Analyst and Investor Briefing on the Third Quarter of FY 2006. 3* (April 1 to December 31, 2005)

February 9, 2006

YAMAHA CORPORATION

*Fiscal year ending March 31, 2006

Overview of Performance in the Third Quarter

Third Quarter Results

■Although strong sales of lifestyle-related products continued, sales of musical instruments, AV products and semiconductors failed to reach expected levels and overall sales were 2.5% lower than the projection made at the end of the first half of the fiscal year.
However, overall sales were 3% higher than the same quarter of the previous year due to increased revenue from musical instruments thanks to the weaker yen and stronger sales of professional audio equipment. Increased revenue in areas such as AV and lifestyle-related products also contributed to this result.

■Operating income was lower than projected or showed greater losses in all segments except lifestyle-related products.

Results for the First Three Quarters

■Over the first three quarters (April – December), lifestyle-related products showed increased sales and higher income, while musical instruments saw increased sales but lower income. Semiconductors and AV products registered shrinking sales and lower income. In particular, income from semiconductors fell by more than ¥10 billion against the same quarter of the previous year.

■Inventory at the end of the third quarter exceeded both projections and figures for the same quarter of the previous year, especially for musical instruments and AV products. Efforts will be made to reduce inventory by the end of the fiscal year.

Business Performance in the Third Quarter

- Sales were up year-on-year, while income was down
- Both sales and income were lower than the previous projections

(Billions of yen)

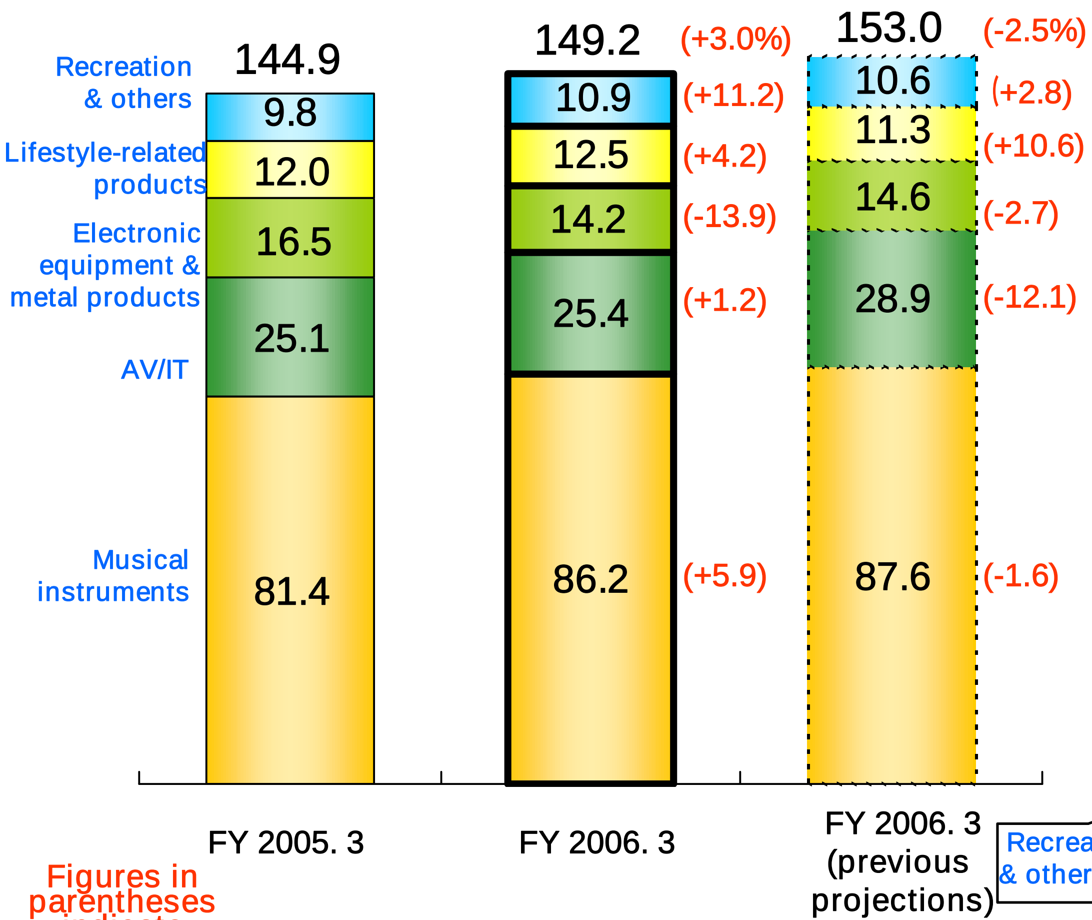
	FY 2005. 3 (3Q)	FY 2006. 3 3Q	Change from FY 2005. 3 3Q	Previous projections (Oct. 31, 2005)	Change from previous projections
Net sales	144.9	149.2	+ 3.0%	153.0	-2.5%
Operating income (operating income ratio)	13.9	11.5 (7.7%)	-17.1%	14.2	-19.0%
Recurring profit (recurring profit ratio)	16.4	14.2 (9.5%)	-13.7%	16.4	-13.4%
Net income (net income ratio)	25.4	10.9 (7.3%)	-57.0%	11.1	-1.8%
Equity method income	3.5	3.9		3.8	

Currency exchange rates

		FY 2005. 3 (3Q)	FY 2006. 3 3Q	Previous projections (Oct. 31, 2005)
Net sales	US$	106	117	105
	EUR	137	139	134
Operating income	US$	107	116	105
	EUR	134	135	134

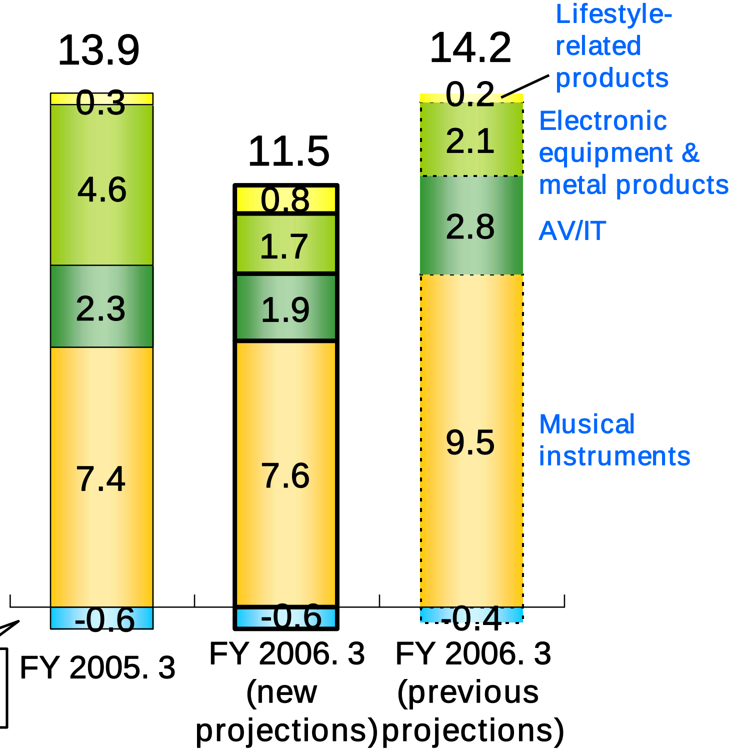
Performance by Business Segment in the Third Quarter

Net Sales



Operating Income

(Billions of yen)



Figures in parentheses indicate change from the same period of the previous year or previous projections

<u>Impact of exchange rates</u>
Year-on-year: + ¥4.4 billion
(musical instruments: + ¥3.4 billion, AV/IT: + ¥1.0 billion)
Versus previous projections: + ¥5.4 billion
(musical instruments: + ¥4.0 billion, AV/IT: + ¥1.4 billion)

<u>Impact of exchange rates</u>
Year-on-year: + ¥0.7 billion
(musical instruments: + ¥0.9 billion, AV/IT: - ¥0.1 billion)
Versus previous projections: + ¥0.8 billion
(musical instruments: + ¥1.1 billion, AV/IT: - ¥0.2 billion)

Forecast for Business Performance in FY 2006.3

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- Estimated 4Q exchange rates: US$=¥110, EUR=¥134
- Full-year projections for sales and income are lower than previous projections

(Billions of yen) (%)

	1Q-3Q actual	4Q projections	FY 2006. 3 (new projections)	FY 2006. 3 (previous projections)	FY 2005. 3 actual	Change from previous projections	Change from previous year results
Net sales	406.4	122.6	529.0	536.5	534.1	-1.4%	-1.0%
Operating income	25.8 (6.3%)	-1.8	24.0 (4.5%)	32.5 (6.1%)	35.7 (6.7%)	-26.2%	-32.8%
Recurring profit	35.5 (8.7%)	-0.5	35.0 (6.6%)	41.5 (7.7%)	41.3 (7.7%)	-15.7%	-15.3%
Net income	27.5 (6.8%)	-1.5	26.0 (4.9%)	29.0 (5.4%)	19.7 (3.7%)	-10.3%	+32.0%
Equity method income	12.4	2.4	14.8	13.7	9.1		

Currency exchange rates		1-3Q actual	4Q projections	FY 2006. 3 (new projections)	FY 2006. 3 (previous projections)	FY 2005. 3 actual
Net sales	US$	112	110	112	107	108
	EUR	137	134	136	135	135
Operating income	US$	112	110	111	108	109
	EUR	134	134	134	134	133

FY 2006. 3 Full Year Forecast for Performance by Segment

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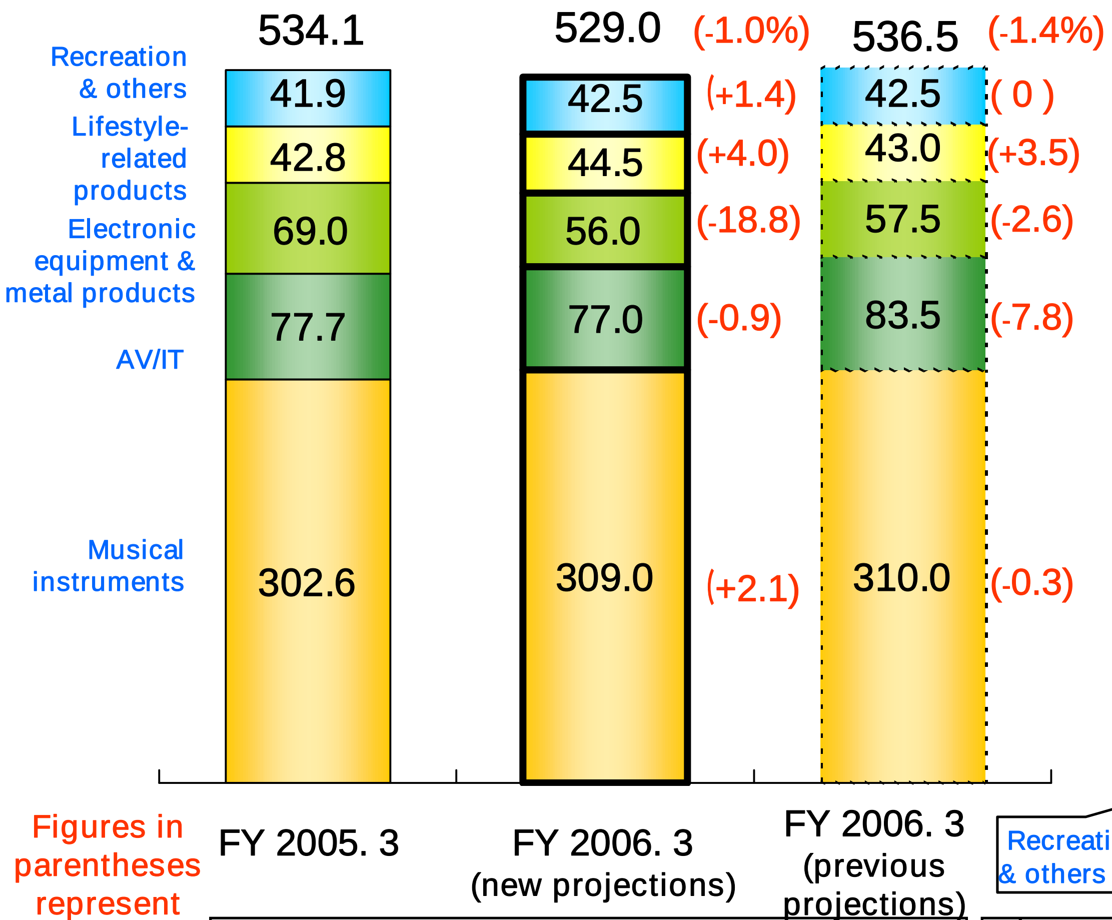
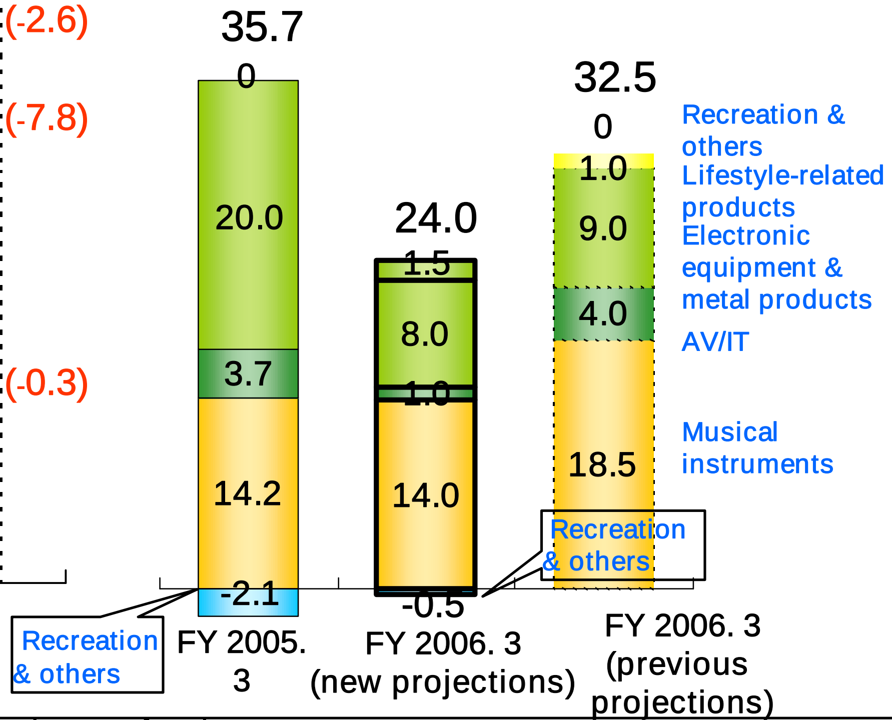
Net sales

Operating income

(Billions of yen)





Figures in parentheses represent year-on-year change or previous projections

Impact of exchange rates
Year-on-year: + ¥6.8 billion
(musical instruments: + ¥5.3 billion, AV/IT: + ¥1.5 billion)
Versus previous projections: + ¥6.5 billion
(musical instruments: + ¥4.9 billion, AV/IT: + ¥1.6 billion)

Impact of exchange rates
Year-on-year: + ¥1.4 billion
(musical instruments: + ¥1.6 billion, AV/IT: - ¥0.1 billion, electronic equipment & metal products: - ¥0.1 billion)
Versus previous projections: + ¥1.0 billion
(musical instruments: + ¥1.4 billion, AV/IT: - ¥0.3 billion, electronic equipment & metal products: - ¥0.1 billion)

Musical Instruments

3Q Overview

•Sales and income rose year-on-year, partly due to the weaker yen.

•Discounting the effect of exchange rates, actual 3Q sales rose 1.6% year-on-year. Professional audio equipment sales grew, especially in Europe and the U.S. Shipments of the much-anticipated Tyros2 advanced keyboard fulfilled projections, especially in Europe.

•Sales were 6.2% lower than projected figures. Sales of pianos, electronic instruments, and string and percussion instruments were lower than projected.

•Excluding Electones™, Japan sales were at the same level as 3Q of the previous year.

•Strong sales continued in Korea. Shipments to Latin America were also steady.

•In spite of gains from favorable exchange rates, operating income was lower against projections due to reduced gross profit margins resulting from changes in sales structures and higher distribution costs.

•Inventory at the end of the third quarter failed to reach levels set out in sales plans and exceeded both projections and inventory levels at the end of 3Q in the previous year.

4Q Projections and Priority Policies

• Downward revision of full-year operating income projections.

•Excluding the effect of exchange rate fluctuations, actual 4Q sales are expected to be in line with previous projections. Japan sales are expected to fall, while North American sales will rise.

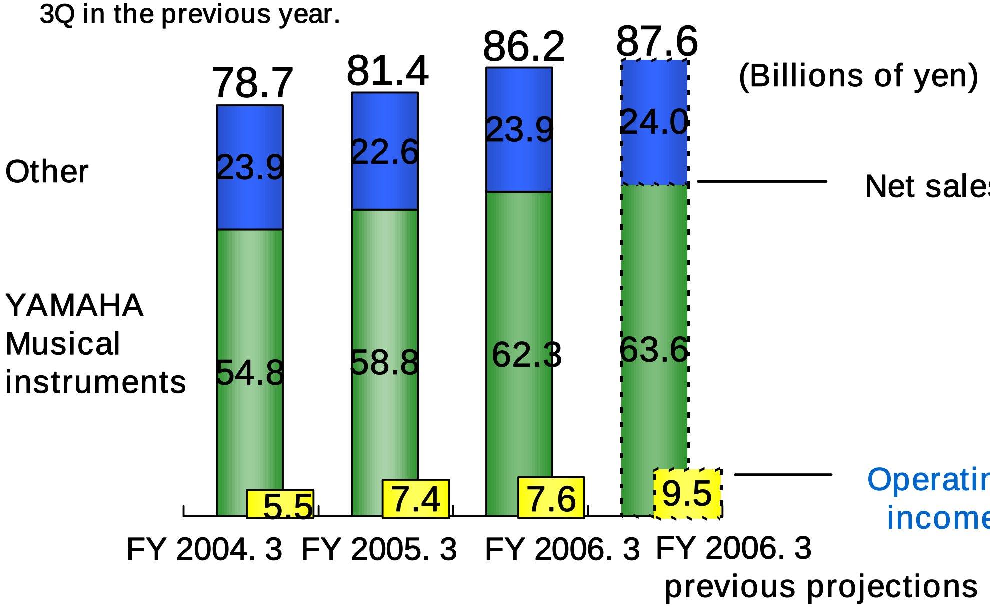
•Operating income will be lower than previous projections due to lower production.

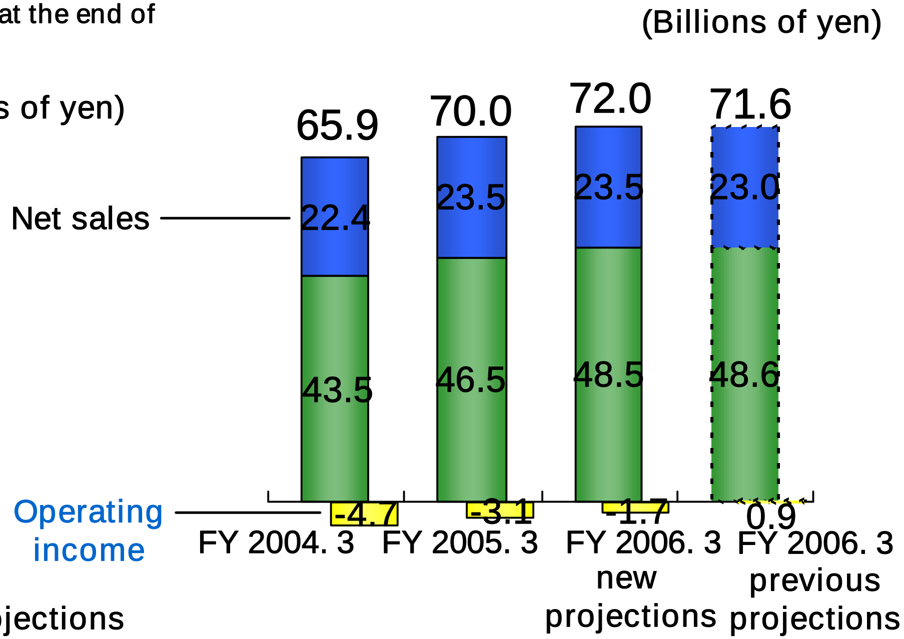
•Priority policies will be pursued and accelerated to strengthen profitability.

Expand sales (Japan and China markets, professional audio business, high added-value products)

Reduce costs (Innovation in manufacturing, HR development, work process reforms)

•Shrink end-of-year inventory to ¥38.2 billion, mainly through reduced production of electronic instruments.





AV/IT

3Q Overview

•Sales rose but income fell year-on-year.

•Actual 3Q sales were 2.8% lower than those in the previous year (17.0% lower than previous projections).

•AV sales continued to be robust in North America even at the end of the year, but were sluggish in Japan and Europe. Asian sales were well below expectations.

•High expectations for “YSP” were met, with shipments amounting to ¥3.9 billion (57,000 units) over the first three quarters (April – December) .

•Router sales fell year-on-year and against projections amid fierce competition.

•Operating income also fell both year-on-year and against projections due not only to reduced sales, but also to currency exchange losses associated with the weaker yen.

•Inventory at the end of 3Q was higher than in the previous year and exceeded projections.

4Q Projections and Priority Policies

• 4Q sales projections were revised downward to ¥16.2 billion, in line with the figure for the same quarter of the previous year. Reflecting lower sales, the full-year operating income forecast has also been substantially reduced from ¥4 billion to ¥1 billion.

•Reinforce and expand “YSP” business.

Set up sales networks and environments for demonstrations, develop OEM business.

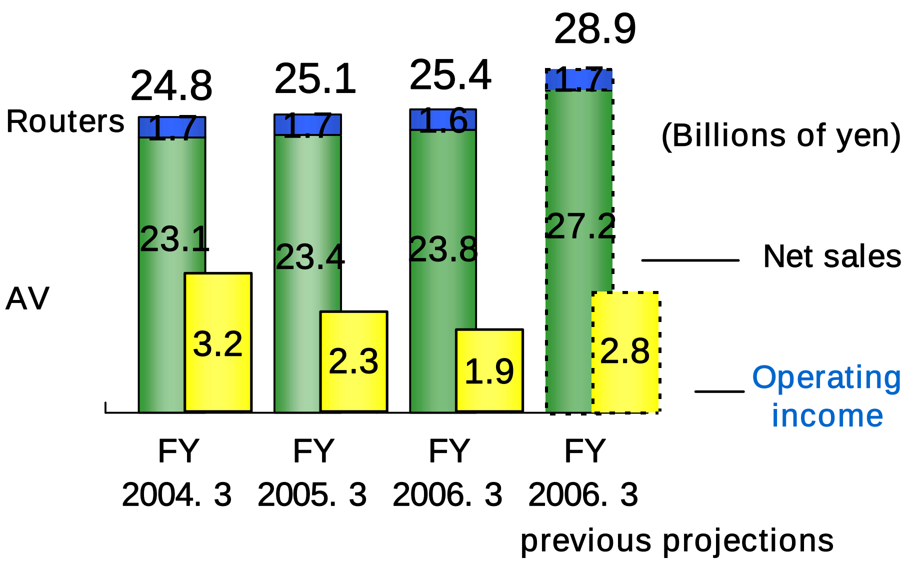
• Increase sales of products for existing home theaters, focusing on mid- to high-level AV receivers.

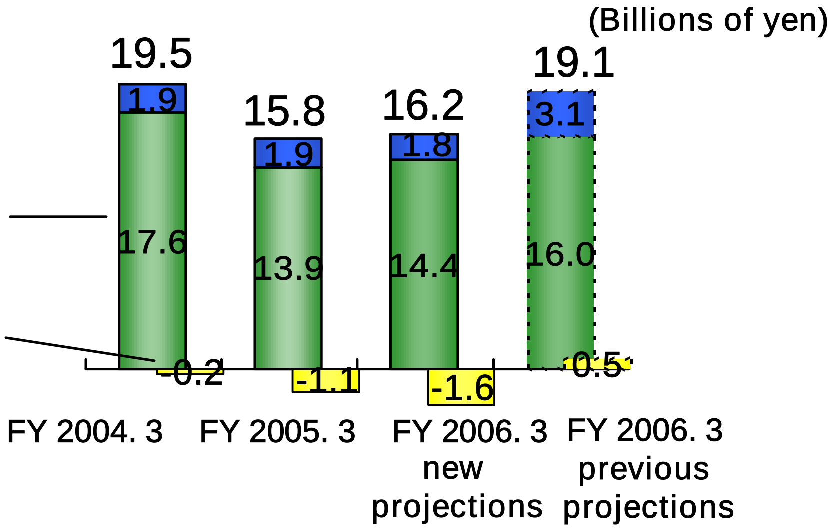
•Promptly clear inventory of old models and conduct smooth market launch of new products.

•New products/new launches in the field of compact high-sound-quality portable digital audio products.

•Ensure competitiveness with introduction of new router products.

•Move ahead with development of next-generation models of network karaoke equipment.





Electronic Equipment & Metal Products

3Q Overview

•Sales and income fell both year-on-year and against projections.

•In semiconductor business, demand and unit prices declined for LSI sound chips for mobile phones. Sales were down in the amusement sector due to a decline in overall demand. As a result, operating income fell by half year-on-year.

•Sales of electronic metals rose year-on-year with the gradual recovery in the digital home appliance market.

•However, operating income of electronic metals fell slightly due to a steep increase in metals prices.

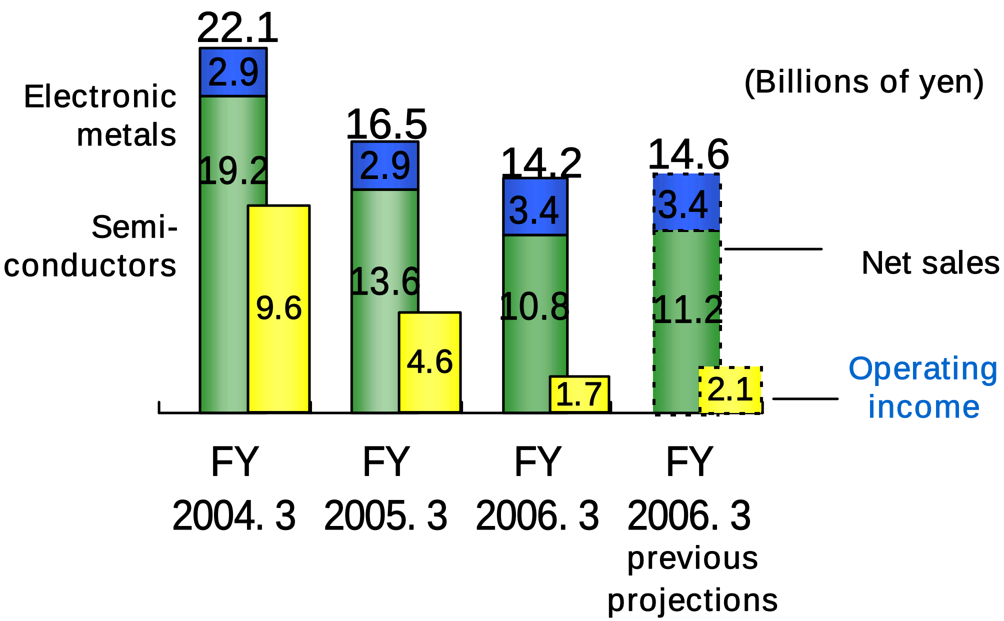
4Q Projections and Priority Policies

• Downward revision of 4Q sales and operating income projections.

• Unit prices for LSI chips for mobile phones continue to fall. Maintain share with increased sales of products with high sound quality and advanced functions.

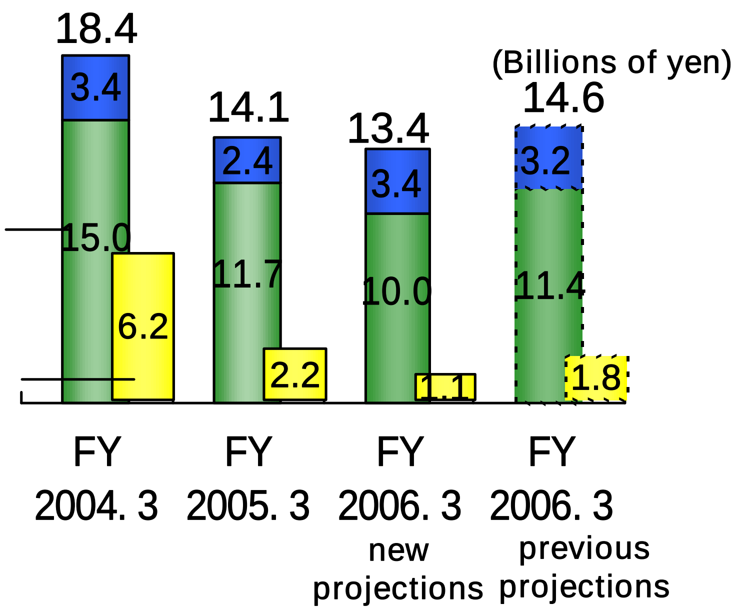
•Steady market launch of graphic LSI chips for next-generation pachinko (slot) machines.

•For electronic metal materials, continue efforts to reduce costs and ramp up production for copper connectors.



Net sales

Operating income



Lifestyle-related Products

3Q Overview

•Sales and income rose both year-on-year and against projections.

•Robust sales of marble sink kitchens continued.

•Although new bathroom products were launched from October, price competition was fierce, especially among budget products. As a result, sales fell both year-on-year and against projections.

•Operating income rose substantially year-on-year due to increased gross profit on sales resulting from higher sales volume and lower production costs. Reduction in fixed costs, especially personnel expenses, also contributed to this result.

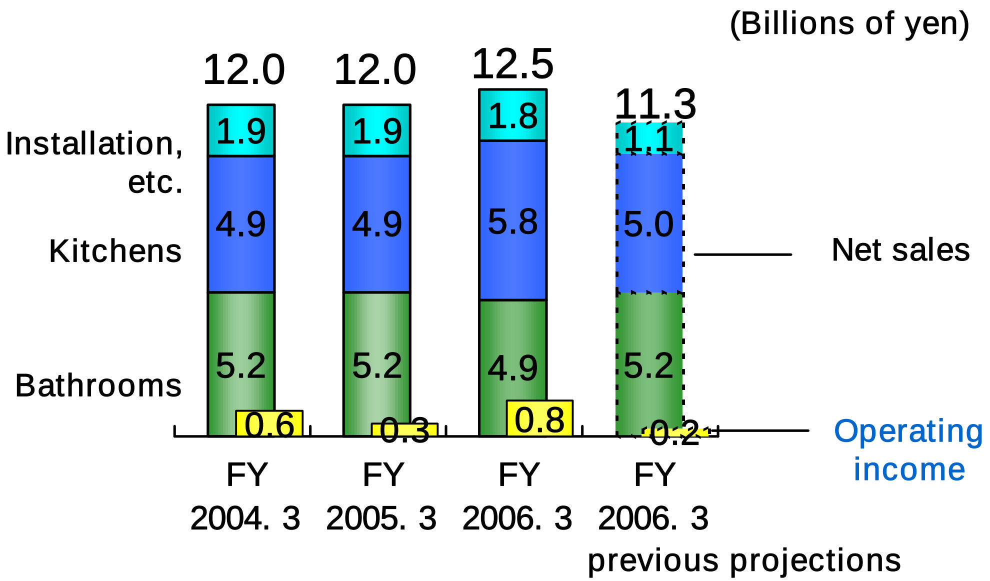
4Q Projections and Priority Policies

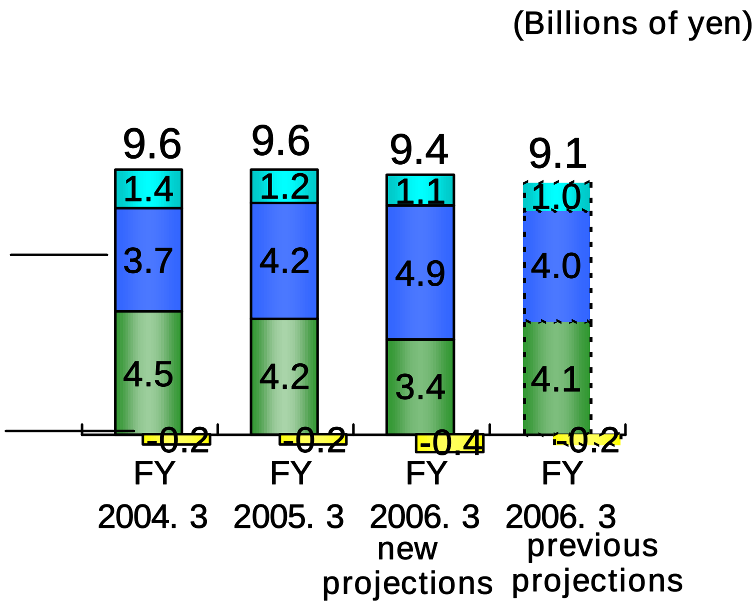
•4Q sales are forecast to reach ¥9.4 billion, slightly higher than projections.

•Steady market launch of new spring products.

•Enhance showrooms and further develop remodeling business strategy.

•Boost production technology and reduce manufacturing costs.





Recreation

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3Q Overview

•3Q sales rose year-on-year due to higher guest numbers resulting from more rooms. Increased room rates also contributed to this result.

•In spite of increased sales and reduced depreciation cost, operating income dropped marginally compared to the same quarter of the previous year as a result of higher expenses associated with upgrading slope at the Kiroro ski resort.

•Sales and income were below projections.

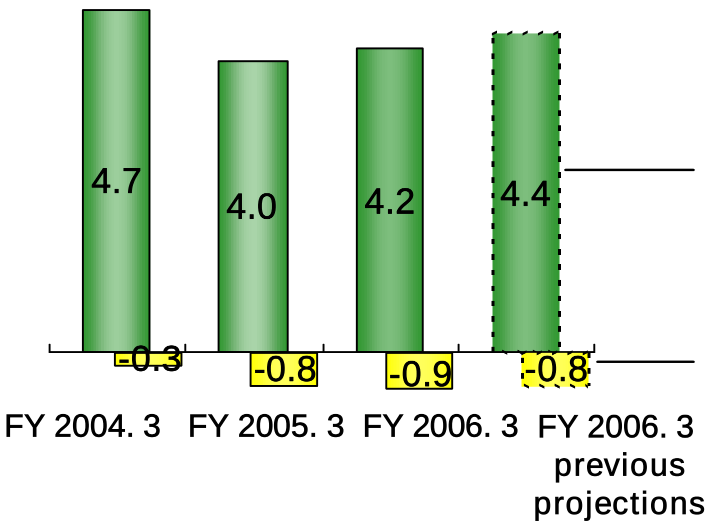
4Q Projections and Priority Policies

•4Q sales and income are forecast to come in below projections.

•Attracting day-trip customers to the upgraded Kiroro ski resort is a key focus.

•Boost profitability at all facilities by taking steps to attract more guests and further improving operating efficiency.

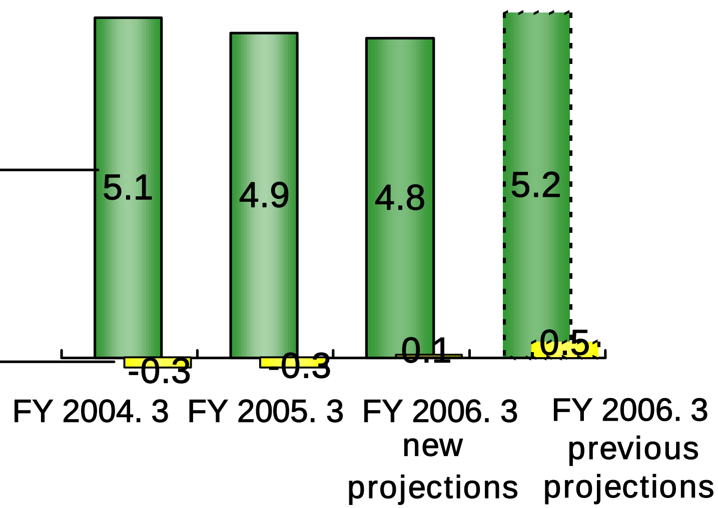
(Billions of yen)



Net sales

Operating income

(Billions of yen)



Others

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3Q Overview

•Sales for the segment as a whole rose both year-on-year and against projections.

•Sales and income for automobile interior wood components rose year-on-year thanks to success in securing new customers.

•Metallic molds and components business benefited from continued strength in the FA sector. Orders for magnesium molded parts increased for use in both mobile phones and digital cameras.

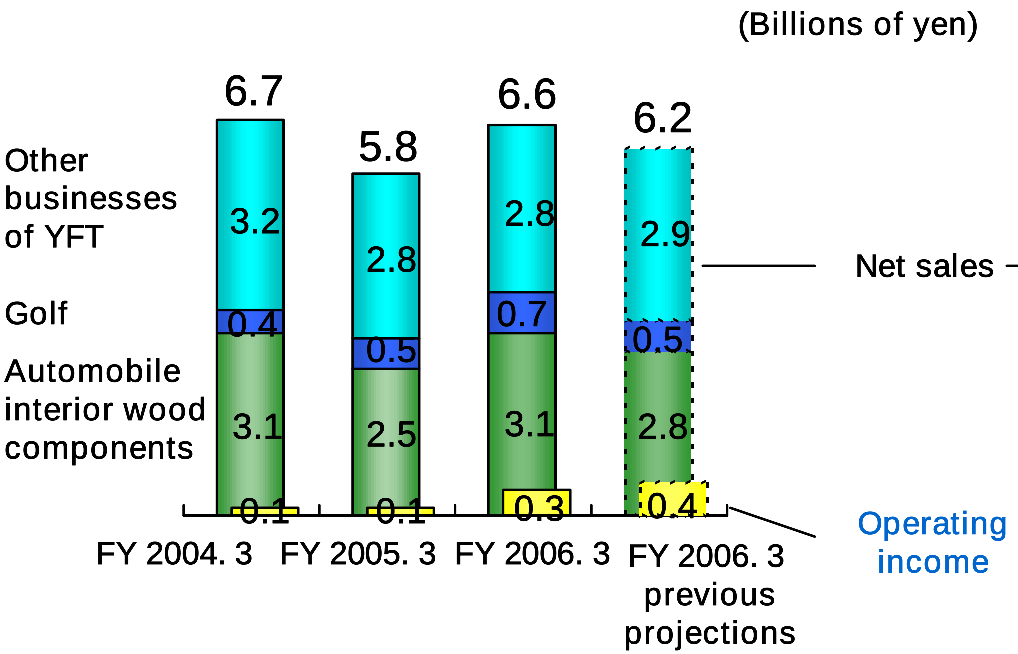
•Launch of new golf products saw sales rise both year-on-year and against projections.

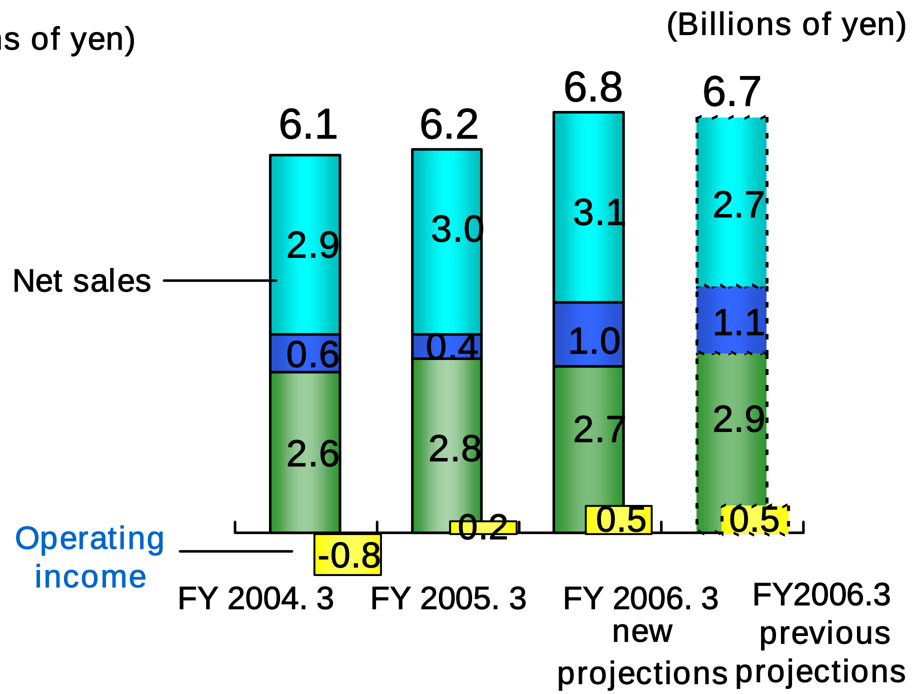
4Q Projections and Priority Policies

•4Q sales are forecast to be ¥6.8 billion , higher than both the previous year's 4Q results and projections. Operating income projections are unchanged.

•For magnesium molded parts, securing production capacity through major increases in production volume and improved yields is a key focus.

•Achieve cost competitiveness for automobile interior wood components through new manufacturing methods.

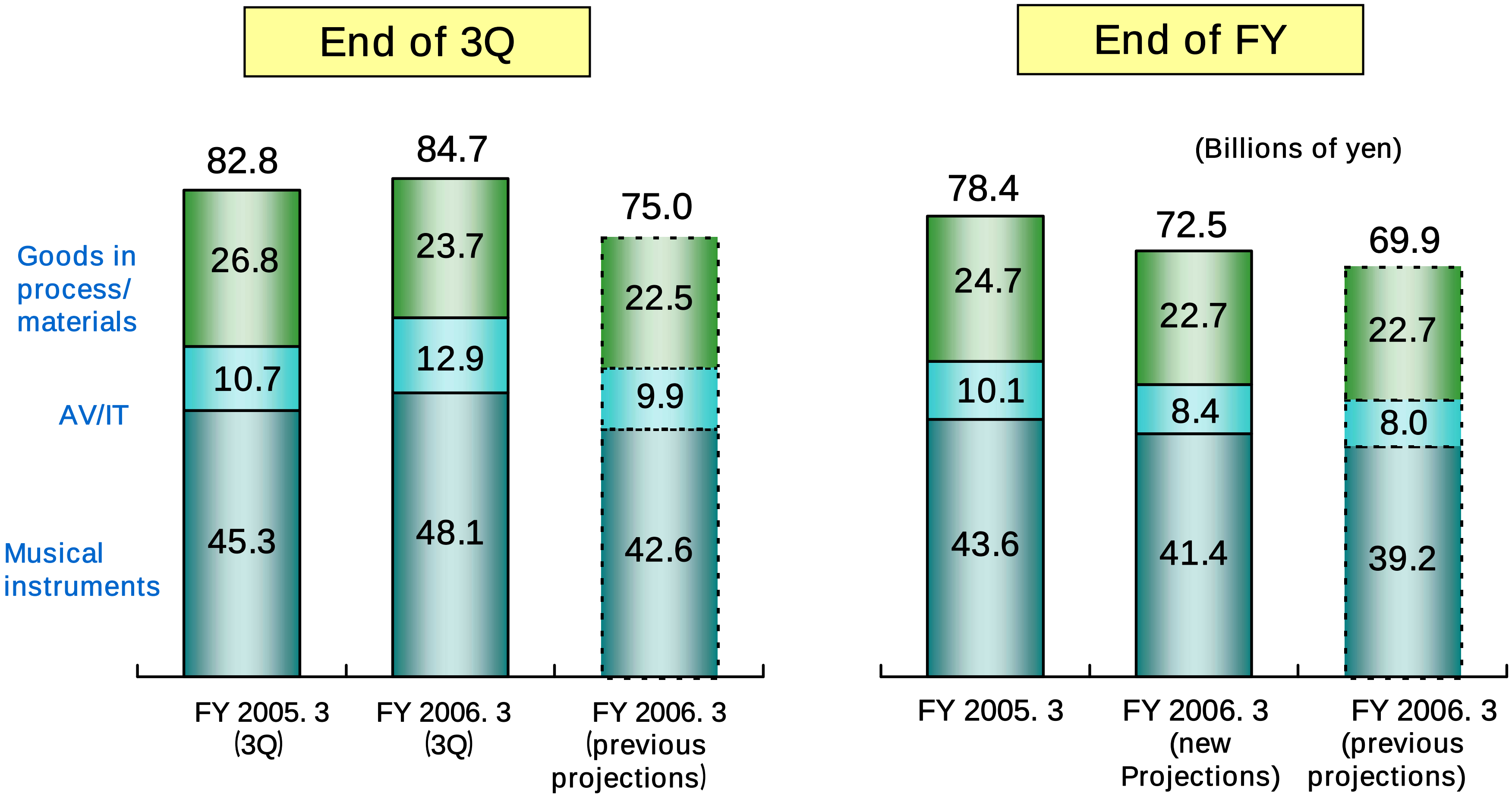




Inventories

➢Inventories at the end of 3Q were higher than the previous year and previous projections.

We will work to reduce inventories by the end of the fiscal year, including reducing production.



Appendix

Third Quarter Non-operating Income/Loss & Extraordinary Income/Loss

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(Billions of yen)

	FY 2005. 3 (3Q) results	FY 2006. 3 (3Q) results	FY 2006. 3 (3Q) previous projections
Non-operating income (loss)			
Equity method income	3.4	3.9	3.8
Net financial income (loss)	(0.2)	(0.1)	(0.3)
Other	(0.7)	(1.0)	(1.3)
Total	+ 2.5	+ 2.8	+ 2.2
Extraordinary income (loss)			
Income from (loss on) disposal of fixed assets	(0.1)	(0.2)	(0.2)
Impairment loss			
Other	19.7	0.1	0.0
Total	+19.6	(0.1)	(0.2)
Corporate income tax and other expenses			
Corporate income tax, etc.	10.6	3.0	5.0
Minority interests in consolidated subsidiaries	0.0	0.1	0.1
Total	10.6	3.1	5.1

Gain on return of substantial portion of pension plan

Full-year Non-operating Income/Loss & Extraordinary Income/Loss

YAMAHA

(Billions of yen)

	FY 2005. 3 results	FY 2006. 3 new projections	FY 2006. 3 previous projections
Non-operating income (loss)			
Equity method income	9.1	14.8	13.7
Net financial income (loss)	(0.3)	(0.2)	(0.6)
Other	(3.2)	(3.6)	(4.1)
Total	+ 5.6	+ 11.0	+9.0
Extraordinary income (loss)			
Income from (loss on) disposal of fixed assets	(1.1)	(0.1)	0
Other	(6.7)	0.1	0
Total	(7.8)	0.0	0
Corporate income tax and other expenses			
Corporate income tax, etc.	13.4	8.6	12.1
Minority interests in consolidated subsidiaries	0.4	0.4	0.4
Total	13.8	9.0	12.5

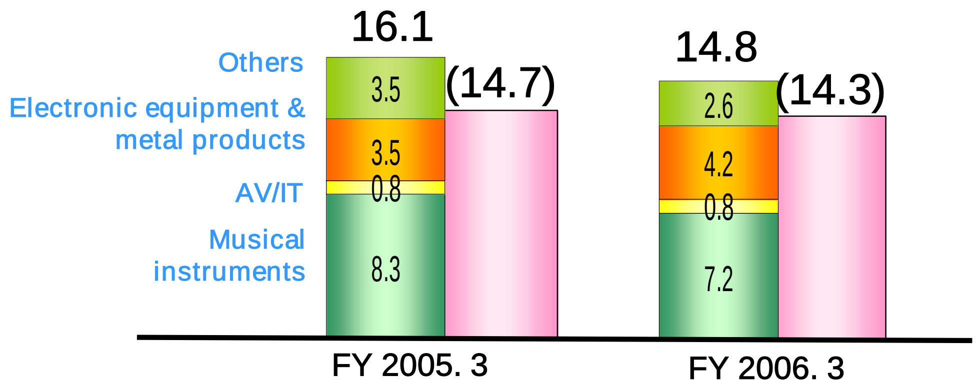
・Gain on return of substantial portion 19.9
・Gain on asset disposal 6.5
・Impairment loss (32.7)

Capital Expenditure/Depreciation/R&D Expenses

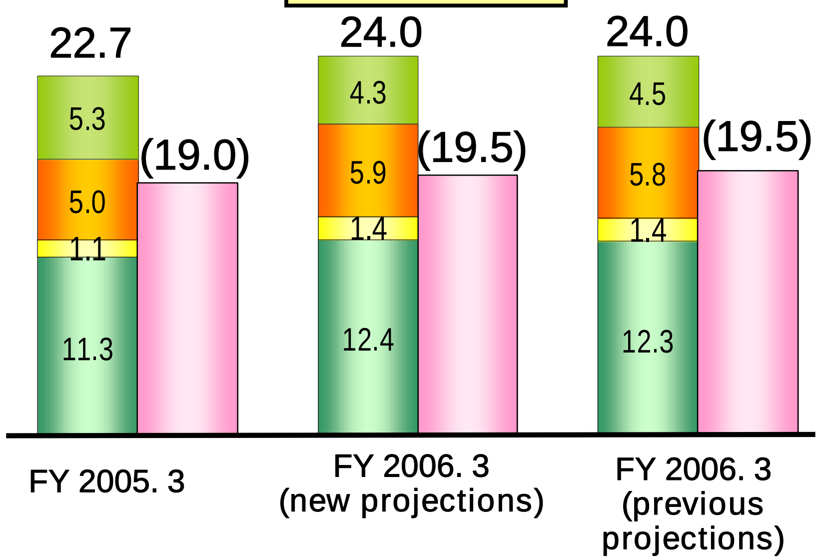
Capital Expenditure/Depreciation

(Billions of yen)

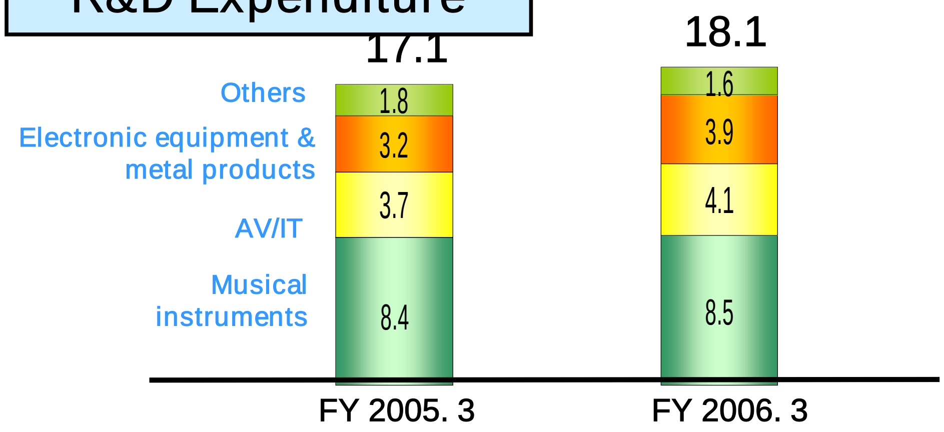
1-3Q

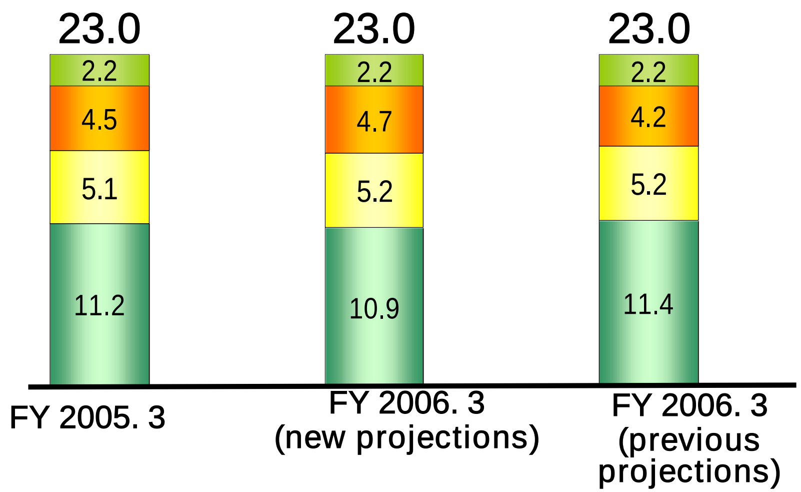


Full Year



R&D Expenditure

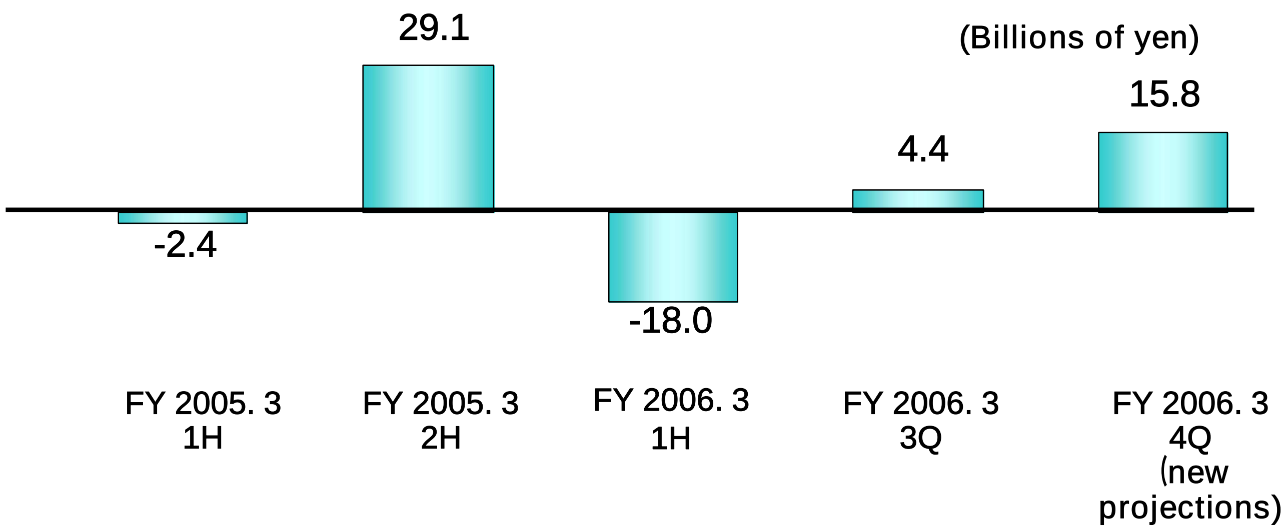




Interest-bearing Liabilities (Actual Balance)

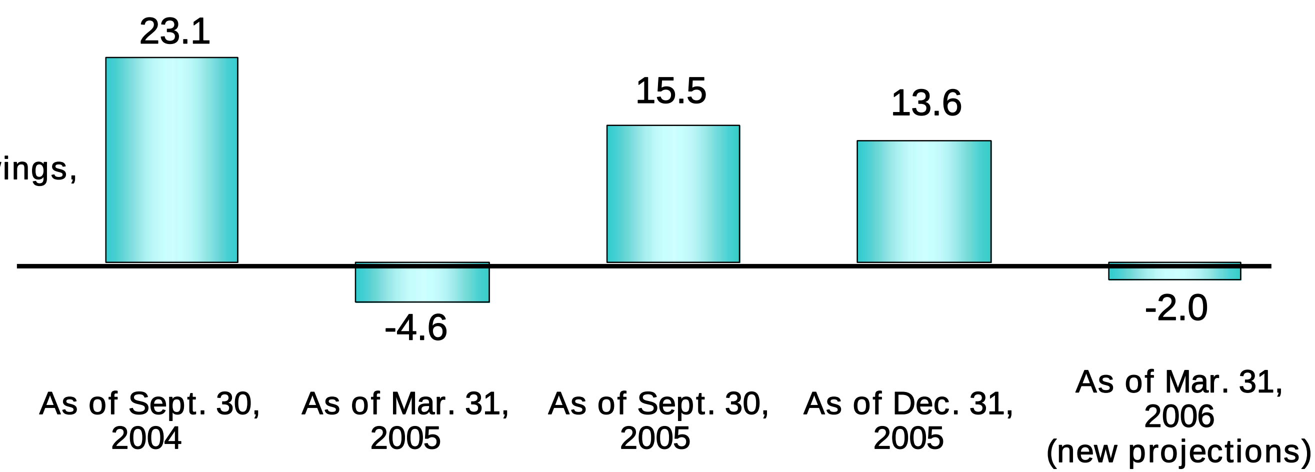
YAMAHA

Free Cash Flows



Interest-bearing Liabilities

Long- and short-term borrowings, less cash and deposits



Not included in above:

	As of Sept. 30, 2004	As of Mar. 31, 2005	As of Sept. 30, 2005	As of Dec. 31, 2005	As of Mar. 31, 2006 (new projections)
Balance of resort security deposits	29.6	28.9	28.0	27.9	27.6

Balance Sheet Summary

(Billions of yen)

	As of end of 3Q			Full Year		
	As of Dec. 31, 2004	As of Dec. 31, 2005	Change	As of Mar. 31, 2005	As of Mar. 31, 2006	Change
Cash and bank deposits	42.8	30.0	-12.8	51.2	27.8	-23.4
Accounts & notes receivable	89.3	88.6	-0.7	71.6	74.6	3.0
Inventories	82.8	84.7	1.9	78.4	72.5	-5.9
Other current assets	25.4	24.9	-0.5	24.4	23.9	-0.5
Fixed assets	280.3	303.3	23.0	280.0	306.9	26.9
Total assets	520.6	531.5	10.9	505.6	505.7	0.1
Accounts & notes payable	40.7	40.4	-0.3	37.7	39.4	1.7
Short- and long-term borrowings	64.8	43.6	-21.2	46.6	25.8	-20.8
Other liabilities*	137.9	132.0	-5.9	146.1	134.0	-12.1
Shareholders' equity	277.2	315.5	38.3	275.2	306.5	31.3
Total liabilities and shareholders' equity	520.6	531.5	10.9	505.6	505.7	0.1

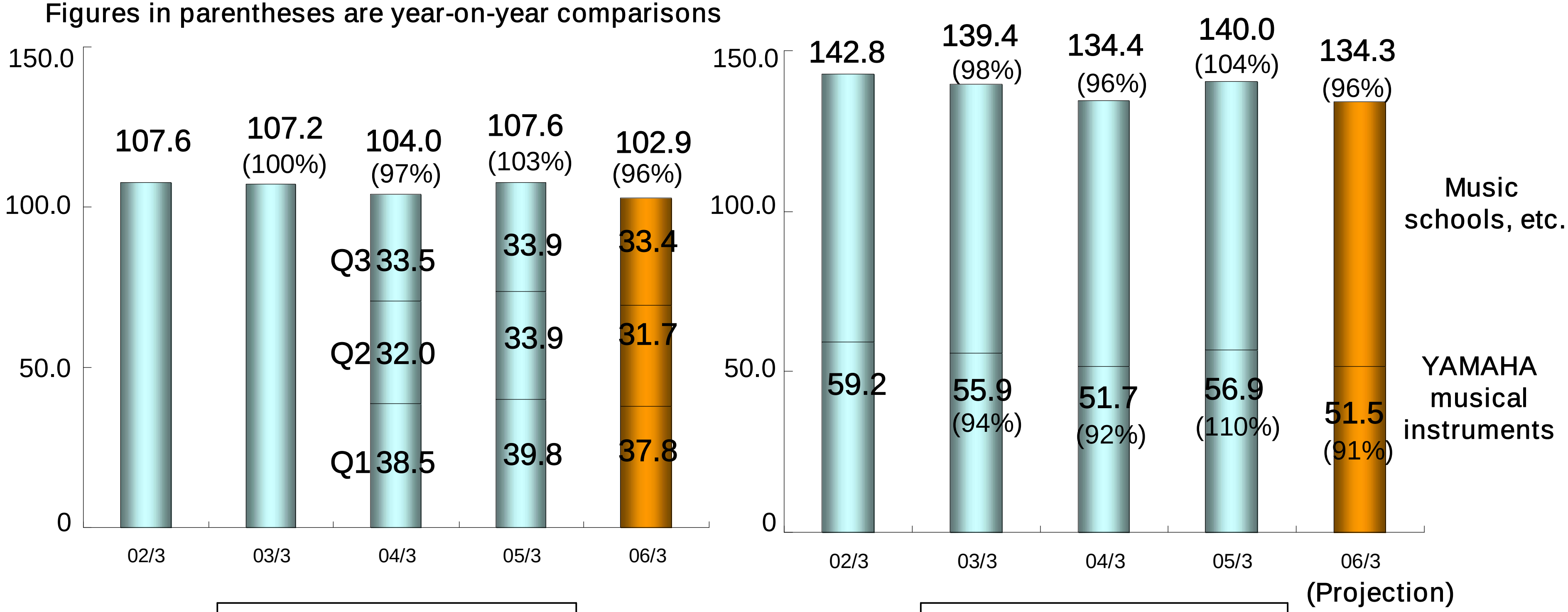
*"Other liabilities" includes minority interests in consolidated subsidiaries

YAMAHA Musical Instrument Sales in the Japanese Market

As demand for the STAGEA™ Electone™ ran its course, sales over the first three quarters amounted to ¥6.6 billion, down ¥4.6 billion year-on-year. Sales of products other than Electones™ were in line with the previous year. Thanks to increased enrolments, music school revenue increased 3% (up ¥0.8 billion).

(Billions of yen)

Figures in parentheses are year-on-year comparisons



1-3Q Results

Full Year

YAMAHA Musical Instrument Sales in the U.S. Market

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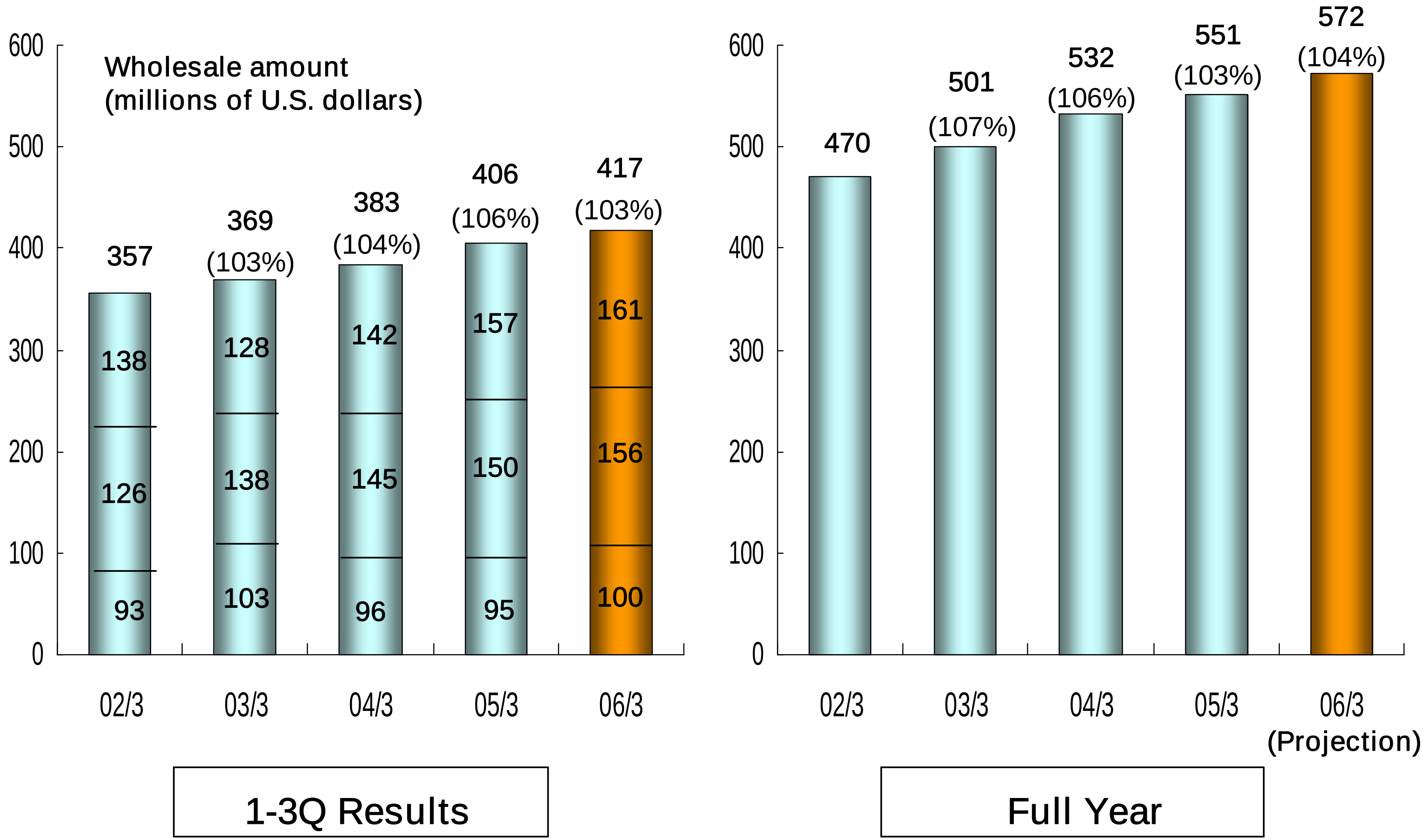
Sales over the first three quarters were driven by a buoyant market for musical instruments in the U.S. and amounted to 103% of the same period the previous year. Sales of professional audio equipment, especially digital mixers, stayed strong at 118% year-on-year. Shipments of mid- and high-range wind instruments were steady. However, electronic pianos and portable keyboards struggled. String and percussion instrument sales also failed to meet expectations. The January NAMM trade show in the U.S. brought in orders exceeding our targets.



YAMAHA Musical Instrument Sales in the German Market

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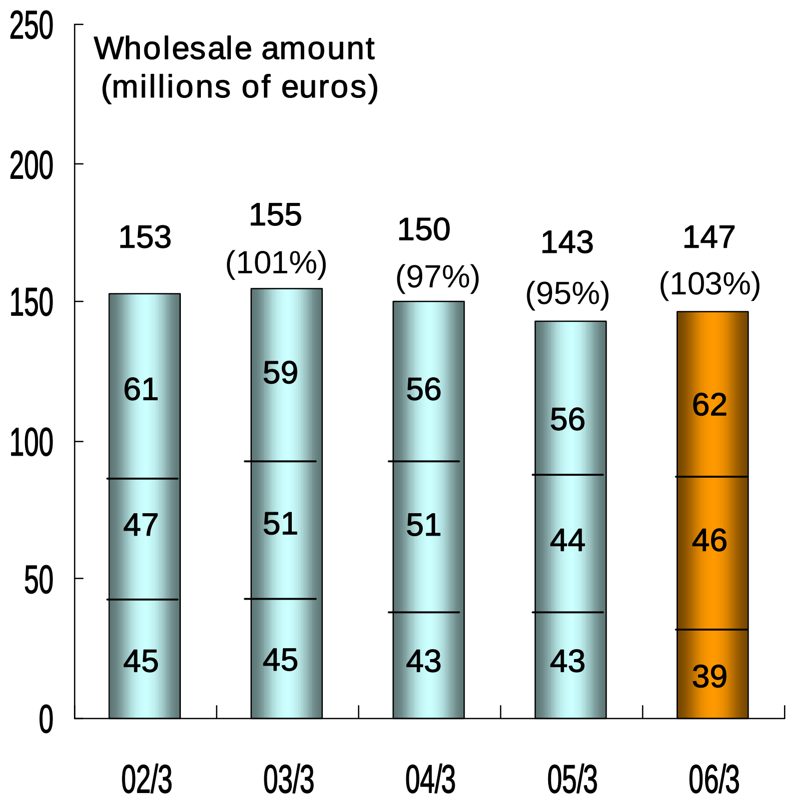
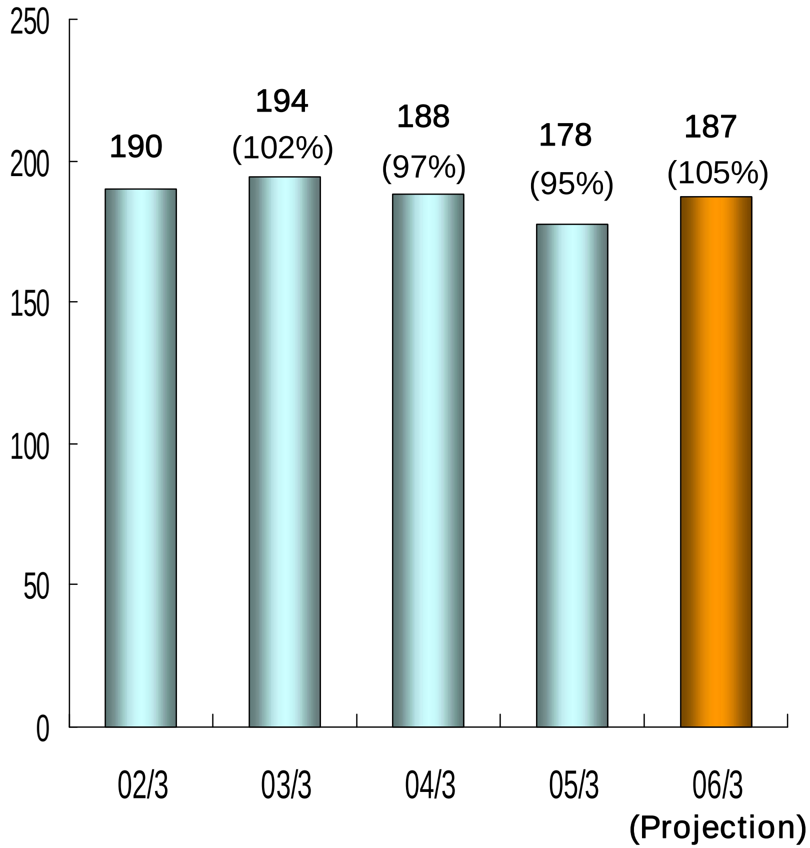
Retail conditions remain difficult, reflecting macroeconomic factors. However, customers began returning to the stores toward the end of the year and sales recovered to 103% of the same period the previous year. Electronic instruments such as electronic pianos and the "Tyros2" keyboard sold especially well, as did the new "M7CL" digital mixer.



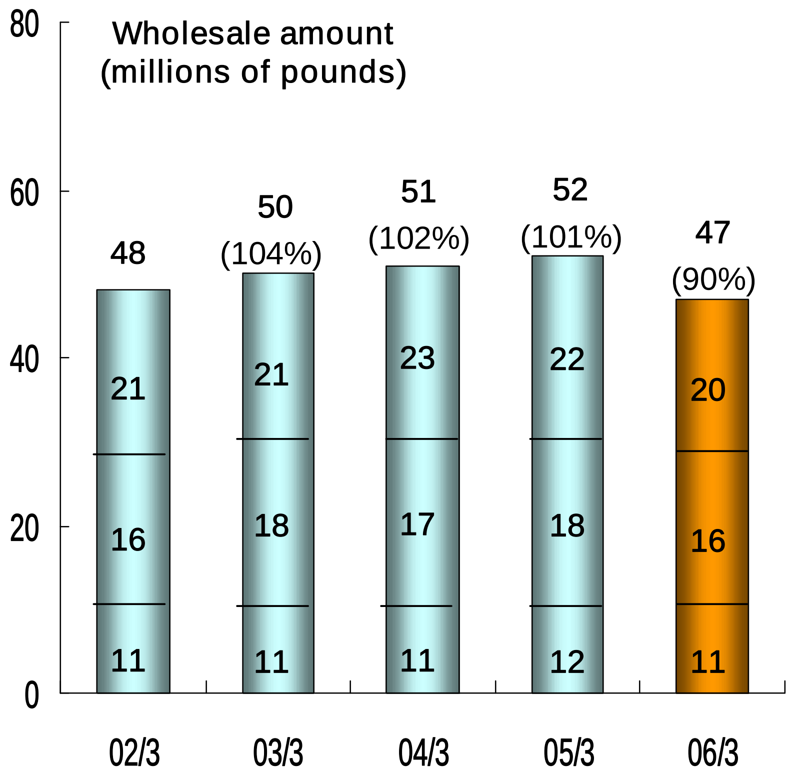
1-3Q Results



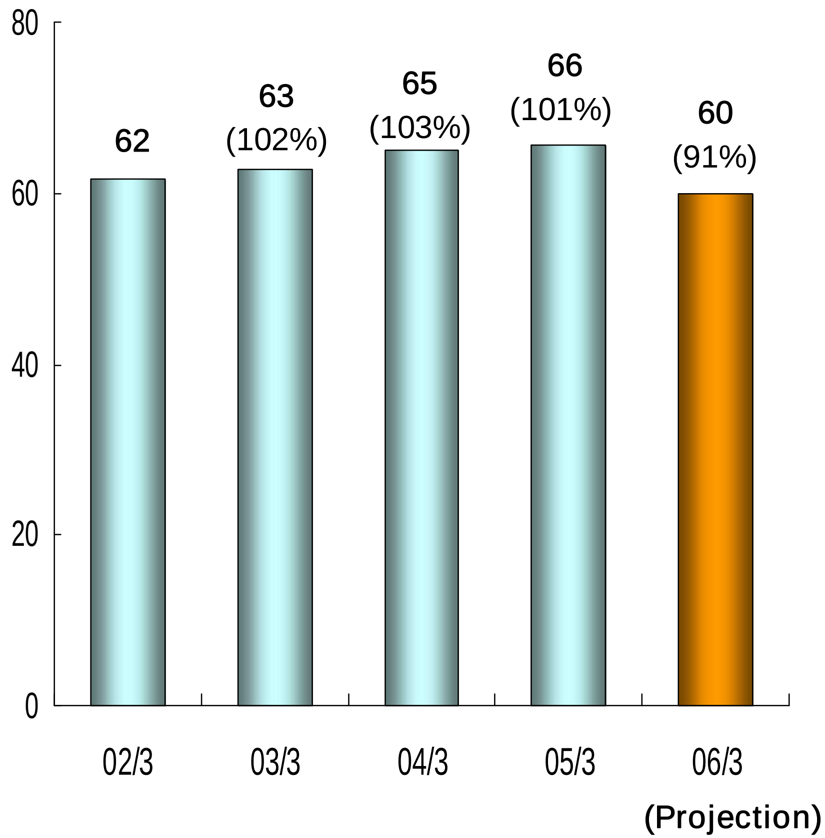
Full Year

YAMAHA Musical Instrument Sales in the U.K. Market

Overall the musical instrument market remained depressed, with actual retail sales sluggish in both specialty music stores and mass market. Particularly with regard to wind instruments, the volume of inexpensive import models from China has been rapidly increasing.



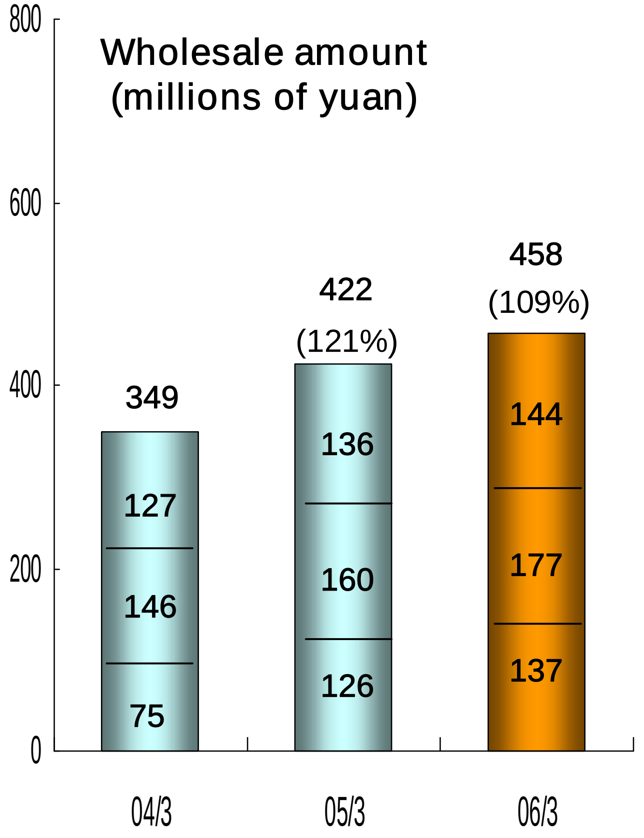
1-3Q Results



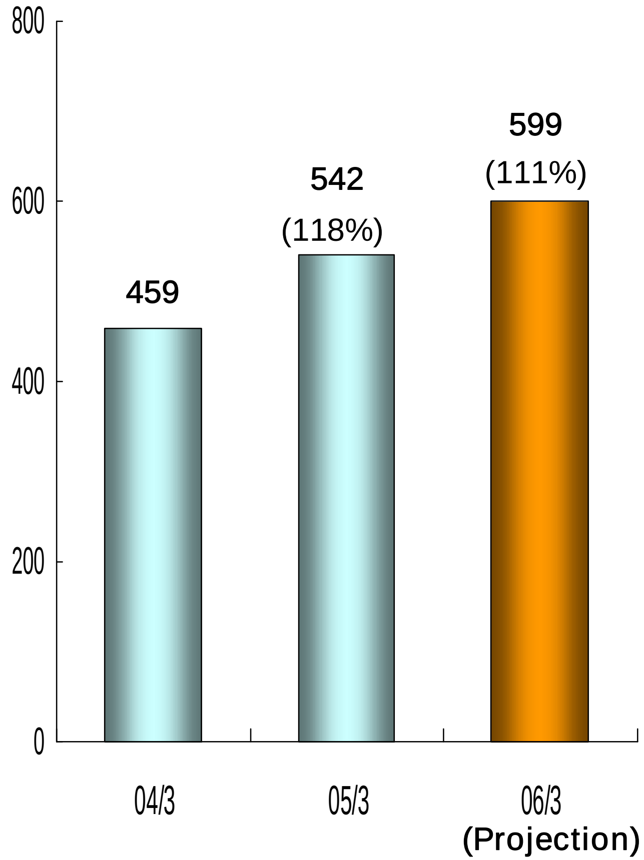
Full Year

YAMAHA Musical Instrument Sales in the Chinese Market

Although China's end-of-year sales lacked vigor overall, products such as pianos and digital mixers sold well. The music school opened in Shanghai in November made a healthy start, with approximately 200 students enrolled.



1-3Q Results

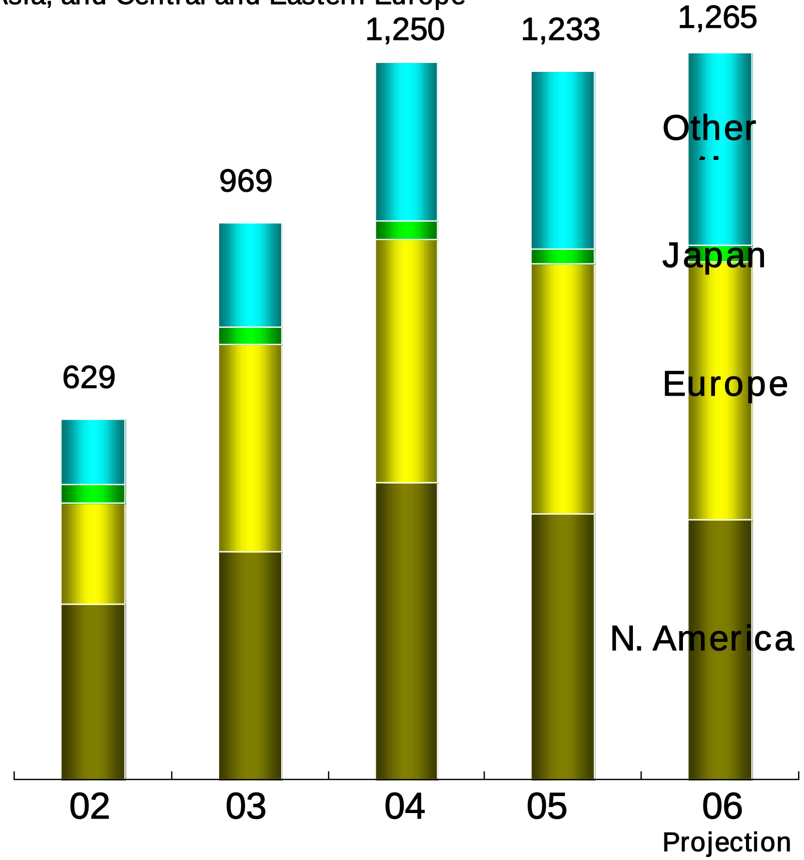


Full Year

Scale of Home Theater Market
(Home theater systems, amplifiers and receivers)

Home Theater Systems

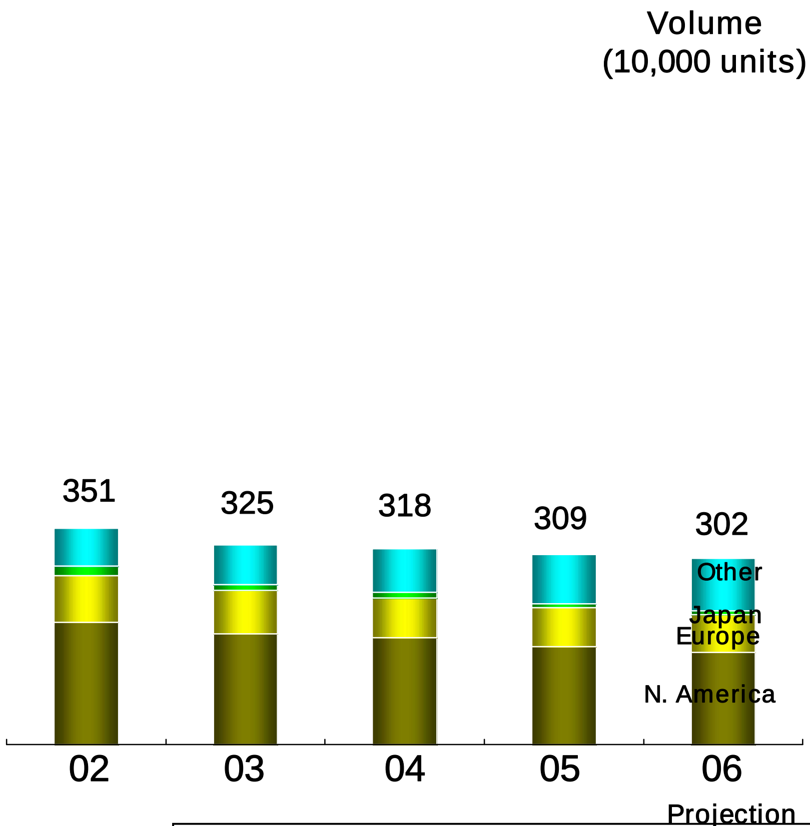
- World market has flattened out
- North America: HTiB is contracting, systems with DVD are showing slight growth
- Europe: Systems with DVD starting to show growth
- Japan: Demand declined approx. 20% YOY in 2005 (270,000 units)
- Other: Sales of Chinese-made products are growing substantially in Asia, and Central and Eastern Europe



Scale of North American and Japanese markets revised from 2004

AV Amplifiers and Receivers

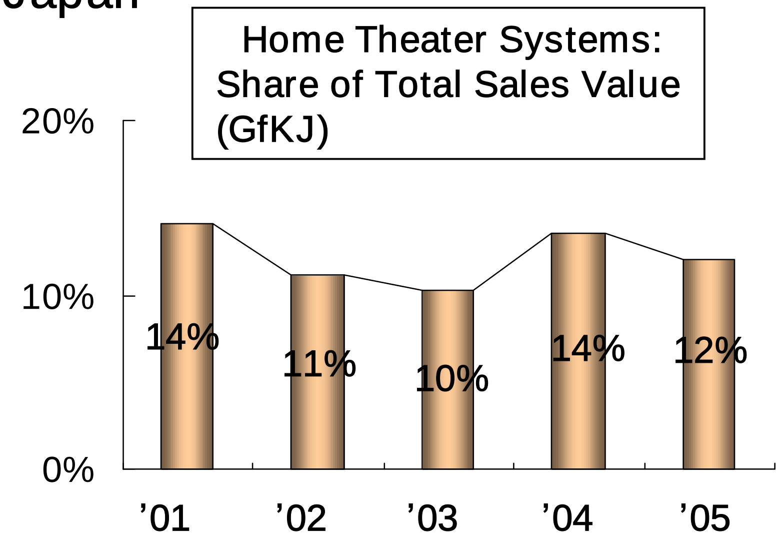
- World market shrinking by 2-3% p.a.
- Europe and N. America: Market contracting
- Japan: YAMAHA took No.1 market share on value basis in 2005 (31%)
- Asia including China, Eastern Europe and Russia: Market growth focused on low-price products

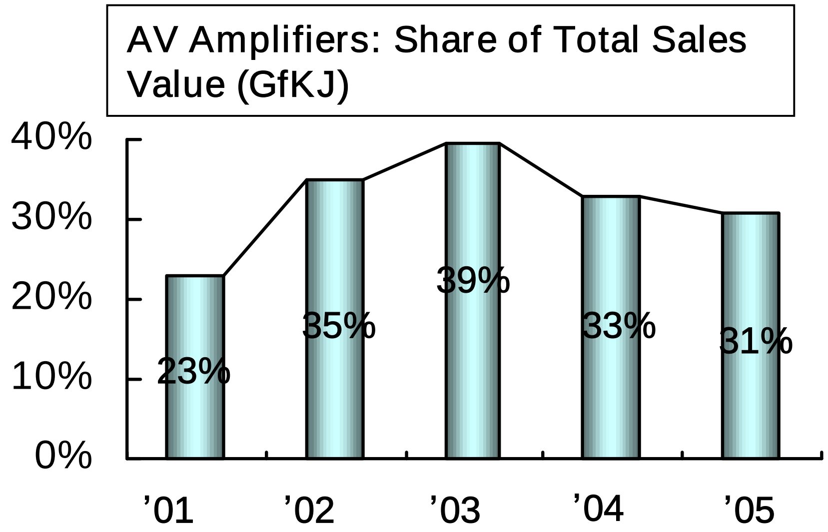


North American market volume revised from 2004
(2004: 1.6 million units -> 1.73 million units)

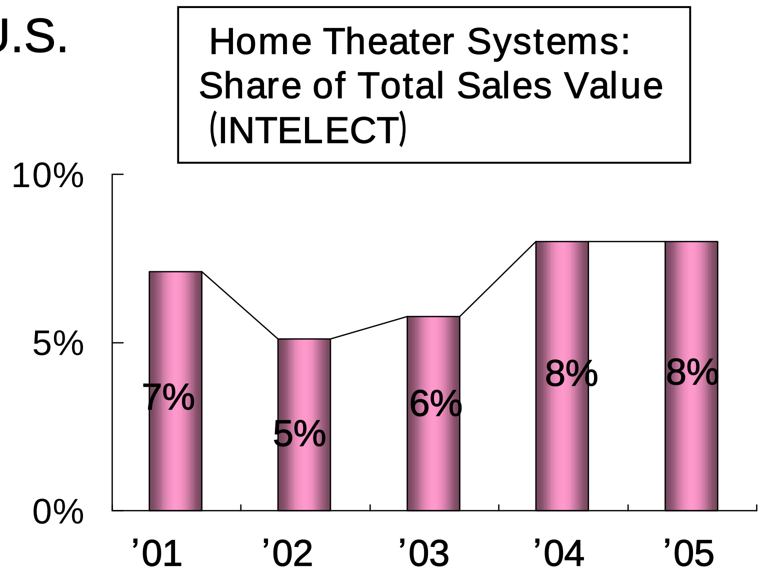
AV Market Share

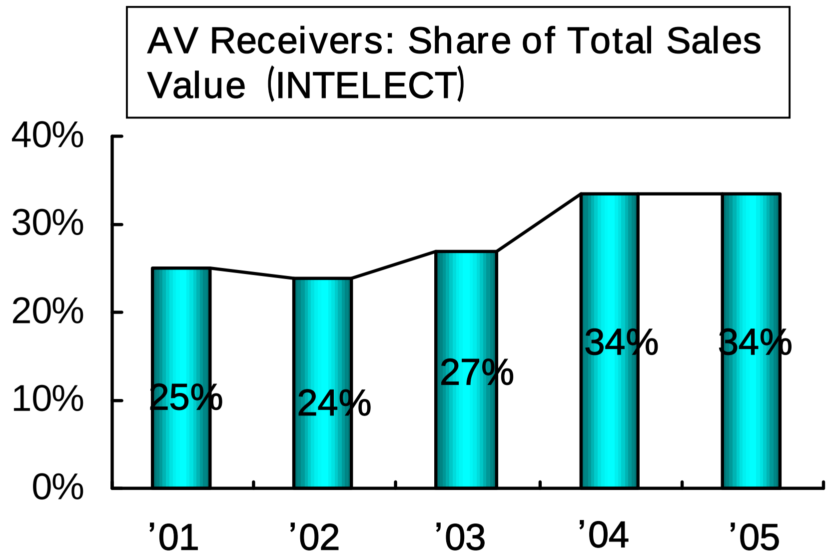
Japan





U.S.





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

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