter of policy, the Company and its subsidiaries do not speculate in derivative transactions, which may have many huge fluctuations in their market values. The forward foreign exchange contracts utilized by the Company and its subsidiaries have market risk. However, the Company and its subsidiaries do not anticipate any risks resulting from fluctuations of foreign currency markets, except option prices paid because the currency option contracts are restricted to enter into the purchase option with put foreign currency/call yen. The Company and its subsidiaries principally follow their internal rules for the derivative transactions, under which the status of such transactions are reported to their top management on a regular basis.

	Millions of Yen		
	Contracted amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sold			
U.S. dollars.....	¥10,223	¥ 9,982	¥ 241
Euro	14,504	13,700	803
Australian dollars.....	658	638	19
Canadian dollars.....	1,346	1,350	(3)
Purchased			
Euro	1,348	1,302	(45)
Total	28,080	26,974	1,014
Option:			
Purchased			
Put	(—)	(—)	

16. SEGMENT INFORMATION

The business and geographical segment information and overseas sales for the Company and its consolidated subsidiaries for the years ended March 31, 2000 and 1999 are outlined as follows:

Business Segments

Year ended March 31, 2000	Millions of Yen							Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Lifestyle related products	Electronic equipment and metal products	Recreation	Others	Total			
I. Sales and operating income									
Sales to external customers	¥387,004	¥46,865	¥ 55,880	¥23,484	¥14,663	¥527,897	¥ —	¥527,897	
Intersegment sales or transfers	—	1,243	4,966	—	3,735	9,944	(9,944)	—	
Total sales	387,004	48,108	60,846	23,484	18,398	537,842	(9,944)	527,897	
Operating expenses	359,926	49,104	78,960	24,266	18,194	530,451	(10,636)	519,814	
Operating income (loss)	¥ 27,077	¥ (995)	¥(18,113)	¥ (781)	¥ 204	¥ 7,390	¥ 692	¥ 8,082	
II. Total assets, depreciation and capital expenditures									
Total assets.....	¥275,407	¥22,395	¥61,723	¥77,703	¥61,209	¥498,439	¥44,649	¥543,088	
Depreciation	9,920	1,518	14,365	3,009	798	29,612	(977)	28,635	
Capital expenditures	7,846	1,683	6,968	1,403	927	18,829	(285)	18,544	

Year ended March 31, 2000	Thousands of U.S. Dollars							Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Lifestyle related products	Electronic equipment and metal products	Recreation	Others	Total			
I. Sales and operating income									
Sales to external customers	\$3,645,822	\$441,498	\$ 526,425	\$221,234	\$138,135	\$4,973,123	\$ —	\$4,973,123	
Intersegment sales or transfers ...	—	11,710	46,783	—	35,186	93,679	(93,679)	—	
Total sales	3,645,822	453,208	573,208	221,234	173,321	5,066,811	(93,679)	4,973,123	
Operating expenses.....	3,390,730	462,591	743,853	228,601	171,399	4,997,183	(100,198)	4,896,976	
Operating income (loss).....	\$ 255,082	\$ (9,374)	\$(170,636)	\$(7,358)	\$ 1,922	\$ 69,618	\$ 6,519	\$ 76,138	
II. Total assets, depreciation and capital expenditures									
Total assets	\$2,594,508	\$210,975	\$ 581,470	\$732,011	\$576,627	\$4,695,610	\$420,622	\$5,116,232	
Depreciation	93,453	14,301	135,327	288,347	7,518	278,964	(9,204)	269,760	
Capital expenditures.....	73,914	15,855	65,643	13,217	8,733	177,381	(2,685)	174,696	

Year ended March 31, 1999	Millions of Yen							Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Lifestyle related products	Electronic equipment and metal products	Recreation	Others	Total			
I. Sales and operating income									
Sales to external customers.....	¥408,025	¥44,841	¥ 73,226	¥23,324	¥14,333	¥563,751	¥ —	¥563,751	
Intersegment sales or transfers	—	1,566	6,691	—	8,043	16,300	(16,300)	—	
Total sales.....	408,025	46,407	79,917	23,324	22,377	580,051	(16,300)	563,751	
Operating expenses.....	377,330	48,882	108,339	24,565	20,842	579,960	(16,111)	563,848	
Operating income (loss)	¥ 30,694	¥ (2,474)	¥ (28,421)	¥ (1,240)	¥ 1,534	¥ 91	¥ (188)	¥ (97)	
II. Total assets, depreciation and capital expenditures									
Total assets	¥253,048	¥17,582	¥ 95,003	¥78,863	¥53,010	¥497,508	¥ 35,344	¥532,852	
Depreciation.....	9,608	1,838	22,315	3,085	859	37,707	(1,260)	36,446	
Capital expenditures.....	9,936	1,940	21,231	1,744	938	35,792	(1,449)	34,342	

Notes: (1) Business segments are divided into categories based on the application or nature of each product in the market.

(2) Major products in each business segment:

Business segment	Major products & services
Musical instruments and audio products	Pianos, digital musical instruments, wind instruments, guitars, percussion instruments, educational musical instruments, pro-audios, audio products, music schools, IT equipment
Lifestyle related products	System kitchens, bathtubs, washstands, furniture, parts for housing components, sound equipment for residential use
Electronic equipment and metal products	LSIs, storage heads, special metals
Recreation	Management of leisure facilities
Others	Golf and archery equipment, car interior parts, industrial robots

(3) As described in Note 1 (l), the Company and its consolidated subsidiaries adopted tax-effect accounting in accordance with a new accounting standard, effective the year ended March 31, 2000. The effect of this change increased total assets in the segments of Musical instruments and audio products, Lifestyle related products, Electronic equipment and metal products, Recreation and Others ¥30,846 million (\$290,589 thousand), ¥238 million (\$2,242 thousand), ¥11,538 million (\$108,695 thousand), ¥25 million (\$236 thousand) and ¥1,776 million (\$16,731 thousand), respectively, from the amounts which would have been recorded under the method applied in the previous year.

(4) Eliminations or unallocated amounts of total assets are mainly translation adjustments, which amounted to ¥44,649 million (\$420,622 thousand) and ¥36,739 million for the years ended March 31, 2000 and 1999, respectively.

Geographical Segments

Year ended March 31, 2000	Millions of Yen						Eliminations or unallocated amounts	Consolidated
	Japan	North America	Europe	Asia, Oceania and other areas	Total			
I. Sales and operating income								
Sales to external customers	¥331,323	¥ 94,703	¥73,096	¥28,773	¥527,897	¥ —	¥527,897	
Intersegment sales or transfers	163,616	6,228	510	47,722	218,078	(218,078)	—	
Total sales	494,940	100,932	73,607	76,496	745,976	(218,078)	527,897	
Operating expenses	500,051	94,973	70,666	74,733	740,425	(220,610)	519,814	
Operating income (loss)	¥ (5,110)	¥ 5,958	¥ 2,940	¥ 1,763	¥ 5,551	¥ 2,531	¥ 8,082	
II. Total assets	¥418,823	¥ 35,152	¥26,406	¥34,296	¥514,679	¥ 28,409	¥543,088	

Year ended March 31, 2000	Thousands of U.S. Dollars						Eliminations or unallocated amounts	Consolidated
	Japan	North America	Europe	Asia, Oceania and other areas	Total			
I. Sales and operating income								
Sales to external customers	\$3,121,272	\$892,162	\$688,610	\$271,060	\$4,973,123	\$ —	\$4,973,123	
Intersegment sales or transfers	1,541,366	58,672	4,805	449,571	2,054,432	(2,054,432)	—	
Total sales	4,662,647	950,843	693,424	720,641	7,027,565	(2,054,432)	4,973,123	
Operating expenses	4,710,796	894,706	665,718	704,032	6,975,271	(2,078,285)	4,896,976	
Operating income (loss)	\$ (48,139)	\$ 56,128	\$ 27,697	\$ 16,609	\$ 52,294	\$ 23,844	\$ 76,138	
II. Total assets	\$3,945,577	\$331,154	\$248,761	\$323,090	\$4,848,601	\$ 267,631	\$5,116,232	

Year ended March 31, 1999	Millions of Yen						Eliminations or unallocated amounts	Consolidated
	Japan	North America	Europe	Asia, Oceania and other areas	Total			
I. Sales and operating income								
Sales to external customers	¥349,120	¥ 94,777	¥82,246	¥37,607	¥563,751	¥ —	¥563,751	
Intersegment sales or transfers	167,392	9,288	1,138	36,759	214,579	(214,579)	—	
Total sales	516,512	104,065	83,385	74,366	778,330	(214,579)	563,751	
Operating expenses	530,634	96,214	78,969	71,360	777,177	(213,329)	563,848	
Operating income (loss)	¥ (14,121)	¥ 7,851	¥ 4,416	¥ 3,006	¥ 1,152	¥ (1,249)	¥ (97)	
II. Total assets	¥413,707	¥ 39,318	¥32,677	¥26,823	¥512,528	¥ 20,324	¥532,852	

Notes: (1) Geographical segments are divided into categories based on their geographical proximity.

(2) Major nations or regions included in each geographical segment:

- (1) North America—U.S.A., Canada
- (2) Europe—Germany, U.K.
- (3) Asia, Oceania and other areas—Singapore, Australia

(3) As described in Note 1 (1), the Company and its consolidated subsidiaries adopted tax-effect accounting in accordance with a new accounting standard, effective the year ended March 31, 2000. The effect of this change increased total assets in the segments of Japan, North America, Europe and Asia, Oceania and other areas ¥42,253 million (\$398,050 thousand), ¥1,904 million (\$17,937 thousand), ¥54 million (\$509 thousand) and ¥213 million (\$2,007 thousand), respectively, from the amounts which would have been recorded under the method applied in the previous year.

(4) Eliminations or unallocated amounts of total assets principally consist of translation adjustments, which amounted to ¥44,649 million (\$420,622 thousand) and ¥36,739 million as of March 31, 2000 and 1999, respectively.

Overseas Sales

Year ended March 31, 2000	Millions of Yen			
	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales:				
Overseas sales	¥96,005	¥73,397	¥50,452	¥219,855
Consolidated net sales	—	—	—	527,897
% of consolidated net sales	18.2%	13.9%	9.5%	41.6%

Year ended March 31, 2000	Thousands of U.S. Dollars			
	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales:				
Overseas sales	\$904,427	\$691,446	\$475,290	\$2,071,173
Consolidated net sales	—	—	—	4,973,123
% of consolidated net sales	18.2%	13.9%	9.6%	41.6%

Year ended March 31, 1999	Millions of Yen			
	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales:				
Overseas sales.....	¥96,203	¥82,517	¥62,491	¥241,212
Consolidated net sales.....	—	—	—	563,751
% of consolidated net sales.....	17.1%	14.6%	11.1%	42.8%

Notes: (1) Overseas sales are sales of the Company and its consolidated subsidiaries.
Geographical areas are divided into categories based on their geographical proximity.

- (2) Major nations or regions included in each geographical segment:
- (1) North America—U.S.A., Canada
 - (2) Europe—Germany, U.K.
 - (3) Asia, Oceania and other areas—Singapore, Australia

The Board of Directors
YAMAHA CORPORATION

We have audited the accompanying consolidated balance sheets of YAMAHA CORPORATION and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations and shareholders' equity for the years then ended and the related consolidated statement of cash flows for the year ended March 31, 2000, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of YAMAHA CORPORATION and consolidated subsidiaries at March 31, 2000 and 1999, the consolidated results of their operations for the years then ended and the consolidated results of their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the method of accounting for prior service cost of the employees' pension plans as described in Note 3 to the consolidated financial statements.

As described in Note 1 to the consolidated financial statements, YAMAHA CORPORATION and consolidated subsidiaries have adopted new accounting standards for consolidation and tax-effect accounting in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.



Century Ota Showa & Co.

Hamamatsu, Japan
June 29, 2000

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of YAMAHA CORPORATION and consolidated subsidiaries under Japanese accounting principles and practices.

- Consolidated Subsidiaries
- Non-consolidated Subsidiaries
- ▶ Company accounted for by the equity method

Japan

- Yamaha Music Tokyo Co., Ltd.
- Yamaha Music Nishitokyo Co., Ltd.
- Yamaha Music Yokohama Co., Ltd.
- Yamaha Music Kitakanto Co., Ltd.
- Yamaha Music Higashikanto Co., Ltd.
- Yamaha Music Niigata Co., Ltd.
- Yamaha Music Osaka Co., Ltd.
- Yamaha Music Kobe Co., Ltd.
- Yamaha Music Okayama Co., Ltd.
- Yamaha Music Matsuyama Co., Ltd.
- Yamaha Music Nagoya Co., Ltd.
- Yamaha Music Hamamatsu Co., Ltd.
- Yamaha Music Kanazawa Co., Ltd.
- Yamaha Music Kyushu Co., Ltd.
- Yamaha Music Hokkaido Co., Ltd.
- Yamaha Music Tohoku Co., Ltd.
- Yamaha Music Hiroshima Co., Ltd.
- Yamaha Music Trading Corporation
- Yamaha Music Media Corporation
- Yamaha Sound Technologies Inc.
- Yamaha Kagoshima Semiconductor Inc.
- Yamaha Livingtec Corporation
- Yamaha Living Products Corporation
- Yamaha Resort Corporation
- Kiroro Development Corporation
- Haimurubushi Inc.
- Yamaha Metanix Corporation
- Yamaha Fine Technologies Co., Ltd.
- Yamaha Credit Corporation
- Yamaha Insurance Service Co., Ltd.

Overseas

American Region

- Yamaha Corporation of America
- Yamaha Exporting, Inc.
- Yamaha Electronics Corporation, U.S.A.
- Yamaha Music Manufacturing, Inc.
- Yamaha Musical Products, Inc.
- Yamaha Canada Music Ltd.
- Yamaha de México, S.A. de C.V.
- Yamaha de Panamá, S.A.
- Yamaha Musical do Brasil Ltda.
- Yamaha Music Argentina S.A.

European Region

- Yamaha-Kemble Music (U.K.) Ltd.
- Kemble & Company Ltd.
- Kemble Music Ltd.
- Yamaha MusicSoft Europe Ltd.
- Yamaha Electronics (U.K.) Ltd.
- Yamaha Europa G.m.b.H.
- Yamaha Elektronik Europa G.m.b.H.
- Yamaha Musique France S.A.
- Yamaha Electronique France S.A.
- Yamaha Electronique Alsace S.A.
- Yamaha Musica Italia s.p.a.
- Yamaha•Hazen Musica S.A.
- Yamaha Scandinavia A.B.

Asia, Oceania and Other Region

- Tianjin Yamaha Electronic Musical Instruments, Inc.
- Guangzhou Yamaha-Pearl River Piano Inc.
- Yamaha Trading (Shanghai) Co., Ltd.
- Xiaoshan Yamaha Musical Instrument Co., Ltd.
- Yamaha Electronics (China) Ltd.
- Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.
- Yamaha KHS Music Co., Ltd.
- Kaohsiung Yamaha Co., Ltd.
- P.T. Yamaha Music Indonesia (Distributor)
- P.T. Yamaha Indonesia
- P.T. Yamaha Music Manufacturing Indonesia
- P.T. Yamaha Musical Products Indonesia
- P.T. Yamaha Manufacturing Asia
- P.T. Yamaha Electronics Manufacturing Indonesia
- Yamaha Music (Asia) Pte. Ltd.
- Yamaha Systems Technology Singapore Pte. Ltd.
- Yamaha Electronics Asia Pte. Ltd.
- Siam Music Yamaha Co., Ltd.
- Yamaha Electronics Manufacturing (M) Sdn. Bhd.
- Yamaha Music (Malaysia) Sdn. Bhd.
- Yamaha Music Australia Pty., Ltd.
- Yamaha Music Gulf FZE

- ▶ Yamaha Motor Co., Ltd.
- ▶ KORG Inc.



Board of Directors and Corporate Auditors**President and Representative Director**

Shuji Ito

Senior Managing Director

Katsuhiko Kishida

Managing Directors

Kunihiro Maejima

Masatada Wachi

Directors

Noriyuki Egawa

Yoshihiro Umeda

Haruki Koike

Shinya Hanamoto

Shigeo Harikae

Hirokazu Kato

Tsuneo Kuroe

Corporate Auditors

Naomoto Ota

Hisatake Chatani

Shigebumi Suzuki

Kimiyaaki Nakamura

(As of June 30, 2000)

Investor Information**Head Office**10-1, Nakazawa-cho, Hamamatsu,
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Fiscal Year-end Date

March 31

DividendsYear-end: To the shareholders of record
on March 31Interim: To the shareholders of record
on September 30**Date of Establishment**

October 1897

Stated Capital

¥28,533 million

Number of Common Stock

Authorized: 700,000,000 shares

Issued: 206,523,263 shares

Number of Shareholders

12,429

Number of Employees

21,599

Number of Consolidated Subsidiaries

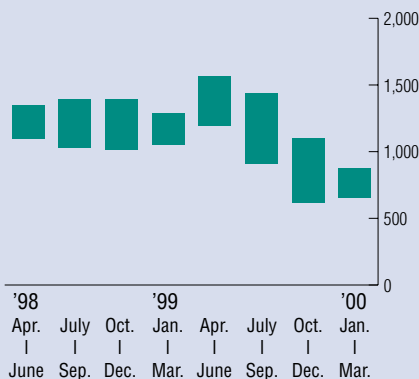
72

Number of Companies Accounted for by the Equity Method

3

Stock Exchange ListingsTokyo, Osaka, and Nagoya
First Section, Code No. 7951**Stock Price Movement**

(Yen)

**Transfer Agent and Registrar**The Chuo Mitsui Trust
and Banking Co., Ltd.

Nagoya Branch

Stock Transfer Agency Department

Address: 2-20-25, Nishiki, Naka-ku,
Nagoya 460-8685, Japan

Tel: +81 52 231-1145

(Formerly The Chuo Trust and Banking
Co., Ltd.; merged with The Mitsui Trust
and Banking Co., Ltd., on April 1, 2000.)**Newspaper for Official Notice***Nihon Keizai Shimbun***Annual General Meeting of Shareholders**

The annual general meeting of shareholders of the Corporation is normally held in June each year in Hamamatsu, Japan. In addition, the Corporation may hold an extraordinary general meeting of shareholders as necessary, giving at least two weeks' prior notice to shareholders. Notice to nonresident shareholders of any shareholders' meeting will be mailed to their standing proxies or to their mailing addresses in Japan.

Auditor

Century Ota Showa & Co.

Main Shareholders

Percentage of Total Shares (%)

The Dai-Ichi Kangyo Bank, Ltd.	4.80
The Fuji Bank, Ltd.	4.80
The Sumitomo Bank, Ltd.	4.80
The Sumitomo Marine & Fire Insurance, Co., Ltd.	4.49
The Shizuoka Bank, Limited	4.04

(As of March 31, 2000)



YAMAHA CORPORATION

Public Relations Division

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