

**Analyst and Investor Briefing
on the Third Quarter of
the Fiscal Year Ending March 31, 2004**

(April 1, 2003 to December 31, 2003)

February 10, 2004

YAMAHA CORPORATION

Overview of the Performance in the Third Quarter



- In 3Q, sales in the musical instruments business and the AV/IT business fell short of the forecasts announced along with interim results in November 2003. However, in addition to sharp growth in semiconductors, sales in the musical instruments and AV equipment slightly increased with the inclusion of the effects of currency exchange rate fluctuations. Thus, YAMAHA expects overall revenue to rise 4% for the full year.
- Operating income forecasts for nearly every segment exceeded 3Q forecasts and rose year-on-year.
- Due to hedging by selling euro forward contracts, exchange gains were around ¥800 million more than planned in 3Q forecasts.
- End-3Q musical instrument and AV/IT inventories rose slightly above planned levels.

However, inventories were down around ¥10 billion year-on-year.

- End-3Q interest-bearing debt was ¥40.9 billion.

Performance in the Third Quarter



➤ **Compared with previous projections, both sales and earnings increased.**
 (Billions of Yen)

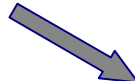
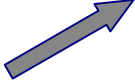
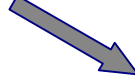
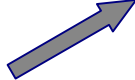

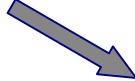
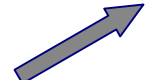
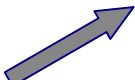
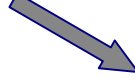
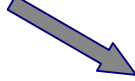
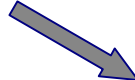
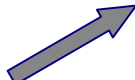
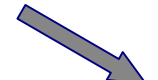
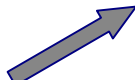
	3Q	Change from previous projections	Change from same period of previous year
Net Sales	149.1		
Operating Income (Operating Income Ratio)	18.7 (12.5 %)		
Recurring Profit (Recurring Profit Ratio)	21.5 (14.4 %)		
Net Income (Net Income Ratio)	19.5 (13.1 %)		

Currency Exchange Rate		3Q	Previous Projections	Level in same period of previous year
Net Sales	US\$	109	110	123
	EUR	129	125	123
Operating Income	US\$	110	110	123
	EUR	130	125	117

Sales by Business Segment in the Third Quarter

➤ Compared with previous projections, sales were lower but higher than in the same period of previous year

(Billions of Yen)

	3Q	Change from previous projections		Change from same period of previous year	
		Currency Exchange Impact	Actual Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	78.7	(0.2)		(2.2)	
AV/IT	24.8	0.3		(0.3)	
Lifestyle-Related Products	12.0				
Electronic Equipment and Metal Products	22.1				
Recreation	4.7				
Others	6.7				
TOTAL	149.1	0.1		(2.5)	

*Actual increases and decreases represent changes from previous projections and from the same period of the previous year, excluding the effects of currency exchange rate fluctuations.

Operating Income by Business Segment in the Third Quarter



➤ 3Q earnings were higher than previous projections and the level recorded in the same period of the previous year

(Billions of Yen)

	3Q	Change from previous projections		Change from same period of previous year	
		Currency Exchange Impact	Actual Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	5.5	0.5	↗	0.3	→
AV/IT	3.2	0.3	↗	1.1	→
Lifestyle-Related Products	0.6		→		↗
Electronic Equipment and Metal Products	9.6		↗		↗
Recreation	(0.3)		↘		→
Others	0.1		→		↗
TOTAL	18.7	0.8	↗	1.4	↗

*Actual increases and decreases represent changes from previous projections and from the same period of the previous year, excluding the effects of currency exchange rate fluctuations.

Forecasts of Business Performance in FY2004



➤ 4Q exchange rate assumptions: ¥110/\$ and ¥127/euro

(Billions of Yen)

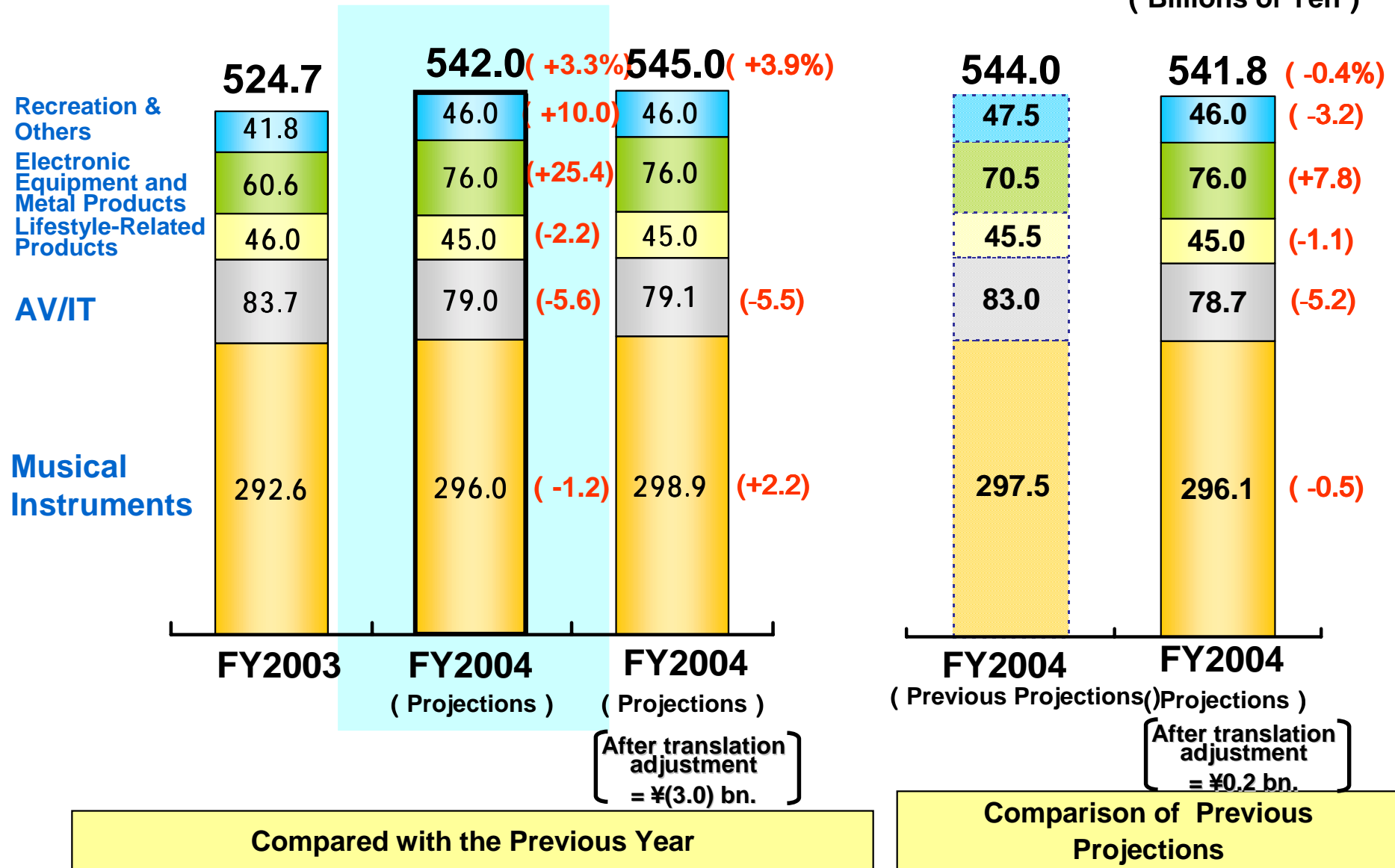
	1Q-3Q	4Q Forecasts	FY2004 (Current Forecasts)	FY2004 (Previous Forecasts)	FY2003	Change from projections	Change from FY2003
Net Sales	415.3	106.7	542.0	544.0	524.7	(0.4)%	+3.3%
Operating Income <small>(Operating Income Ratio)</small>	45.1 (10.9%)	0.4 (0.4%)	45.5 (8.4%)	42.0 (7.7%)	32.0 (6.1%)	+8.3%	+42.2%
Recurring Profit <small>(Recurring Profit Ratio)</small>	51.2 (12.3%)	(0.2) (- %)	51.0 (9.4%)	47.5 (8.7%)	33.8 (6.4%)	+7.4%	+50.9%
Net Income <small>(Net Income Ratio)</small>	45.7 (11.0%)	(1.7) (- %)	44.0 (8.1%)	41.5 (7.6%)	17.9 (3.4%)	+6.0%	+145.8%

Currency Exchange Rate	1Q-3Q	4Q Forecasts	FY2004 Current Forecasts	FY2004 Previous Forecasts	FY2003
Net Sales	US\$ 115	110	114	114	122
	EUR 132	127	131	130	121
Operating Income	US\$ 116	110	115	115	122
	EUR 128	127	128	126	116

Forecasts of Net Sales by Business Segment



(Billions of Yen)



*Figures in parentheses represent changes from the previous period.

*Figures in parentheses represent changes from the previous projections.

Forecasts of Operating Income by Business Segment



(Billions of Yen)

	FY2003	FY2004 Projections	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)	Previous (Nov 10) Projections
Musical Instruments	9.8	12.0	+2.2	+2.3	(0.1)	12.0
AV/IT	3.2	4.0	+0.8	+2.7	(1.9)	4.0
Lifestyle-Related Products	0.5	1.0	+0.5		+0.5	1.0
Electronic Equipment and Metal Products	19.3	29.0	+9.7		+9.7	25.0
Recreation	(1.1)	(1.0)	+0.1		+0.1	(0.5)
Others	0.4	0.5	+0.1		+0.1	0.5
TOTAL	32.0	45.5	+13.5	+5.0	+8.5	42.0

*Up ¥3.5bn compared to previous projections (Nov. 10)

Of which, ¥1.1bn due to forex impact in the second half (musical instruments ¥0.7bn and AV equipment ¥0.4bn)

Accordingly, on an adjusted basis, up ¥2.4bn compared to previous projections

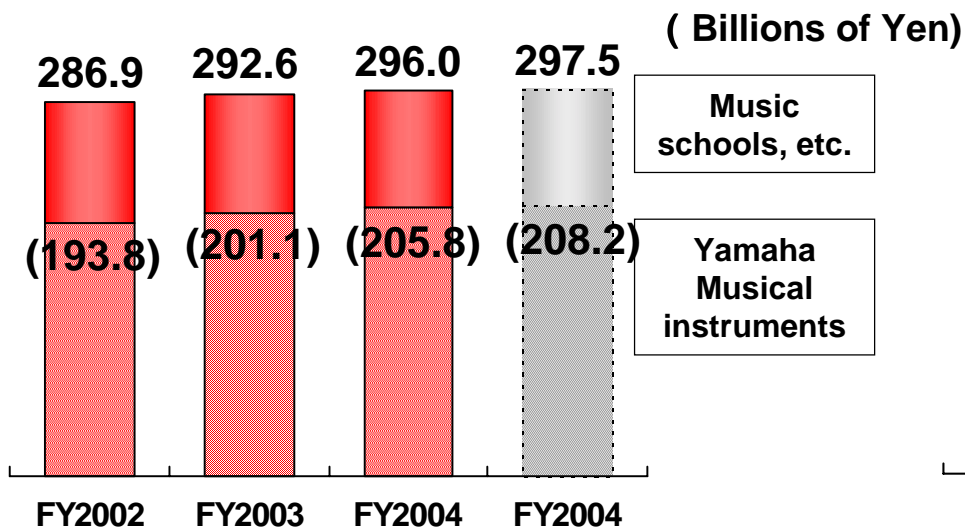
Musical Instruments



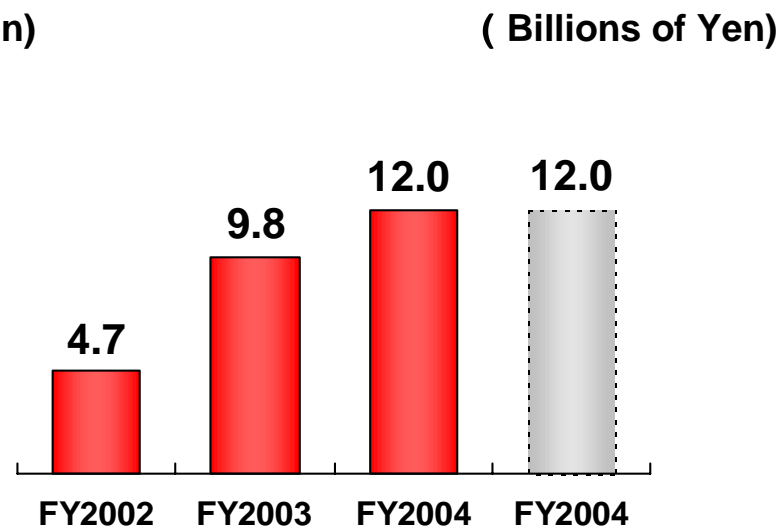
■3Q Overview

- 3Q sales on an adjusted basis rose year-on-year.
- In North America and Europe, the trend toward lower prices caused Christmas season sales to fall short of expectations.
- In Asia, Korea and the near east registered growth. In China, the delay of market policies caused earnings to remain weak.
- End-3Q inventories were slightly above target although just under the level recorded in the same period of the previous year.

Sales



Operating Income



	FY2002	FY2003	FY2004 (Projection)	FY2004 (Previous Projections)
1H	144.6	146.2	149.1	
2H	142.3	146.4	146.9	

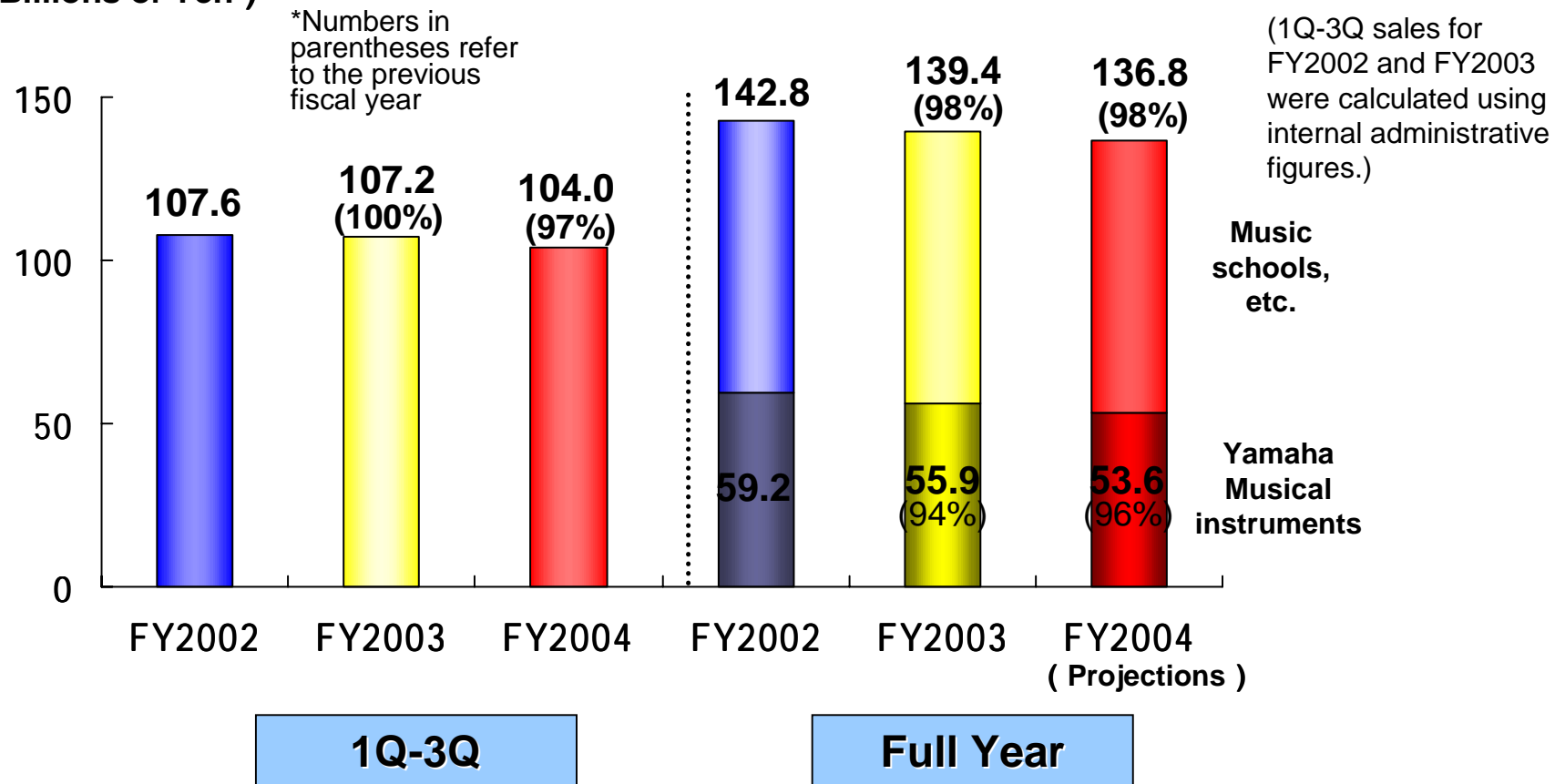
	FY2002	FY2003	FY2004 (Projections)	FY2004 (Previous Projections)
1H	3.8	6.0	9.7	
2H	0.9	3.8	2.3	

YAMAHA Musical Instrument Sales in the Japanese Market



In Q1–Q3, Electone sales fell by half year-on-year because of a lull ahead of a model change. Overall, sales declined 3% year-on-year. For the full year, sales are expected to recover with the launch of “STAGEA,” an Electone with new functions.

(Billions of Yen)

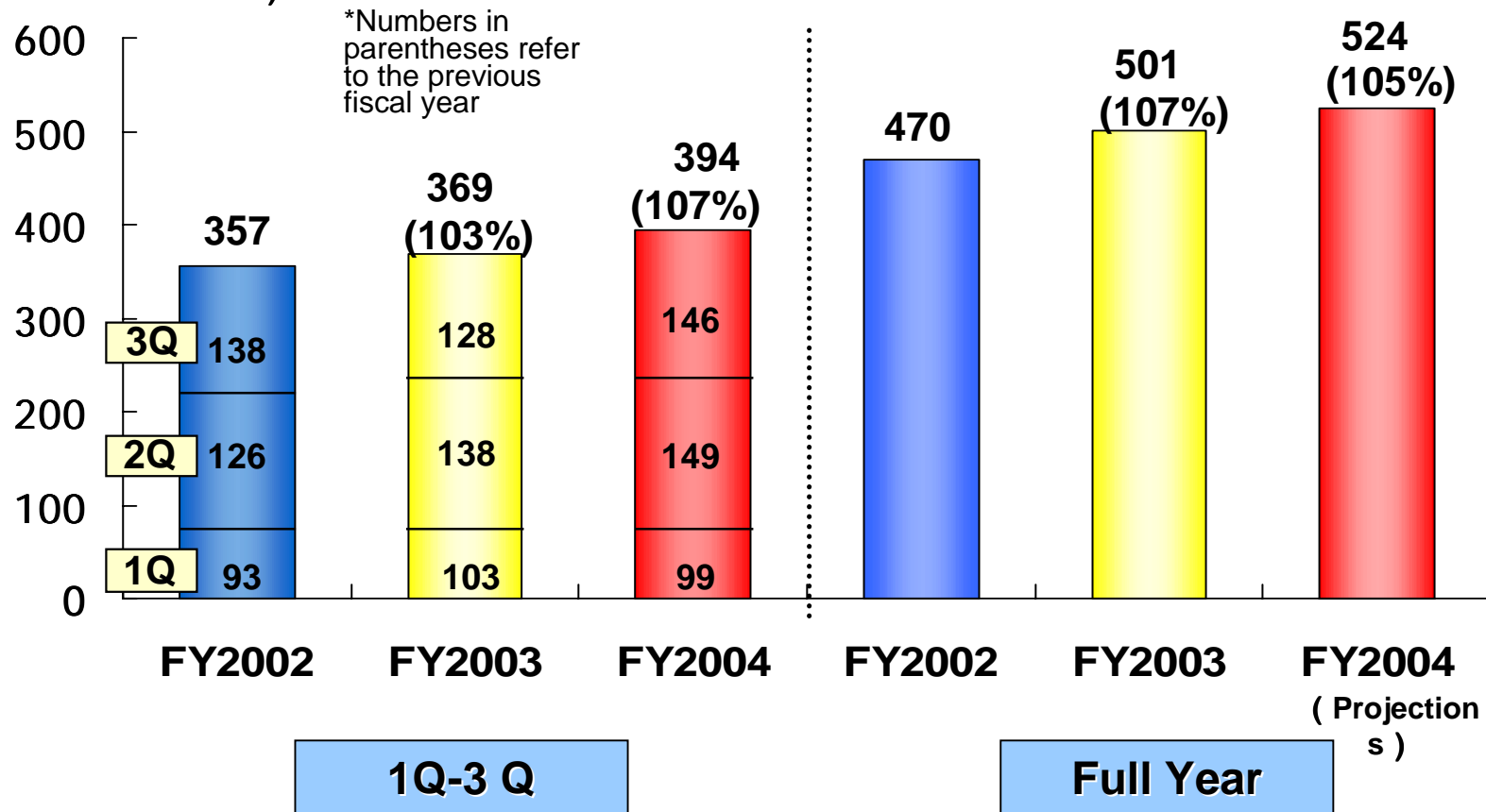


YAMAHA Musical Instrument Sales in the U.S. Market



The negative portion from 1Q was recouped in 2Q, fueling a year-on-year rise in sales. In 3Q, sales were brisk, especially for portable keyboards. High-end pianos and wind instruments struggled.

Wholesale Amount
(Millions of Dollars)

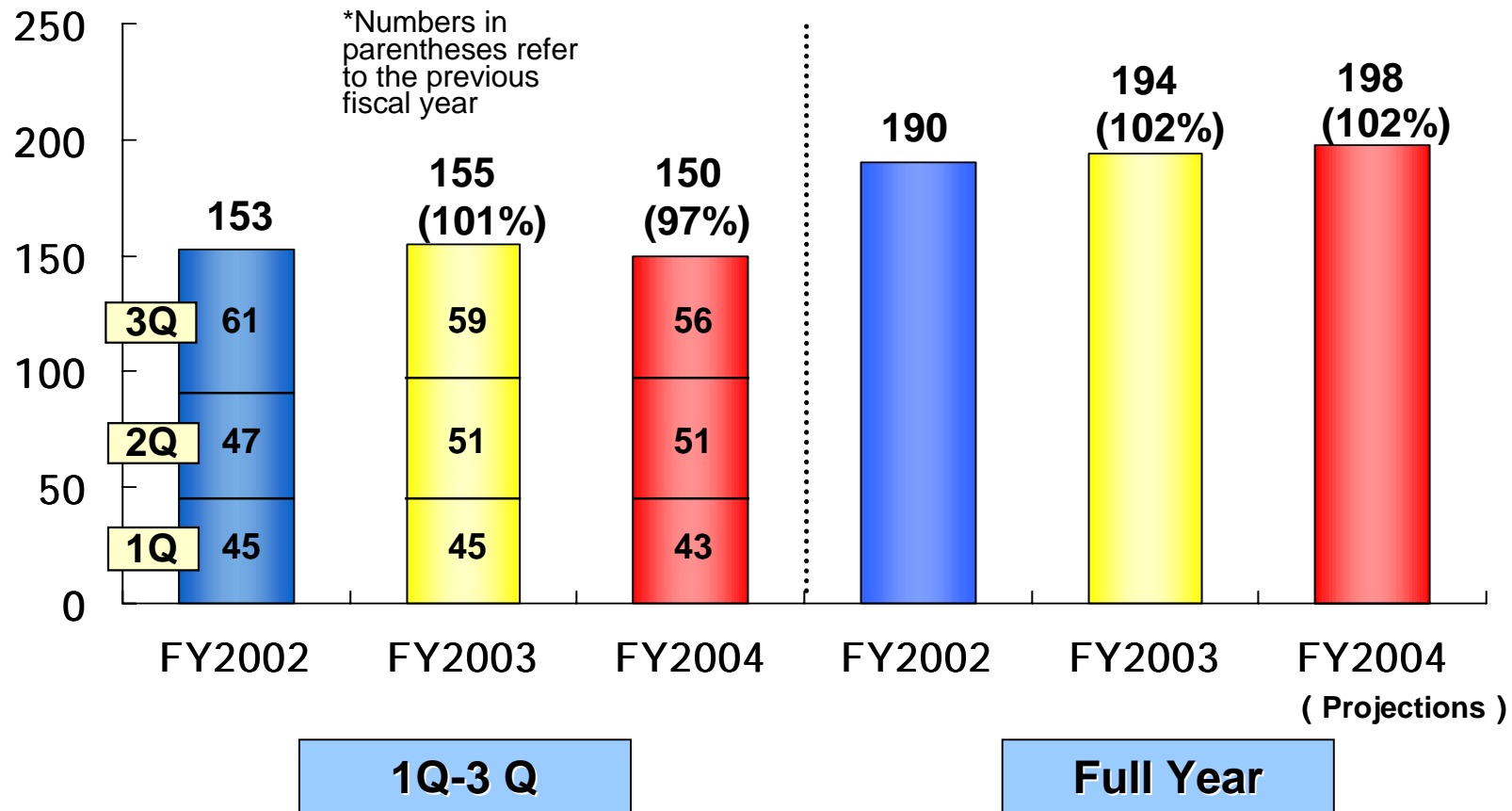


YAMAHA Musical Instrument Sales in the German Market



Because of the ongoing slump in the overall economy, the financial condition of retailers is worsening. E-commerce (Internet) is starting to impact sales of wind instruments.

Wholesale Amount
(Millions of EUR)



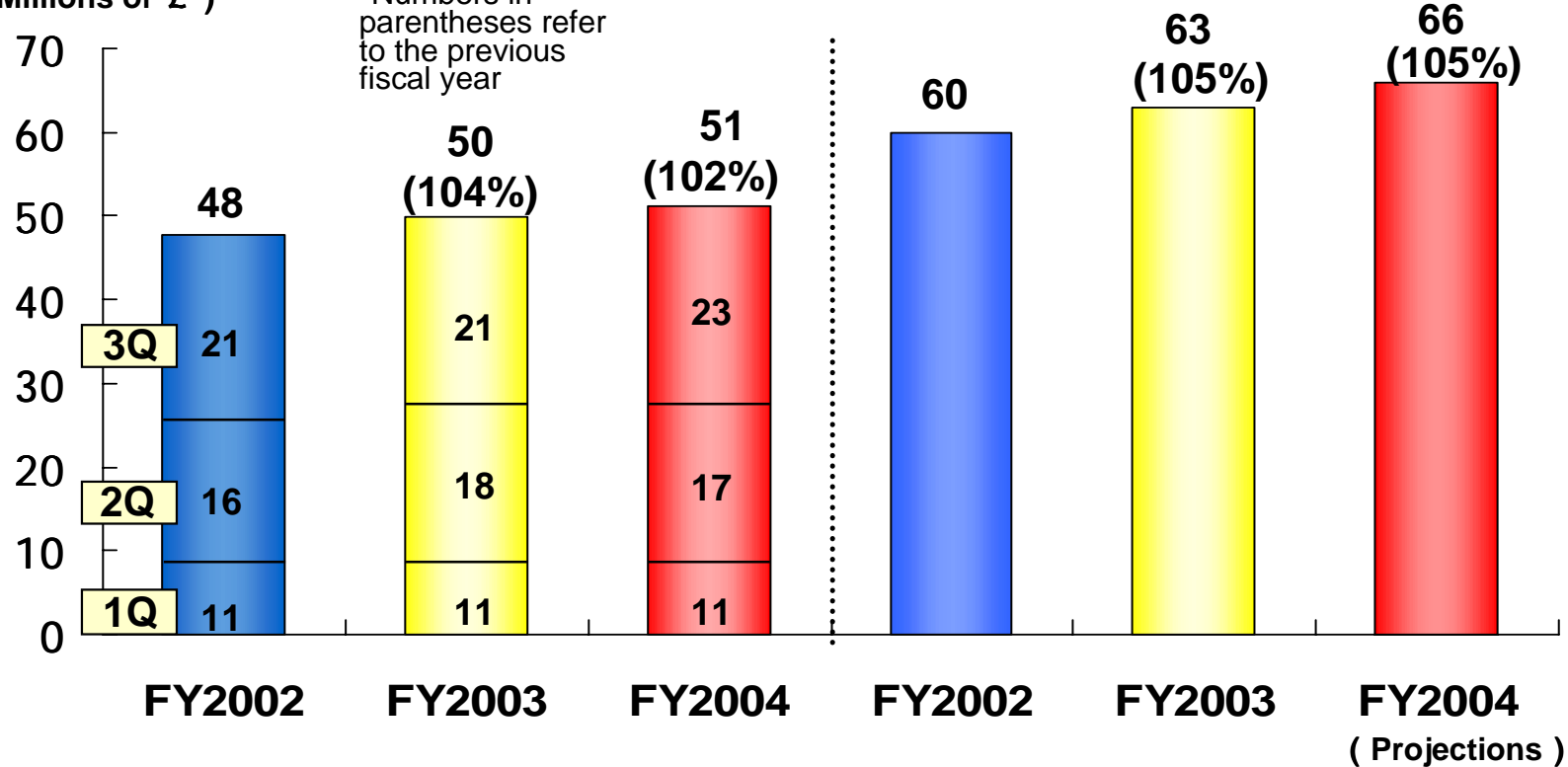
YAMAHA Musical Instrument Sales in the U.K. Market



With the retail consumption index down 7% year-on-year and the economy in the midst of a pullback, sales of lower-priced pianos, electric pianos, and portable keyboards were firm. However, sales of PA and wind instruments remained weak.

Wholesale Amount
(Millions of £)

*Numbers in parentheses refer to the previous fiscal year

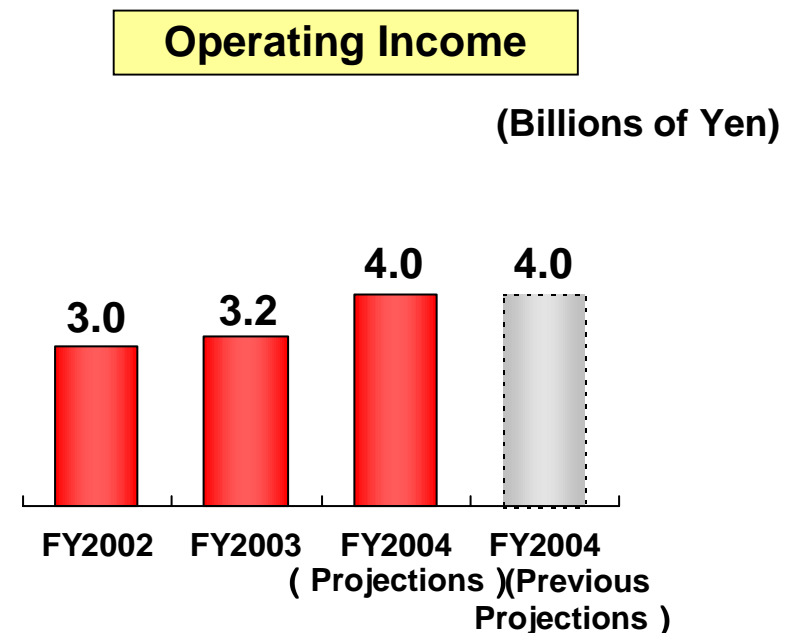
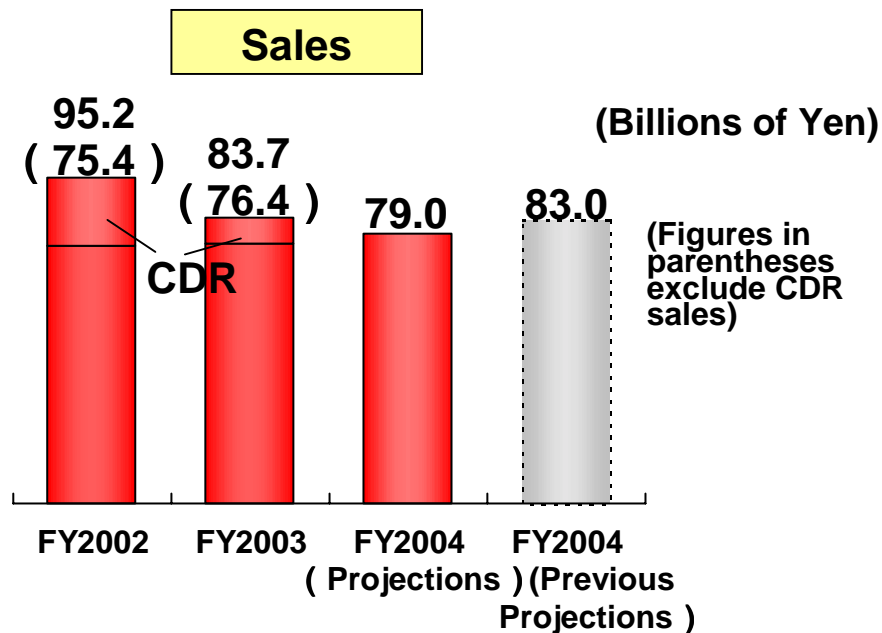


1Q-3 Q

Full Year

■3Q Overview

- 3Q sales rose year-on-year because of the launch of mid/high-end AV receivers, after having been delayed, and the introduction of value-priced system goods made in China. However, sales were below target.
- Routers and on-line karaoke systems were firm on the whole.
- Inventories slightly exceeded target.



1H	41.5 (33.2)	38.5 (35.0)	34.0
2H	53.7 (42.2)	45.2 (41.4)	45.0

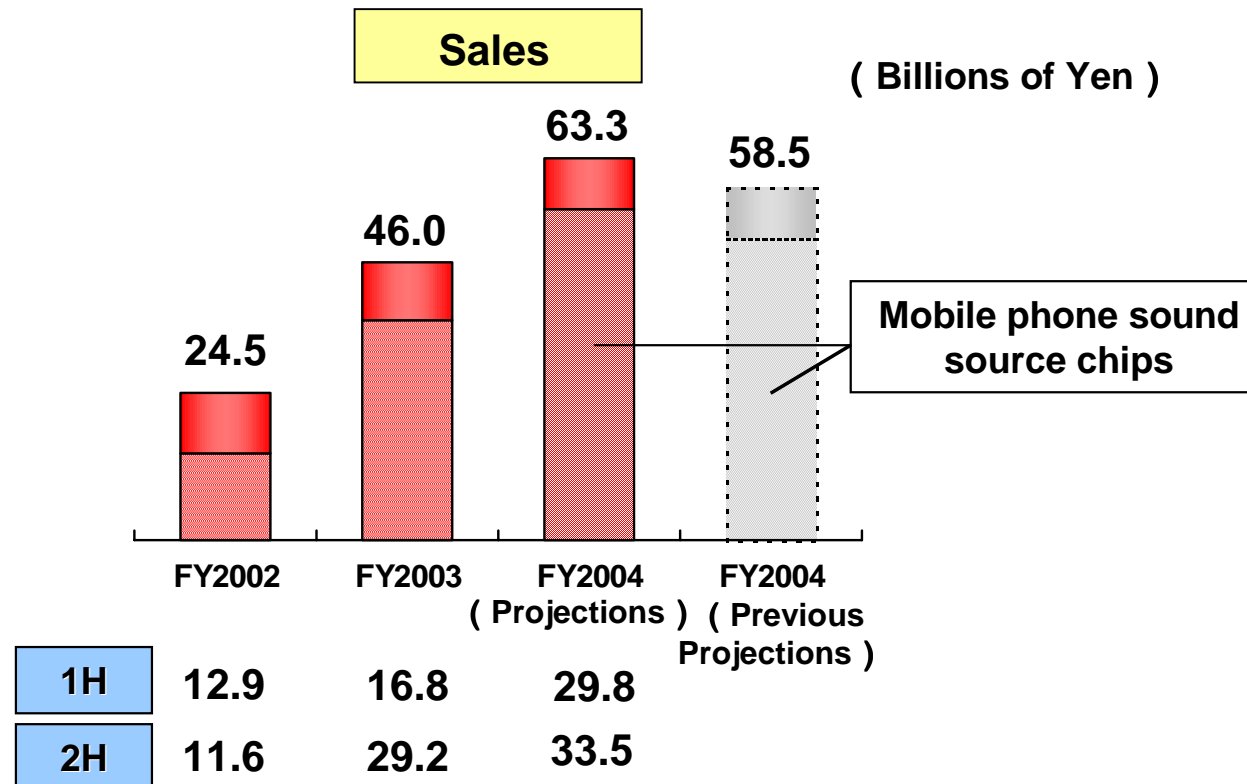
1H	1.2	1.0	1.4
2H	1.8	2.2	2.6

Semiconductors



■3Q Overview

- Sales of mobile phones sound source chips remained brisk.
- Sales of semiconductors outside of those for mobile phones were in line with plan.



Electronic Metals



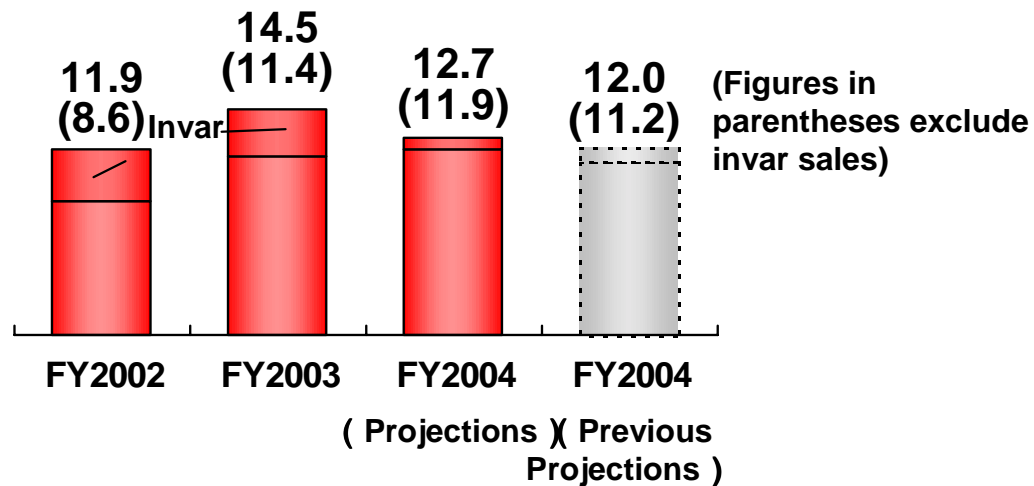
■3Q Overview

- Supported by a robust semiconductor market, sales of lead frame materials remained healthy.
- End-3Q inventories were sharply down year-on-year. Disposal of Invar materials inventories was completed.

*Numbers in parentheses refer to the previous fiscal year

Sales

(Billions of Yen)



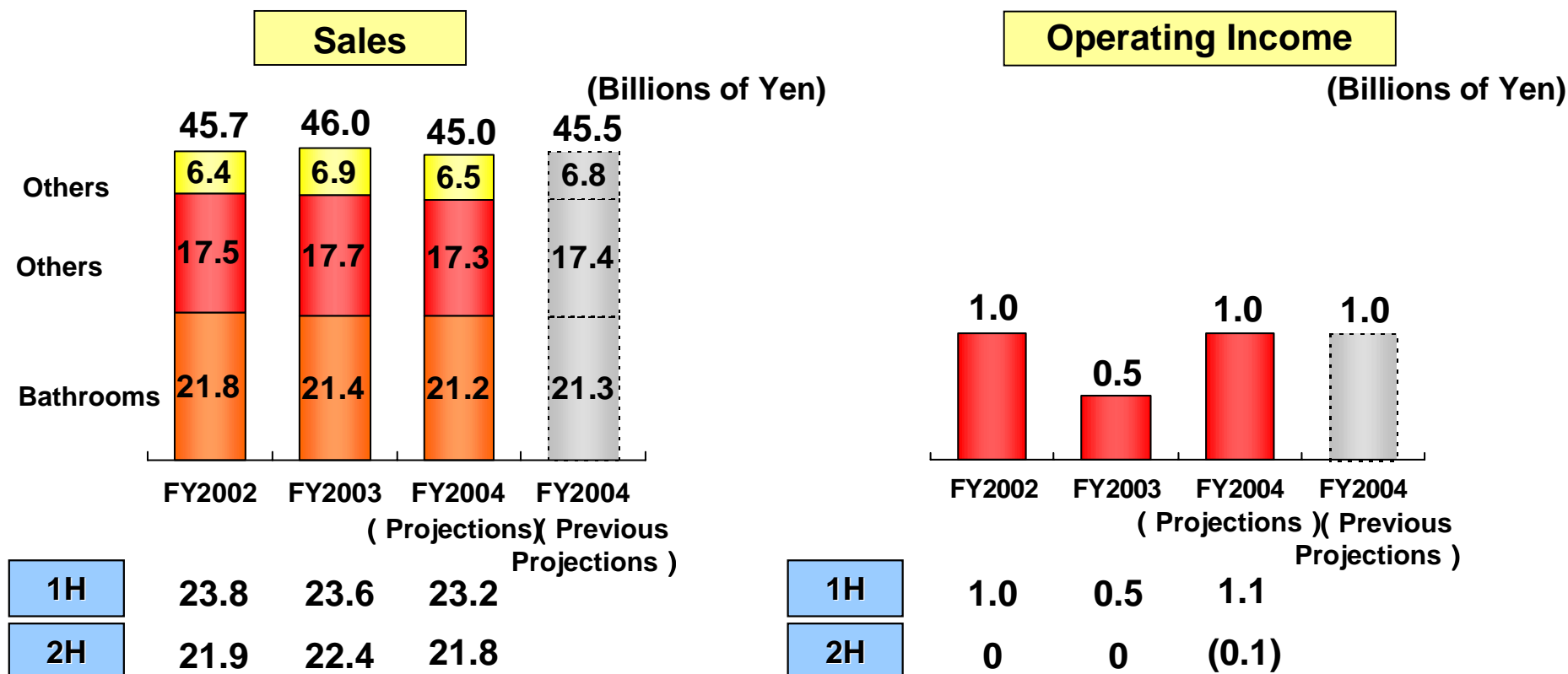
1H	5.4 (4.1)	8.0 (6.1)	6.6 (5.8)
2H	6.5 (4.5)	6.5 (5.3)	6.1 (6.1)

Lifestyle-Related Products



■3Q Overview

- 3Q sales were broadly in line with plan.
- Market conditions rapidly deteriorated from late December as orders fueled by tax breaks on housing loans wound down.
- Joint development with Air Water leads to announcement of new products. Sales scheduled to begin in February.



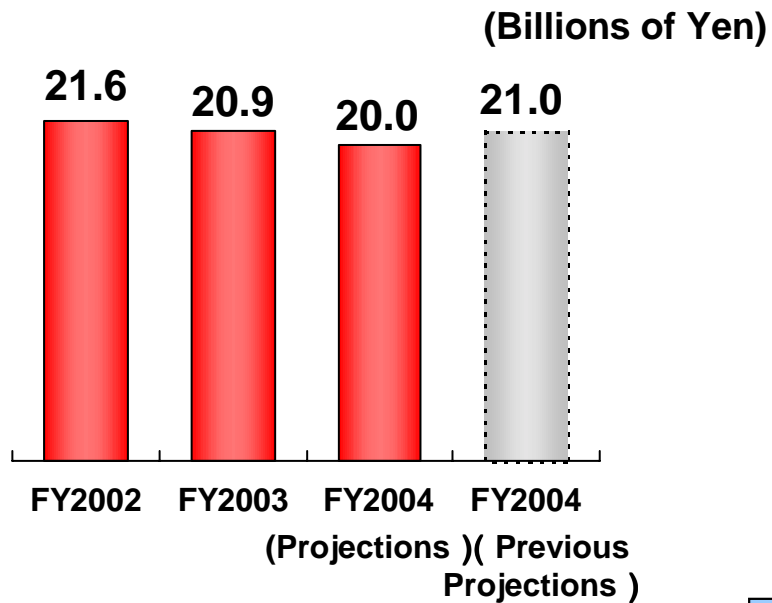
Recreation



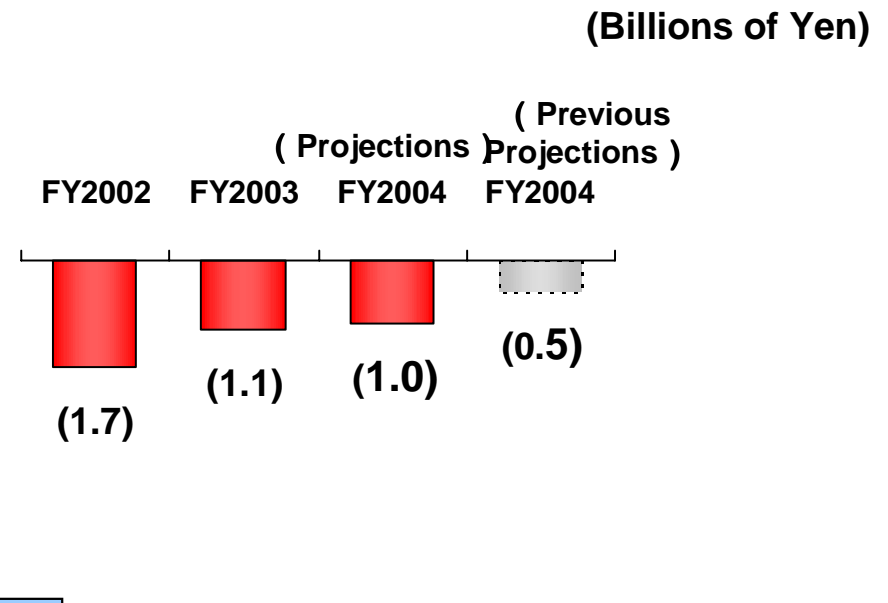
■3Q Overview

- Customer numbers good, but average spending per customer continues to fall.
- Sales at Kiroro fell significantly short of target because of lack of snow.
- Rationalization is progressing and losses narrowing.
- Kiroro Golf Club closed at end-October as planned.

Sales



Operating Loss



1H	10.8	10.3	10.3
2H	10.8	10.6	9.7

1H	10.8	10.3	10.3
2H	10.8	10.6	9.7

1H	(0.8)	(0.8)	(0.5)
2H	(0.9)	(0.3)	

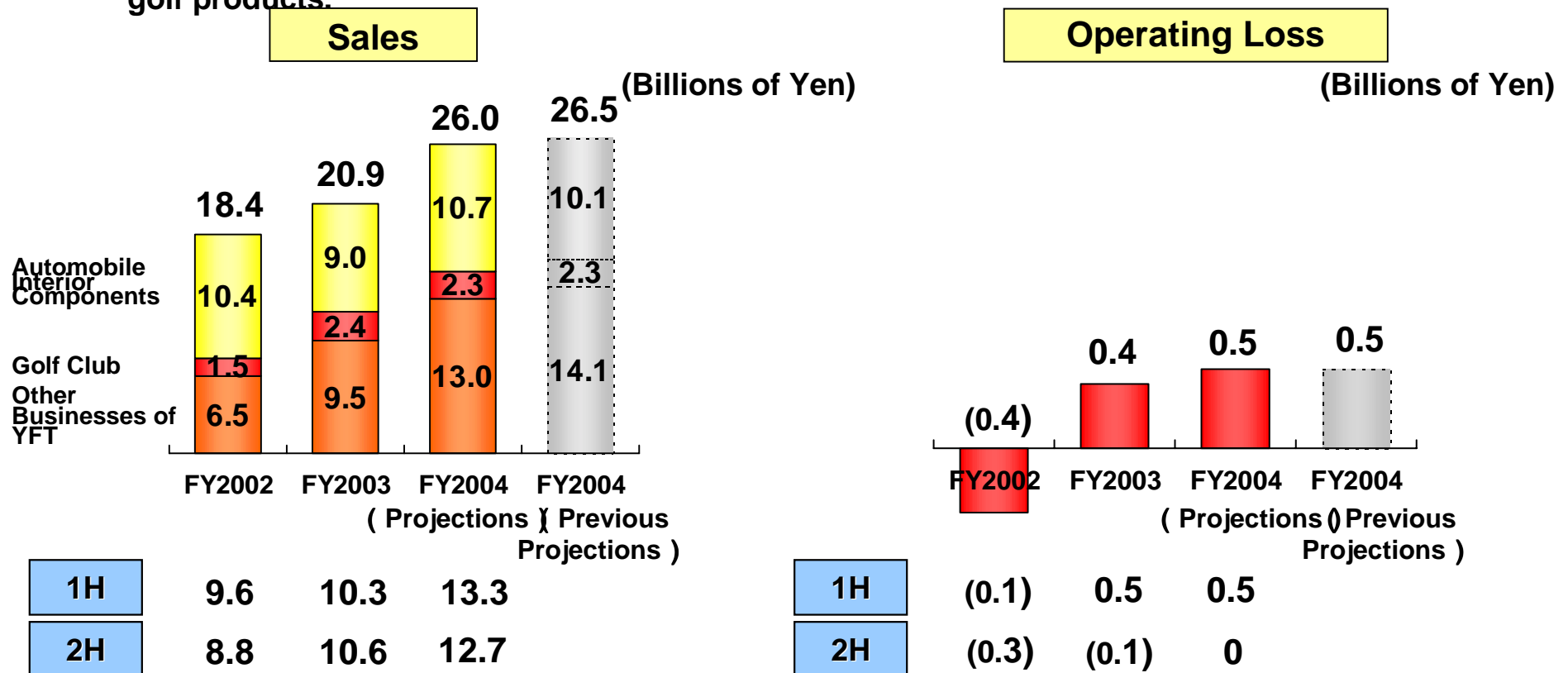
1H	(0.8)	(0.8)	(0.5)
2H	(0.9)	(0.3)	

Others



■3Q Overview

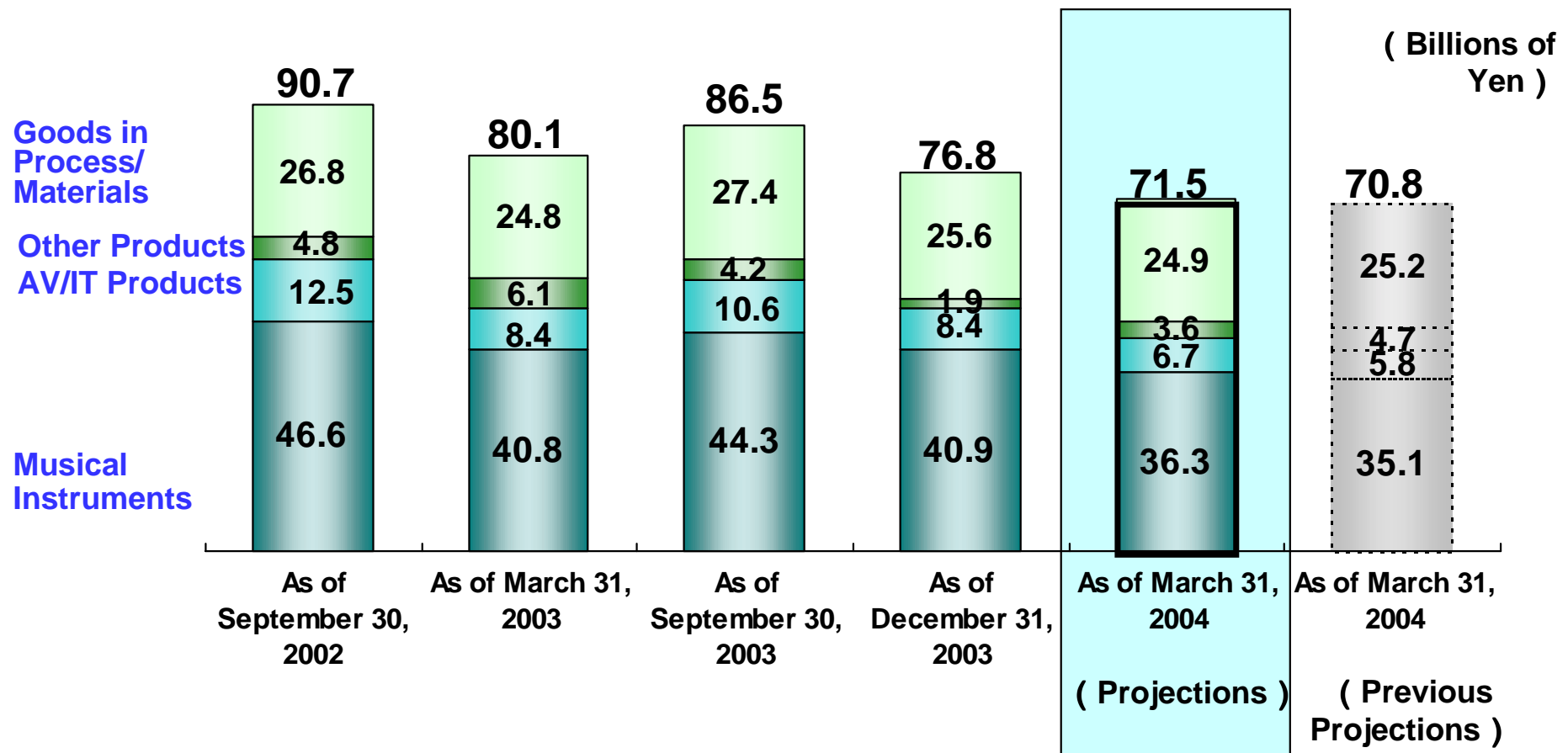
- Sales of automobile interior and magnesium components for mobile phones remained brisk.
- Golf product sales fell short of previous projections because of a change in the date for sales of new products (from December to January).
- In 3Q, sales of automobile interior components and Yamaha Fine Technologies Co., Ltd. (YFT) were higher than planned, but earnings declined in conjunction with lower sales of golf products.



Inventories



- End-3Q inventories were slightly higher than planned.
- New target for year-end inventories is at same level as announced along with interim results.

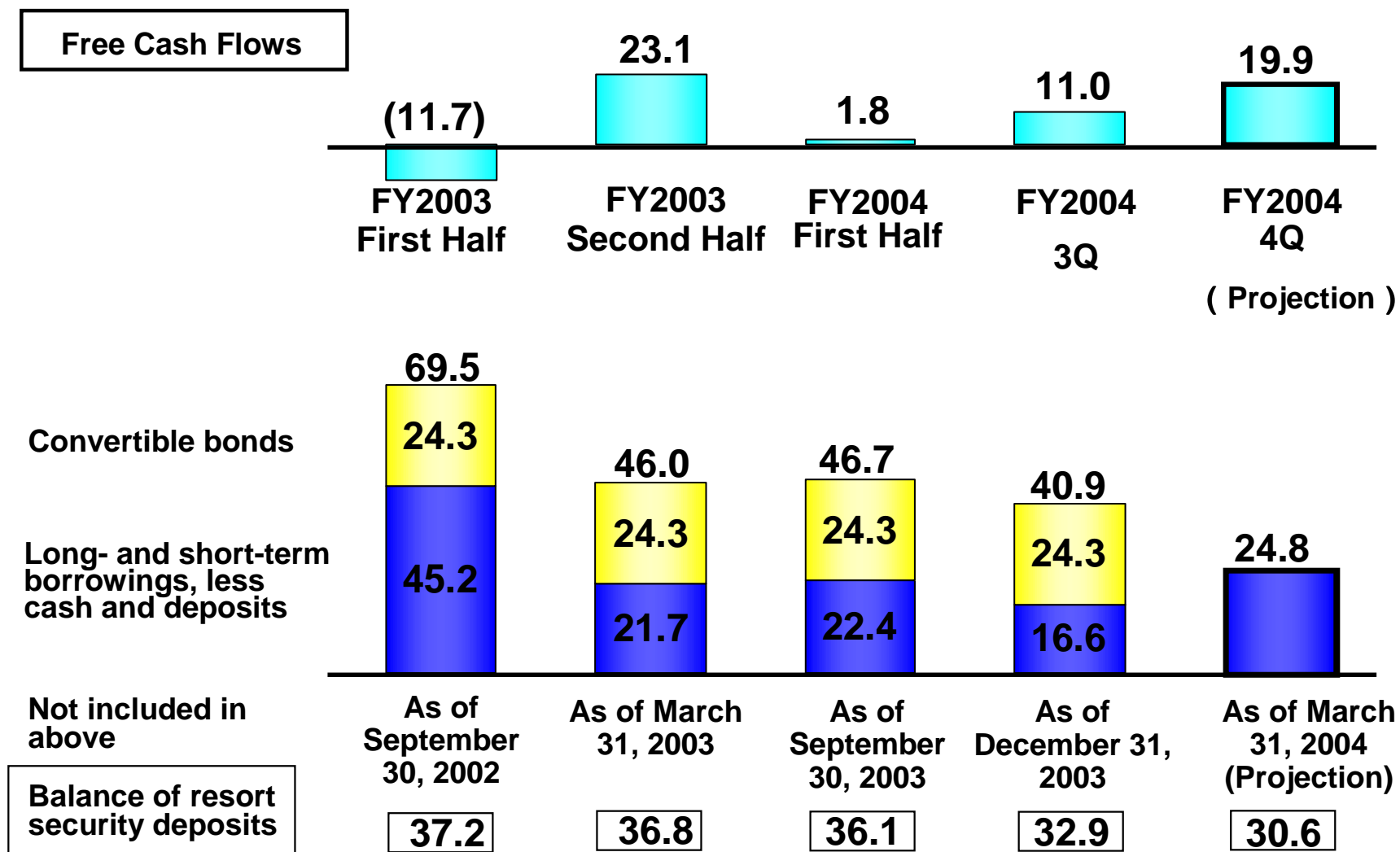


Interest-Bearing Liabilities



➤ In the second half, resort deposit refunds will be around ¥5.5bn and convertible bonds will be redeemed.

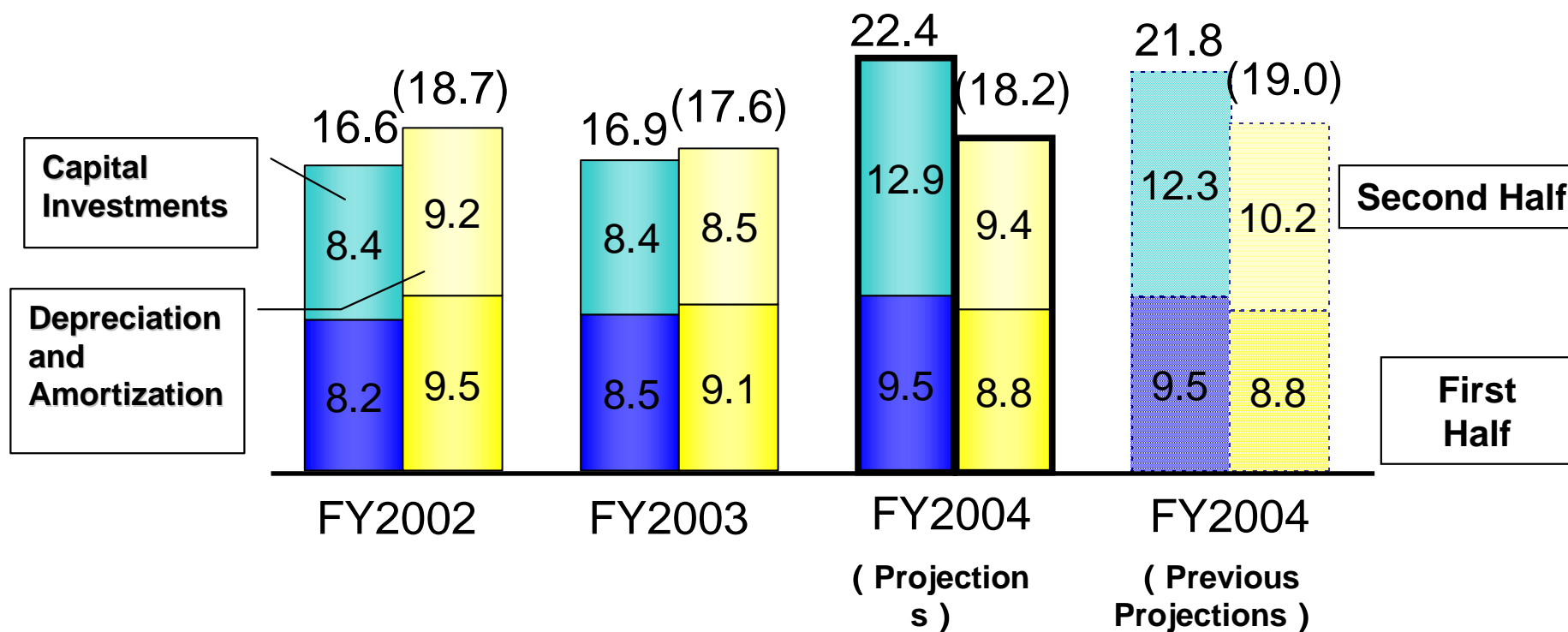
(Billions of Yen)



Capital Investments/ Depreciation and Amortization



(Billions of Yen)



Balance Sheet Summary



(Billions of Yen)

	As of September 30, 2002	As of March 31, 2003	As of September 30, 2003	As of December 31, 2003	As of March 31, 2004 (Projections)
Cash and Bank Deposits	40.3	44.5	44.2	46.0	26.4
Accounts and Notes Receivable	81.4	79.1	88.6	100.1	81.4
Inventories	90.7	80.1	86.5	76.8	71.5
Other Current Assets	15.3	17.4	17.5	19.1	16.8
Fixed Assets	296.1	291.6	299.6	301.5	307.8
Total Assets	523.8	512.7	536.4	543.5	503.9
Accounts and Notes Payable	42.5	39.5	42.5	40.0	42.1
Short-and Long-Term Borrowings	85.5	66.1	66.6	62.6	51.2
Convertible Bonds	24.3	24.3	24.3	24.3	0
Other Liabilities*	165.5	168.3	160.4	156.8	152.5
Total Liabilities	206.0	214.5	242.6	259.8	258.1
Total Liabilities and Shareholders' Equity	523.8	512.7	536.4	543.5	503.9

*Other liabilities include minority interests

In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to YAMAHA and the YAMAHA Group.

Forecasts are, therefore, subject to risks and uncertainties. Accordingly, our actual performance may differ greatly from our predictions depending on changes in our operating and economic environments, demand trends, and the value of key currencies, such as the U.S. dollar and the EURO.