

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

**November 1, 2010
YAMAHA CORPORATION**

Overview of Performance in the Second Quarter of FY2011.3



2Q External Environment

- Gradual recovery in global economy
 - Recovery generally sound in U.S. but patchy in Europe; individual consumption remains subdued in Japan
 - B2B business is stable
- Further strengthening of yen

2Q (July-Sept) Results

- Sales were lower than previous projections (made on July 30), but income was higher. Sales were down year-on-year but income was up.
- Net sales were 5.7% (-¥5.7 billion) lower than previous projections. Discounting the impact of exchange rates (-¥2.2 billion), actual sales were 3.5% (-¥3.5 billion) lower than previous projections. Excluding the impact of exchange rates (-¥5.5 billion) and handover of lifestyle-related business (-¥9.1 billion), actual sales increased 3.2% (¥3.1 billion) year-on-year.
- Operating income was ¥1.3 billion higher than previous projections. Discounting the impact of exchange rates (-¥0.8 billion), actual operating income was ¥2.1 billion higher than projected, chiefly due to increased production overall.

First Half Results

- Sales declined year-on-year, but income increased
- Discounting the impact of exchange rates (-¥8.1 billion) and handover of lifestyle-related business (-¥17.9 billion), actual net sales rose 3.2% (¥6.0 billion) year-on-year.
- Operating income was up 124% (¥5.1 billion) year-on-year. Although exchange rates had some impact (-¥1.9 billion), income increased in all segments due to the rise in actual sales and increased production.

Performance in the First Half of FY2011.3 YAMAHA

➤ Net sales were lower than last year's 1H figures and previous projections (made on July 30), but operating income was higher

(Billions of yen)

	FY2010.3 (1H) results	FY2011.3 (1H) results	Change from same period of the previous year	FY2011.3 (1H) previous projections	Change from projections	FY2011.3 2Q results	FY2010.3 2Q results
Net sales	204.3	184.3	-9.8%	190.0	-3.0%	93.4	104.9
Operating income (Operating income ratio)	4.1 (2.0%)	9.3 (5.0%)	+123.9%	8.0	+15.9%	4.1	3.9
Ordinary income (Ordinary income ratio)	2.8 (1.4%)	8.4 (4.5%)	+193.5%	7.0	+19.4%	3.5	3.3
Net Income (Net income ratio)	-0.8	5.0 (2.7%)	—	4.0	+26.2%	2.8	2.1

Currency exchange rates (yen)

Net sales	US\$	96	89	91	86	94
	EUR	133	114	116	111	134
Operating income	US\$	96	89	91	87	95
	EUR	128	118	118	115	132

Performance by Business Segment in the First Half of FY2011.3

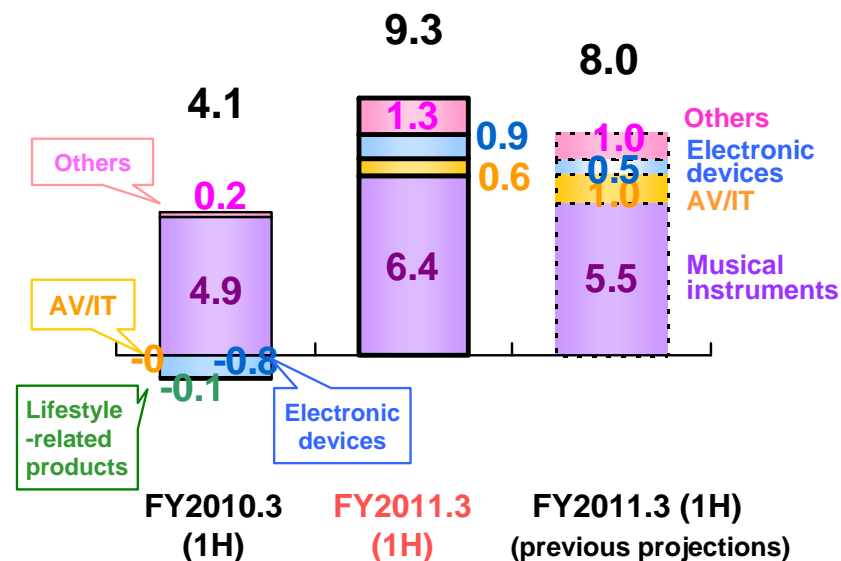
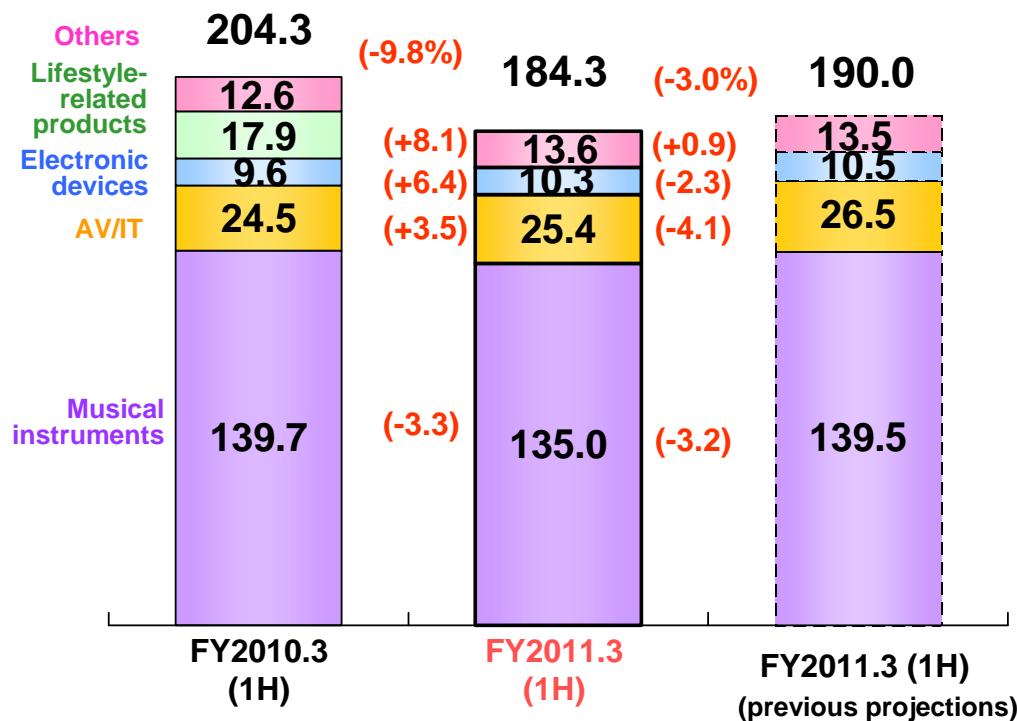


Net Sales

Operating Income

(Billions of yen)

(Billions of yen)



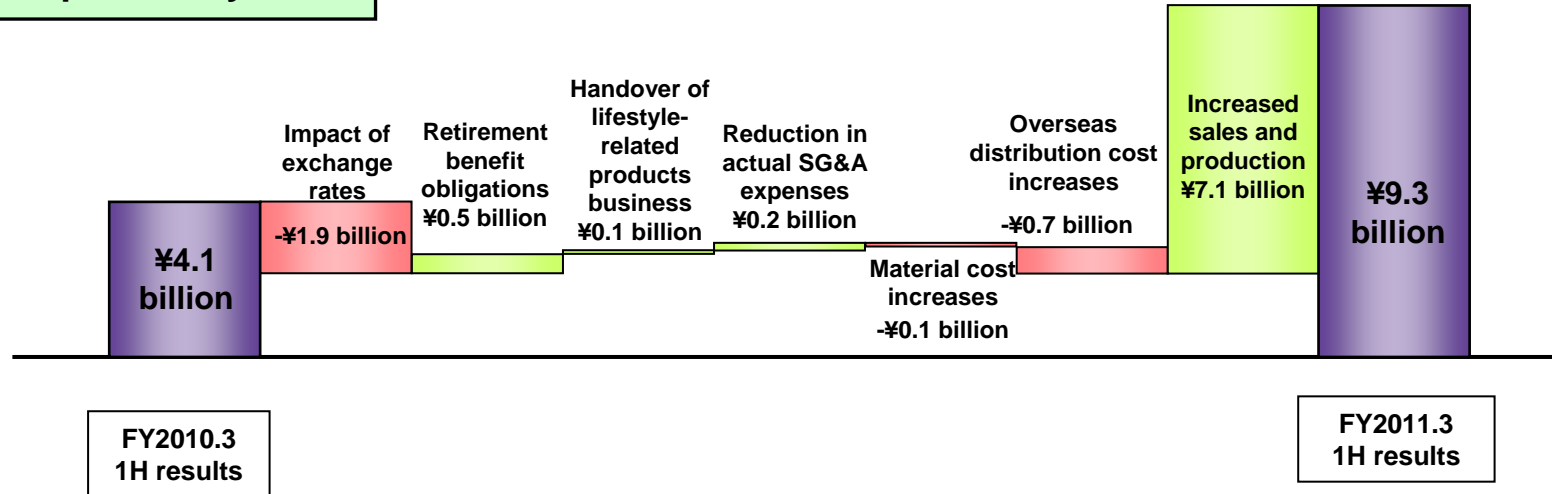
Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥8.1 billion (musical instruments -¥6.4 billion, AV/IT -¥1.6 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥2.2 billion (musical instruments -¥1.8 billion, AV/IT -¥0.4 billion)

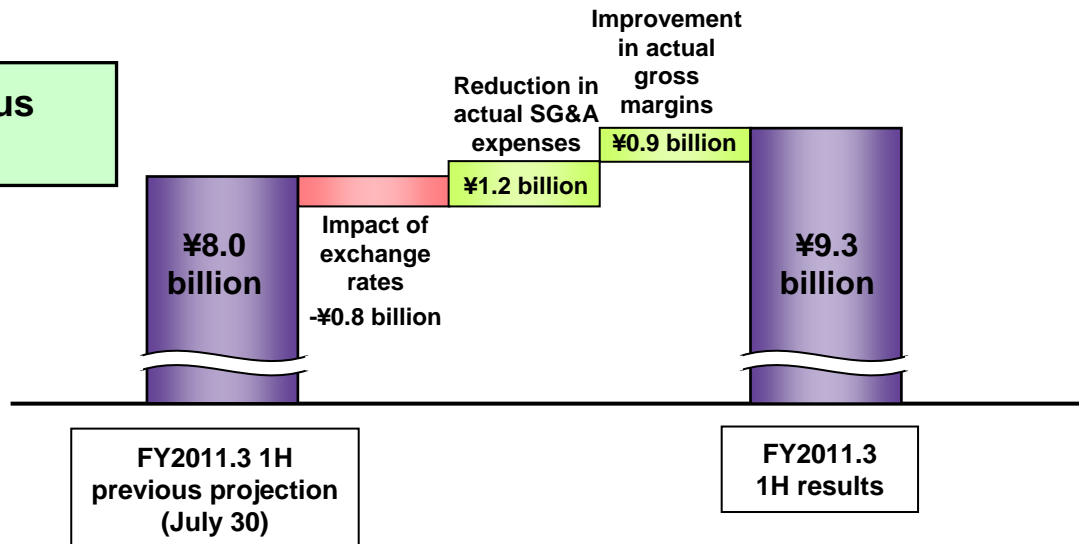
	Impact of exchange rates
Year-on-year	-¥1.9 billion (musical instruments -¥1.7 billion, AV/IT -¥0.2 billion)
Versus previous projections	-¥0.8 billion (musical instruments -¥0.7 billion, AV/IT -¥0.1 billion)

FY2011.3 1H Operating Income Analysis

Versus same period of the previous year



Versus previous projections



Business Environment in the Second Half of FY2011.3 and Full Year Performance Forecast



Business Environment in the Second Half

- Gradual market recovery. Hopes for year-end shopping season in the U.S. and European markets
 - Gradual recovery in the U.S., patchy demand by country in Europe, strong growth in China and other regions
 - Continuing improvement in B2B orders
- Ongoing strong yen

Full Year Performance Forecast

- Given performance in the first half and considering prospects for exchange rates and the year-end shopping season, sales are likely to be lower than previous projections while income is likely to be higher.

Priorities for Second Half

- Focus on sales efforts for year-end demand
 - Steadily launch new products
 - Carefully monitor sales situation and strictly control inventory
- Ongoing measures to lift income
 - Continue to reduce expenses and cut costs

Forecast for Performance in FY2011.3 (Full Year)

➤ Full year sales forecast has been revised downward from previous projections, while income forecast has been revised upward

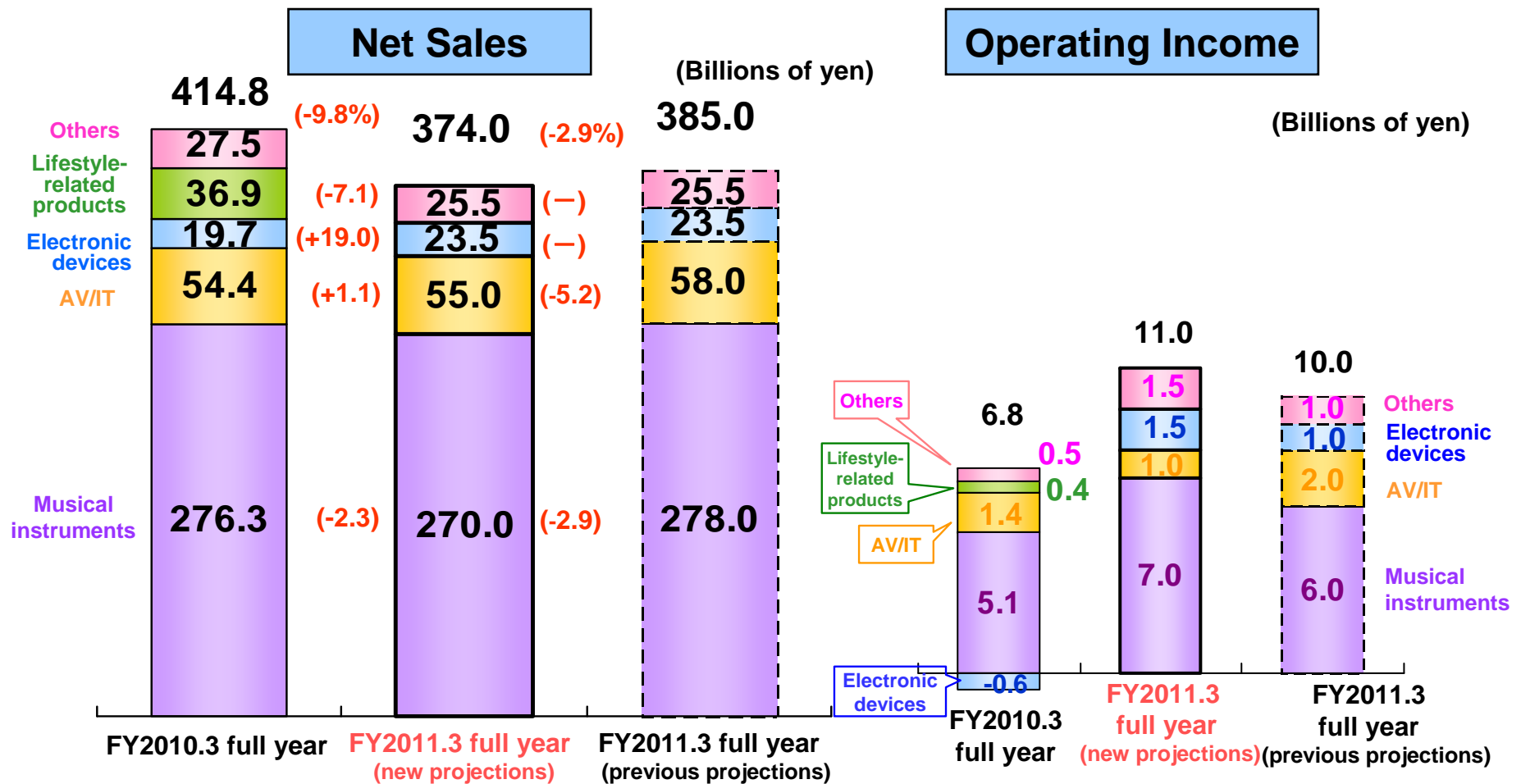
(Billions of yen)

	FY2010.3 results			FY2011.3 new projections			Increase/ decrease	FY2011.3 previous projections
	1H	2H	Total	1H	2H	Total		
Net sales	204.3	210.5	414.8	184.3	189.7	374.0	-9.8%	385.0
Operating income (Operating income ratio)	4.1 (2.0%)	2.7 (1.3%)	6.8 (1.6%)	9.3 (5.0%)	1.7 (0.9%)	11.0 (2.9%)	61.1%	10.0
Ordinary income (Ordinary income ratio)	2.8 (1.4%)	2.0 (1.0%)	4.9 (1.2%)	8.4 (4.5%)	0.1 (0.1%)	8.5 (2.3%)	73.1%	7.5
Net Income (Net income ratio)	-0.8	-4.1	-4.9	5.0 (2.7%)	0	5.0 (1.3%)	—	4.0

Currency exchange rates (yen)

Net sales	US\$	96	90	93	89	85	87	91
	EUR	133	129	131	114	110	112	116
Operating income	US\$	96	90	93	89	85	87	91
	EUR	128	132	130	118	110	115	117

FY2011.3 Full Year Forecast for Performance by Business Segment



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

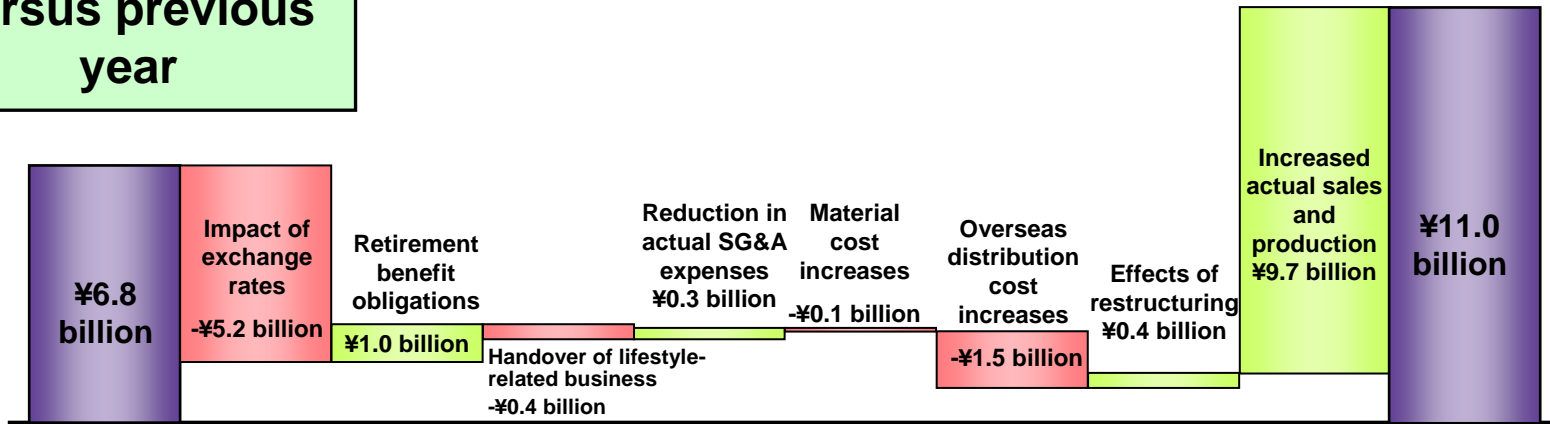
	Impact of exchange rates
Year-on-year	-¥17.8 billion (musical instruments -¥13.6 billion, AV/IT -¥4.0 billion, electronic devices -¥0.2 billion)
Versus previous projections	-¥7.2 billion (musical instruments -¥5.6 billion, AV/IT -¥1.5 billion, electronic devices -¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥5.2 billion (musical instruments -¥4.2 billion, AV/IT -¥0.9 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥1.9 billion (musical instruments -¥1.6 billion, AV/IT -¥0.2 billion, electronic devices -¥0.1 billion)

FY2011.3 Full Year Operating Income Analysis



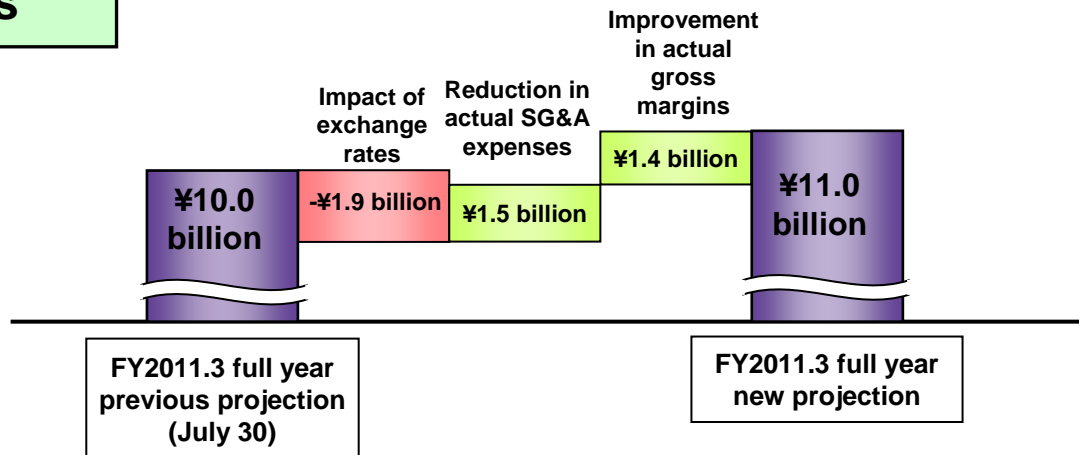
Versus previous year



FY2010.3 full year results

FY2011.3 full year new projection

Versus previous projections



FY2011.3 full year previous projection (July 30)

FY2011.3 full year new projection

Musical Instruments

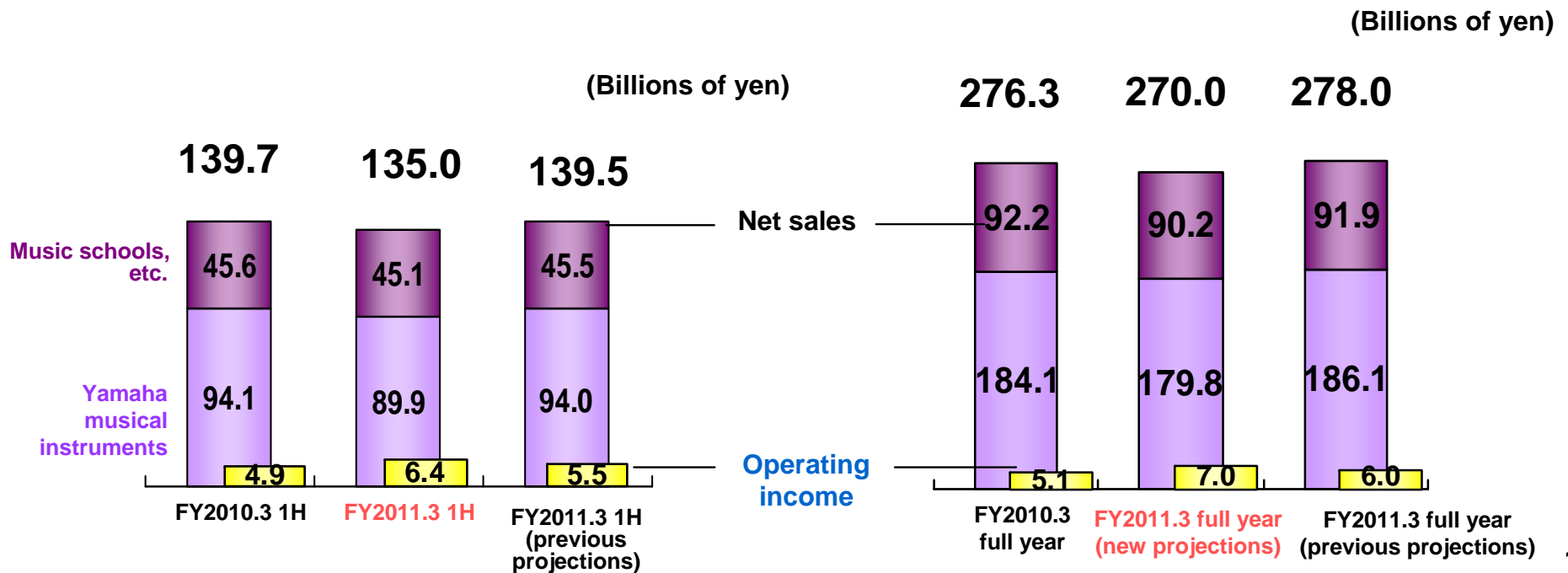


1H Overview

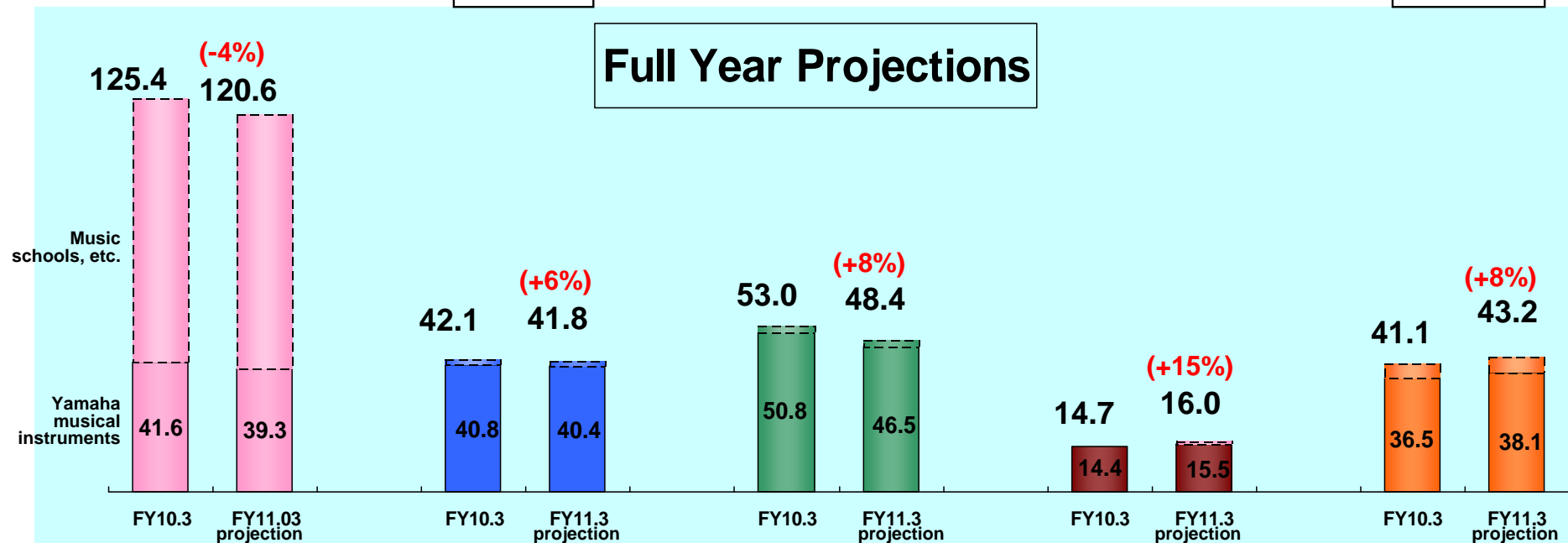
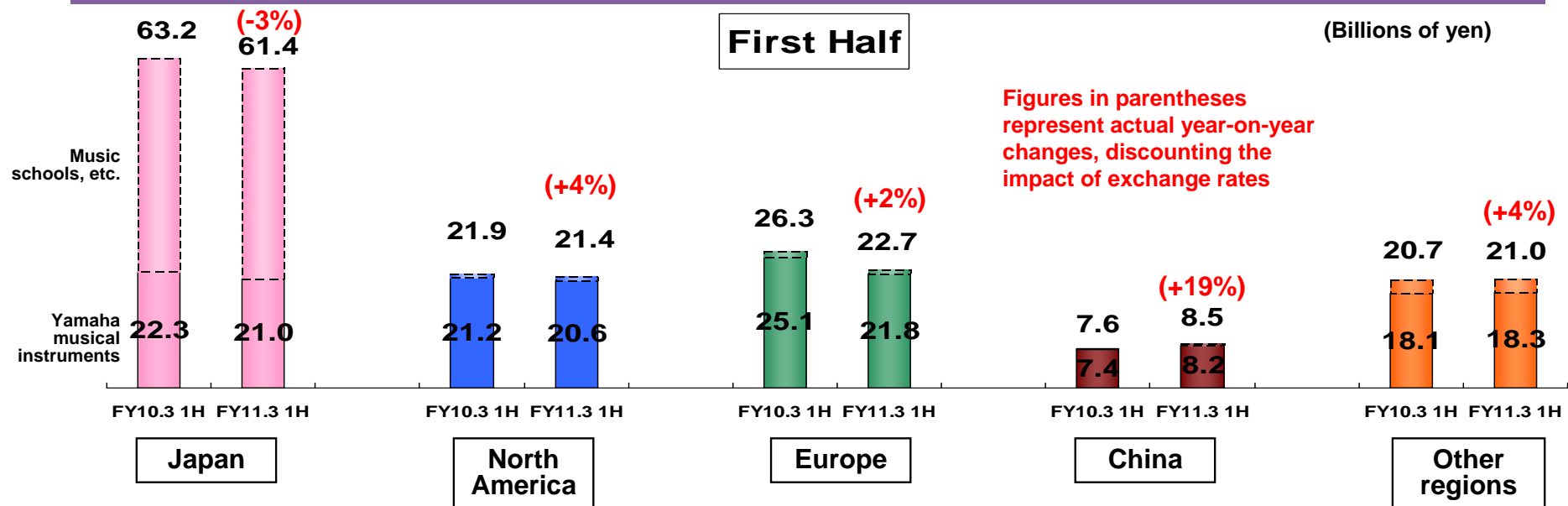
- Sales declined year-on-year and against previous projections, but income increased on both counts.
- Discounting the impact of exchange rates, actual sales increased by 1% (¥1.7 billion) year-on-year.
- On a local currency basis, sales rose by 4% in North America and 2% in Europe. Strong performance in China, especially for pianos, continued to drive double-digit growth.
- Piano sales struggled year-on-year in Japan, but showed robust results in China and Other Regions. Wind instrument sales showed signs of recovery in North America.
- Operating income increased year-on-year and against previous projections, with increased production compensating for lower income due to the impact of exchange rates.

Full Year Overview and 2H Priorities

- Focus on sales to meet year-end shopping season demand in Europe and the U.S.
- Expand sales in emerging markets, especially China.
- Cut costs, reduce expenses and adjust inventory levels.



Musical Instruments (Sales by Region)

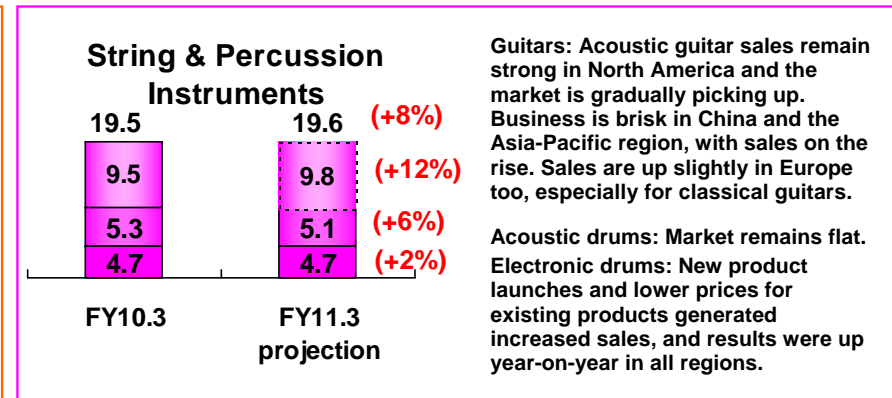
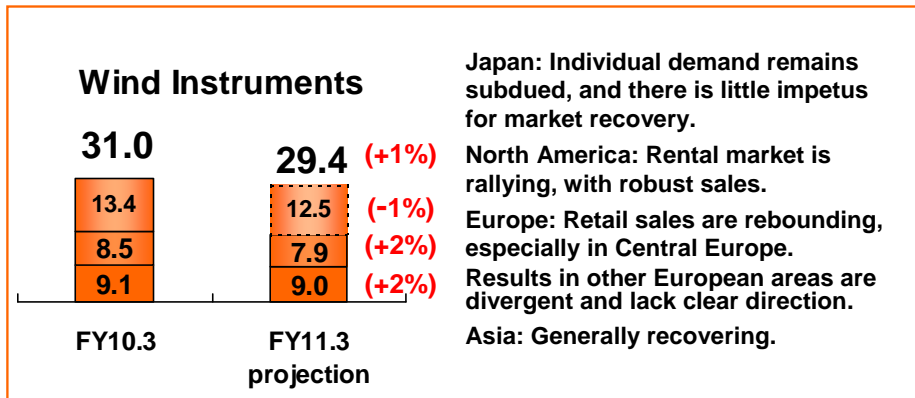
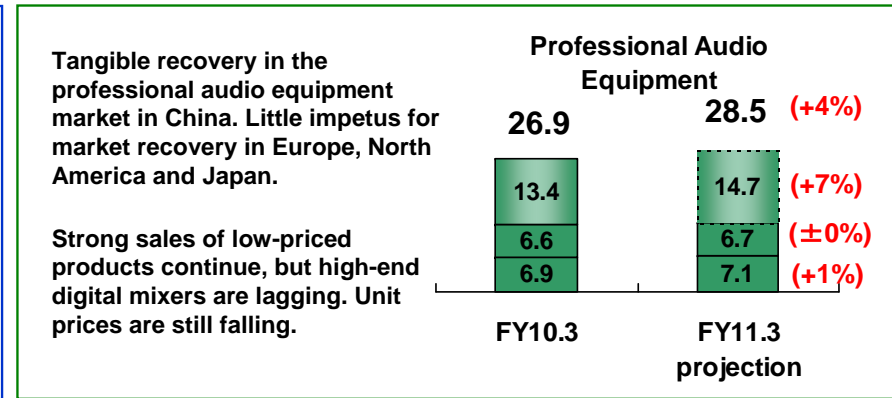
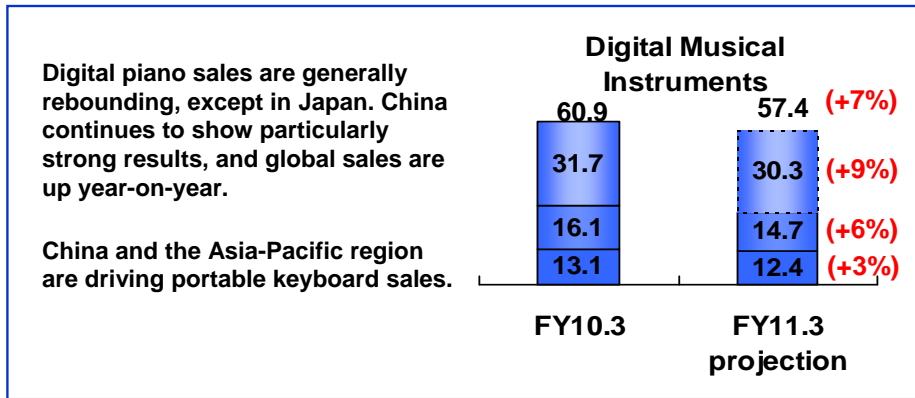
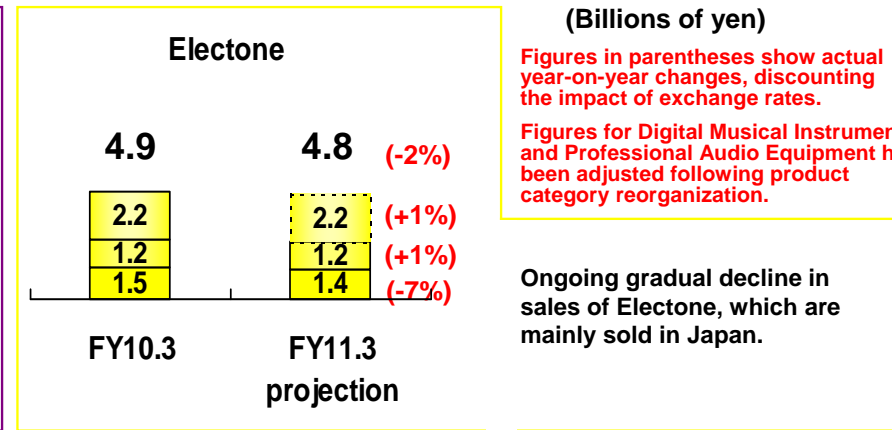
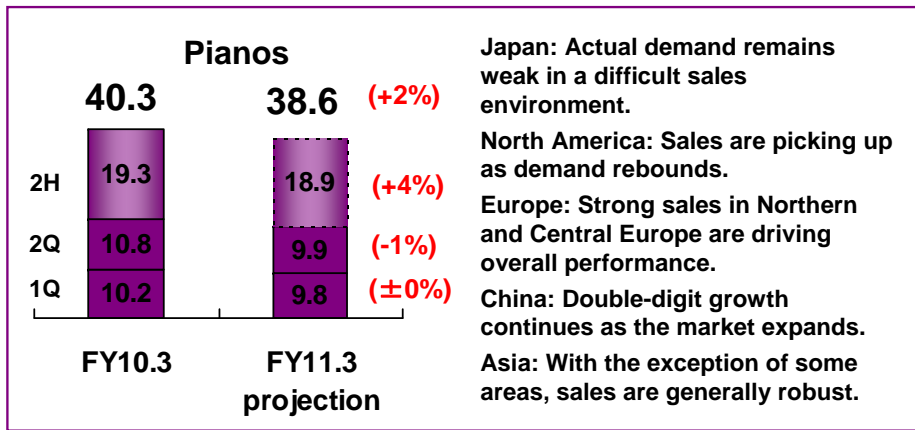


Musical Instruments: Sales by Region



	Musical Instrument Sales by Region
Japan	The musical instrument market remains generally weak, and sales are below targets and the previous year's results. There is a clear trend toward trading down to low-priced or second-hand products or delaying purchase, especially in the case of pianos. In late November the company aims to launch upright pianos manufactured in Indonesia to regain ground by stimulating demand for acoustic pianos.
North America	Musical instrument sales are up year-on-year in every category, with acoustic pianos and portable keyboards showing particularly strong results. Although the professional audio equipment market is showing signs of recovery, average unit prices for equipment supplied continue to fall.
Europe	There are marked disparities between markets, but the overall trend is upward, especially in Germany. Sales of pianos and other keyboard instruments are recovering in Northern and Central Europe, but remain slow in Southern Europe. Although the professional audio equipment market is improving in some areas, it remains subdued overall. Emerging markets such as Eastern Europe are rallying.
China	Sales of pianos and digital keyboards are growing and continue to surpass targets. Efforts to expand sales channels to smaller cities and build sales networks of specialist guitar and wind instrument stores are proceeding. Music school enrollments are increasing, partly due to recruitment drives at the three directly-managed Yamaha music schools, but are still below target.
Other Regions	Although overall sales were up year-on-year, they fell slightly short of targets. There are wide disparities between markets, with Australia, Taiwan, Malaysia, Indonesia and Mexico struggling while the emerging markets of Latin America, Russia and the Middle East show strong results. Despite growing, the Indian market is below expectations. Pianos, synthesizers and PA equipment for musical instruments are selling well. Over the full year, markets such as Mexico and Australia are expected to recover and overall sales are projected to be in line with previous projections.

Musical Instruments: Sales by Product Category YAMAHA

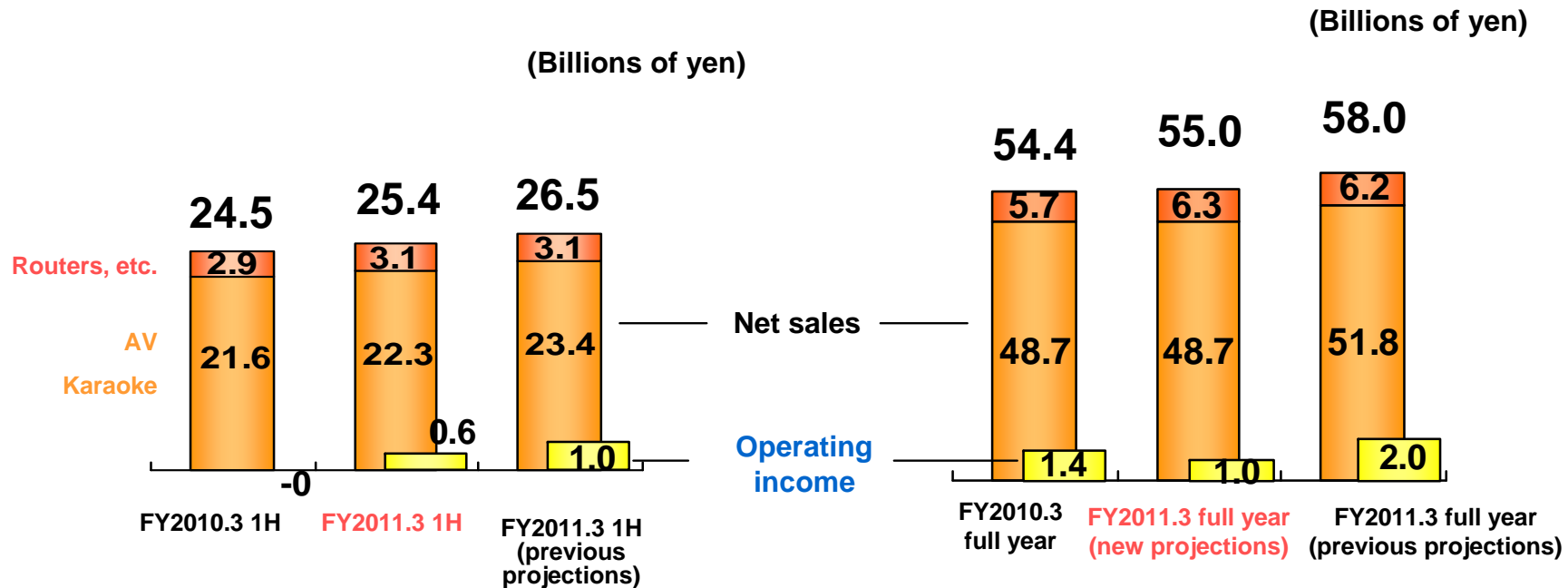


1H Overview

- Sales and income increased year-on-year, with operating income returning to positive figures.
- Discounting the impact of exchange rates, actual sales grew by double-digit percentages.
- Key audio products faced difficult conditions in the North American market, but showed strong sales overall. Sales of commercial routers and network karaoke equipment were also robust.
- Inventories of audio products at the end of the first half were overweight.

Full Year Overview and 2H Priorities

- Mass retail market in North America is getting tighter.
- Expand sales of AV products during period of high demand in year-end shopping season.
 - Revive sales of mid to high range AV receivers in the North American market
 - Maintain sales of front surround systems in Japan and promote them overseas
 - Strengthen desktop audio and other new product categories
- Expand share of router market by emphasizing product superiority.
- Steadily ship network karaoke equipment as new products are launched.
- Adjust inventory levels.



Electronic Devices

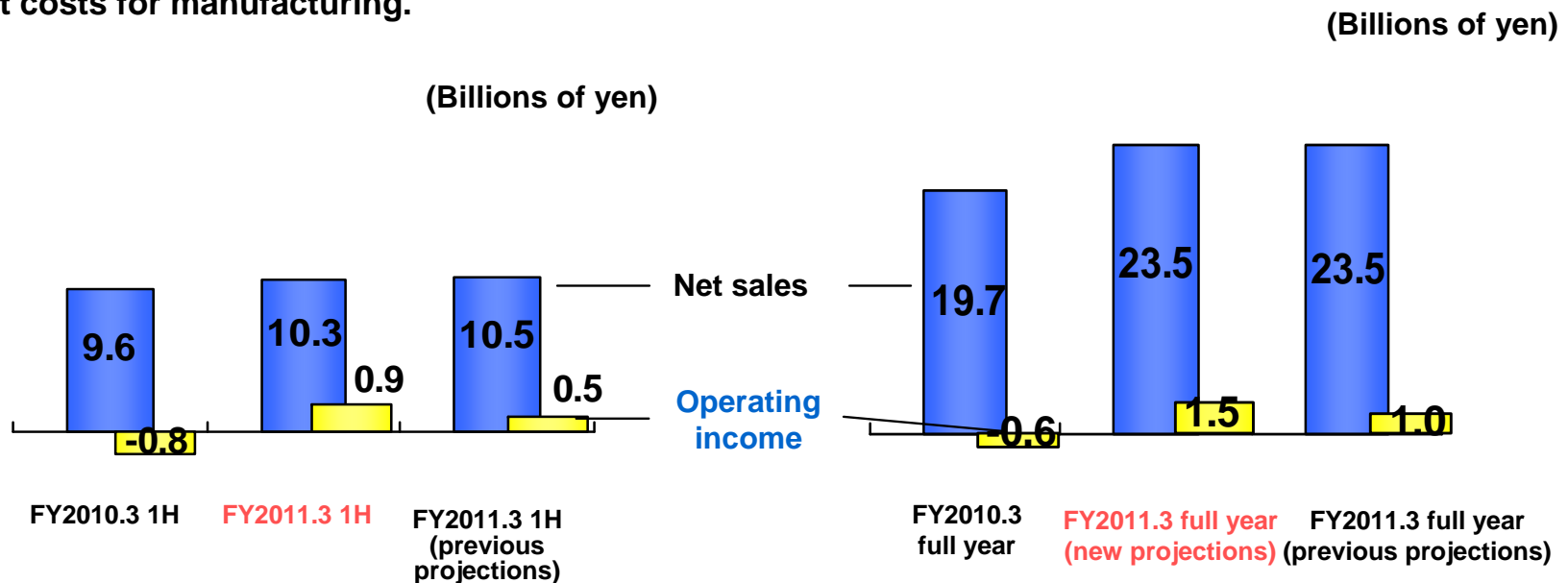


1H Overview

- Sales and income rose year-on-year.
- Sales of sound generators for mobile phones continued to decline year-on-year, especially outside Japan.
- Sales of graphics controllers for pachinko-related devices, in-car products and geomagnetic sensors increased.
- Operating income returned to positive figures, due to factors including increased production and reduced unit costs for manufacturing.

Full Year Overview and 2H Priorities

- Build up production structure to meet growing orders for geomagnetic sensors.
- Increase sales of graphics controllers for pachinko-related devices and semiconductor products for in-car use.



Others

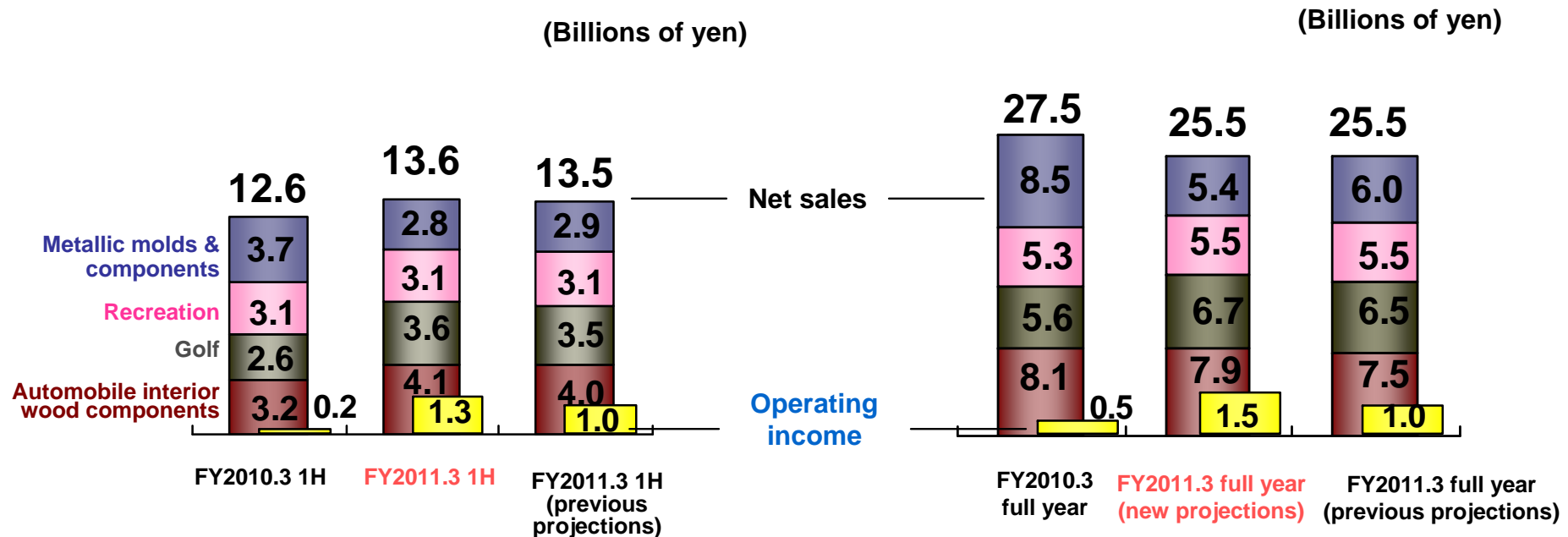


1H Overview

- Sales and income increased year-on-year.
- Golf product sales were robust, especially in the Korean market.
- Production of automobile interior wood components continued to rise.
- Strong sales of factory automation equipment, especially to meet demand in China.

Full Year Overview and 2H Priorities

- Respond to demand for steady supply of automobile interior wood components.
- Steadily launch competitive new golf products.
- Aim for improved profitability in the recreation business by attracting more guests and reducing costs.



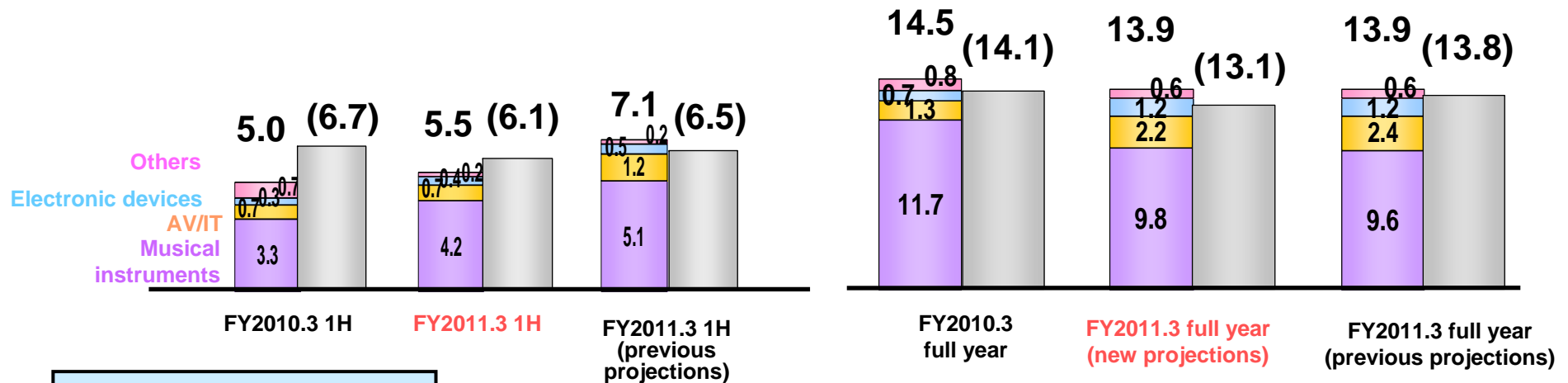
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure (Depreciation)

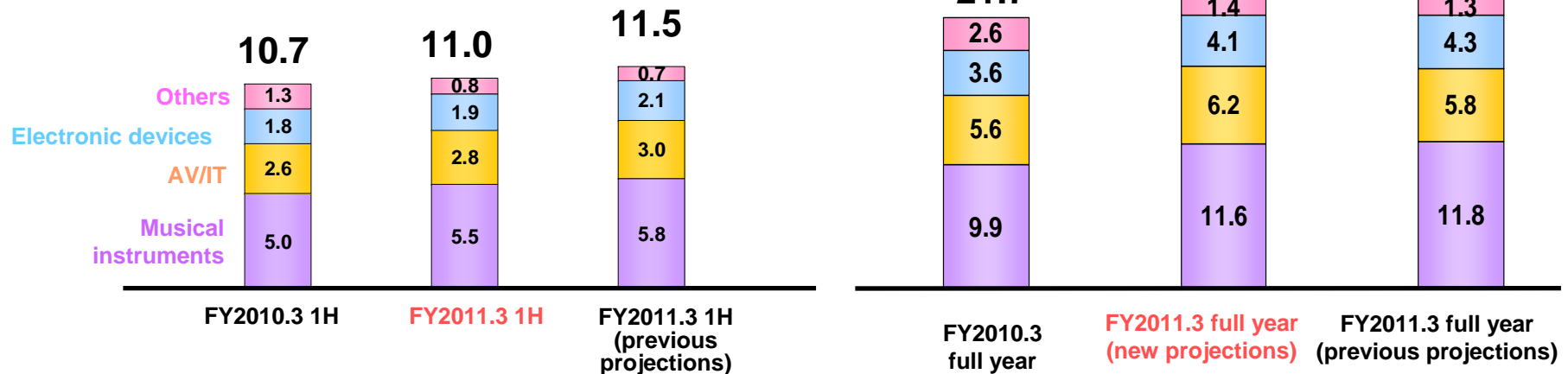
(Billions of yen)

1H

Full Year



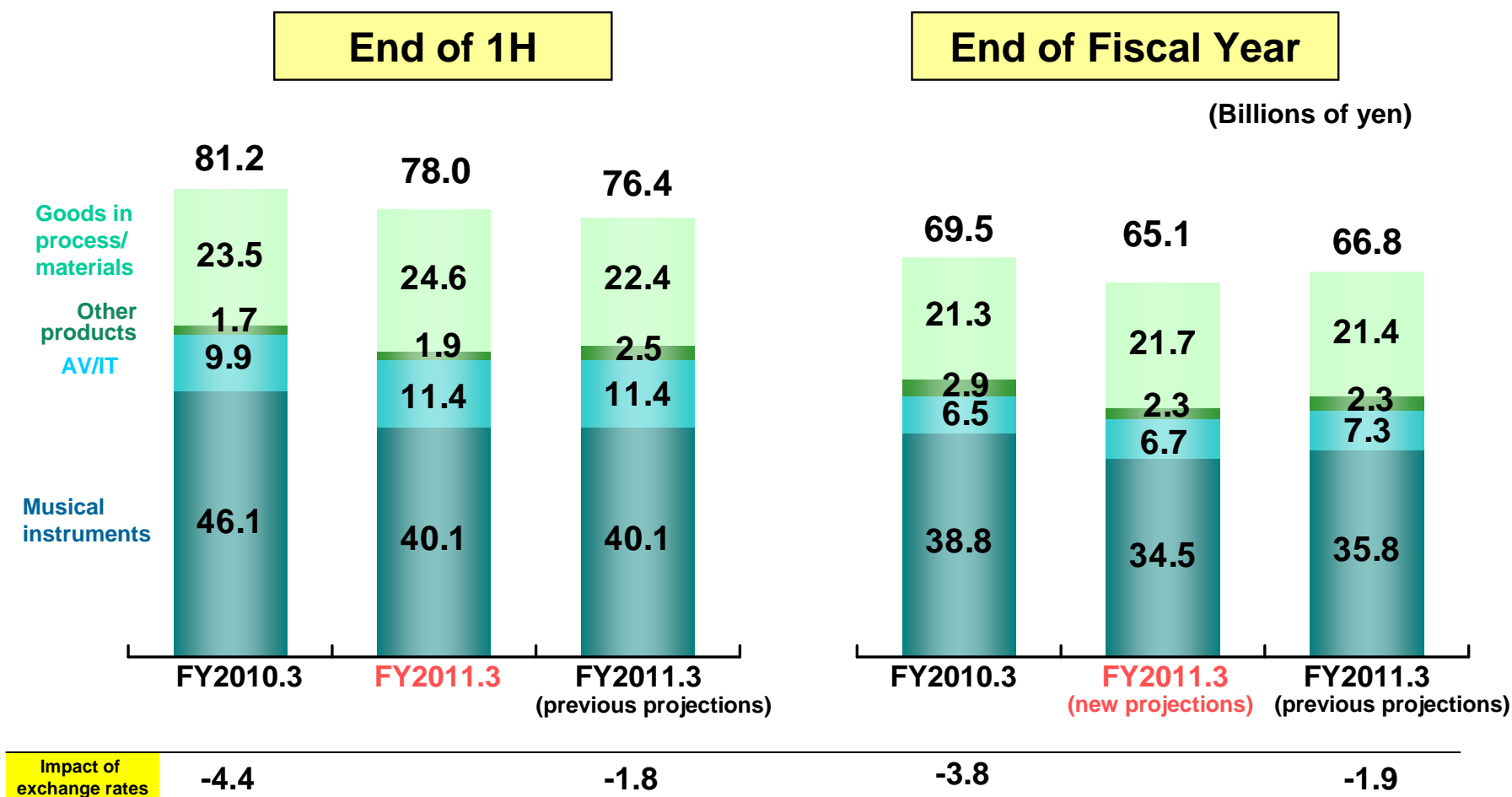
R&D Expenses



Inventories



- Inventories at the end of September were ¥3.2 billion lower than the same period of the previous year. (After adjusting for the impact of exchange rates and the exclusion of lifestyle-related business from consolidated results, actual inventories were up by ¥2.5 billion).
- Discounting the impact of exchange rates, actual inventories were ¥3.4 billion higher than previous projections.



Balance Sheet Summary



(Billions of yen)

	As of End of 1H			As of Fiscal Year End (2010 actual and 2011 projection)		
	As of Sept. 30, 2009	As of Sept. 30, 2010	Change	As of Mar. 31, 2010	As of Mar. 31, 2011	Change
Cash and deposits	44.1	51.8	7.6	59.4	59.6	0.2
Notes and accounts receivable	57.9	50.8	-7.1	47.4	45.2	-2.2
Inventories	81.2	78.0	-3.2	69.5	65.1	-4.4
Other current assets	17.7	18.2	0.5	17.0	18.2	1.2
Fixed assets	209.1	195.9	-13.2	208.9	196.2	-12.7
Total assets	410.0	394.6	-15.4	402.2	384.3	-17.9
Notes and accounts payable	25.9	23.9	-2.0	21.8	22.0	0.2
Short- and long-term loans	20.1	22.2	2.1	15.0	12.1	-2.9
Resort membership deposits	16.2	16.0	-0.2	16.1	16.0	-0.1
Other liabilities	93.7	89.9	-3.8	94.7	93.5	-1.2
Total net assets	254.1	242.6	-11.5	254.6	240.7	-13.9
Total liabilities and net assets	410.0	394.6	-15.4	402.2	384.3	-17.9

Appendix

Performance in the Second Quarter of FY2011.3



➤ 2Q sales were lower than previous projections, but operating income was higher

(Billions of yen)

	FY2010.3 (2Q) results	FY2011.3 (2Q) results	Change from same period of the previous year	Previous projections for FY2011.3 2Q (July 30, 2010)	Changes from previous projections
Net sales	104.9	93.4	-11.0%	99.1	-5.7%
Operating income	3.9	4.1	+5.5%	2.8	+47.0%
Ordinary income	3.3	3.5	+4.6%	2.1	+66.7%
Net income	2.1	2.8	+37.6%	1.8	+57.7%

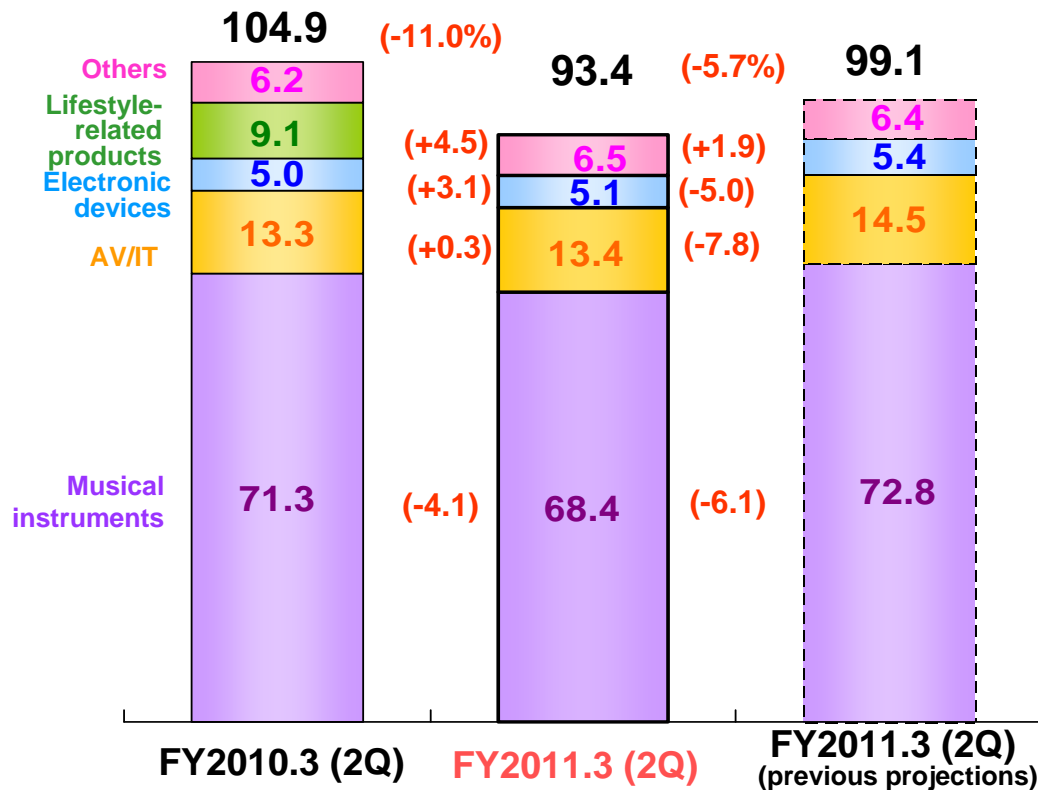
Currency exchange rates (yen)

Net sales	US\$	94	86	90
	EUR	134	111	115
Operating income	US\$	95	87	90
	EUR	132	115	115

Performance by Business Segment in the Second Quarter of FY2011.3

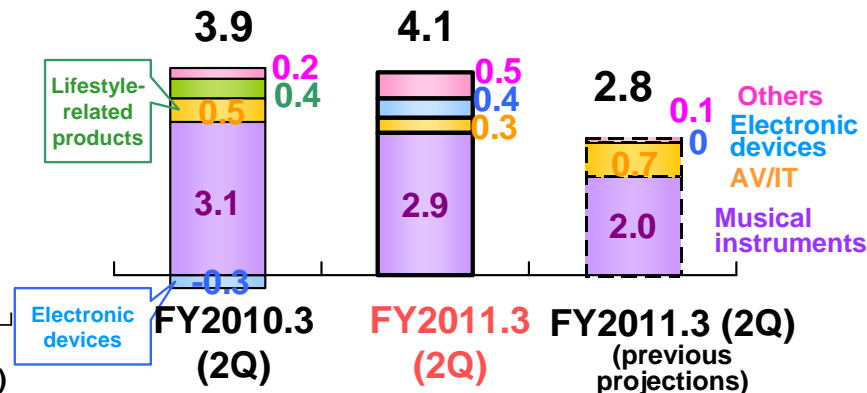


Net Sales



Operating Income

(Billions of yen)



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

	Impact of exchange rates
Year-on-year	-¥5.5 billion (musical instruments -¥4.4 billion, AV/IT -¥1.1 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥2.2 billion (musical instruments -¥1.8 billion, AV/IT -¥0.4 billion)

	Impact of exchange rates
Year-on-year	-¥2.3 billion (musical instruments -¥1.9 billion, AV/IT -¥0.4 billion)
Versus previous projections	-¥0.8 billion (musical instruments -¥0.7 billion, AV/IT -¥0.1 billion)

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



	FY2010.3 (1H) actual	FY2011.3 (1H) actual	FY2011.3 (1H) previous projections
(Billions of yen)			
Non-operating income/loss			
Net financial income	0.2	0.5	0.5
Other	-1.5	-1.4	-1.5
Total	-1.3	-0.9	-1.0
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	-0.1	-0.2
Other	-0.1	-1.5	-1.3
Total	-0.2	-1.6	-1.5
Income taxes and other expenses			
Income taxes - current	1.7	2.8	2.7
Income taxes - deferred	1.5	-1.3	-1.3
Minority interests in income	0.2	0.2	0.1
Total	3.4	1.7	1.5

Revaluation loss on investment securities -1.7

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

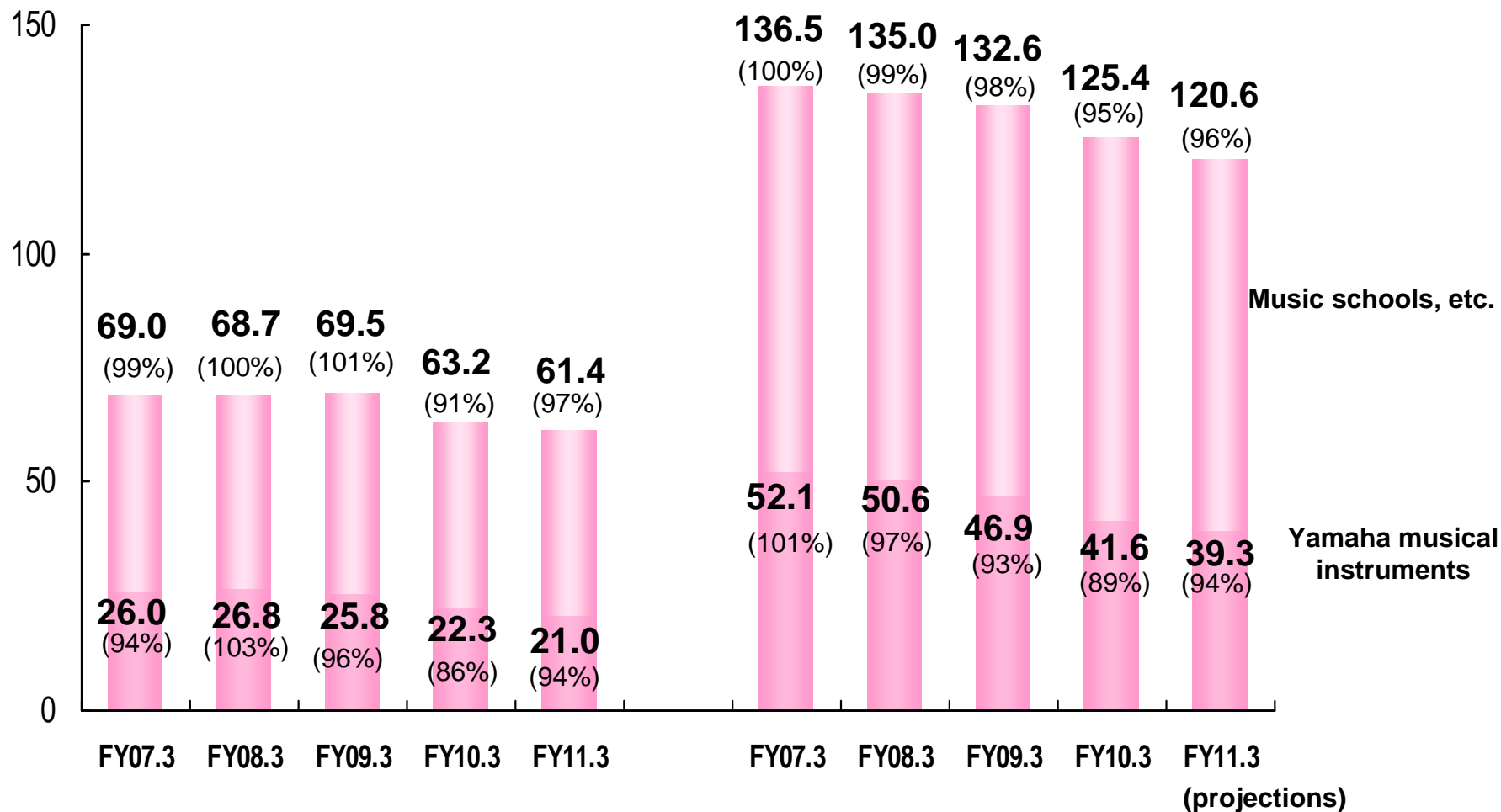


	FY2010.3 results	FY2011.3 new projections	FY2011.3 previous projections
(Billions of yen)			
Non-operating income/loss			
Net financial income	0.3	0.5	0.5
Other	-2.2	-3.0	-3.0
Total	-1.9	-2.5	-2.5
<ul style="list-style-type: none"> • Handover of Yamaha Livingtec -2.2 • Impairment loss -2.0 • Indonesian tariff assessment from previous periods -0.6 			
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	0	-0.5	-0.7
Other	-5.1	-1.0	-0.8
Total	-5.1	-1.5	-1.5
<ul style="list-style-type: none"> Revaluation loss on investment securities -1.7 Revaluation loss on investment securities -1.5 			
Income taxes and other expenses			
Income taxes - current	3.1	3.5	3.5
Income taxes - deferred	1.3	-1.7	-1.5
Minority interests in income	0.4	0.2	
Total	4.7	2.0	2.0

Yamaha Musical Instrument and Professional Audio Equipment Sales in the Japanese Market



(Billions of yen)



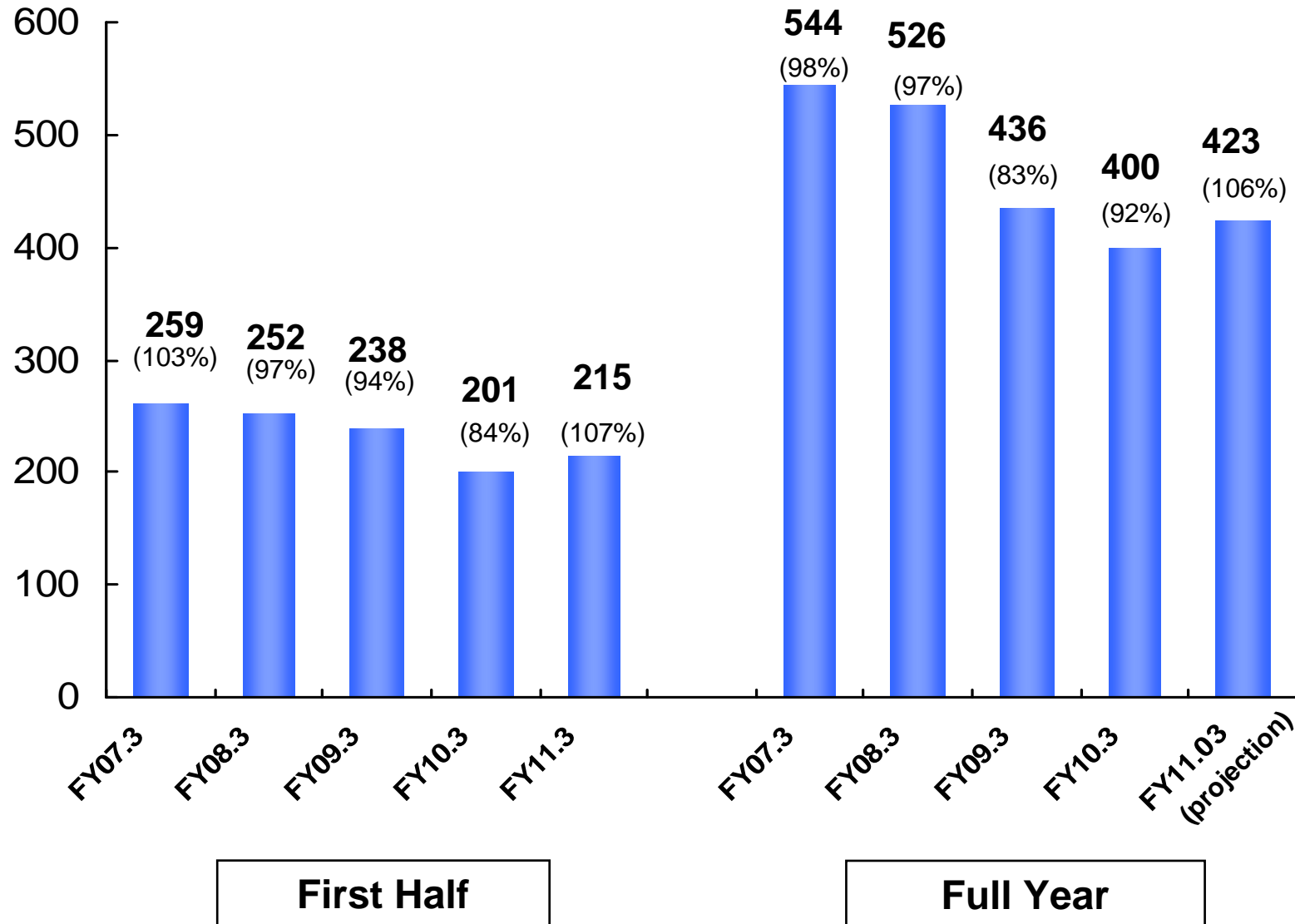
First Half

Full Year

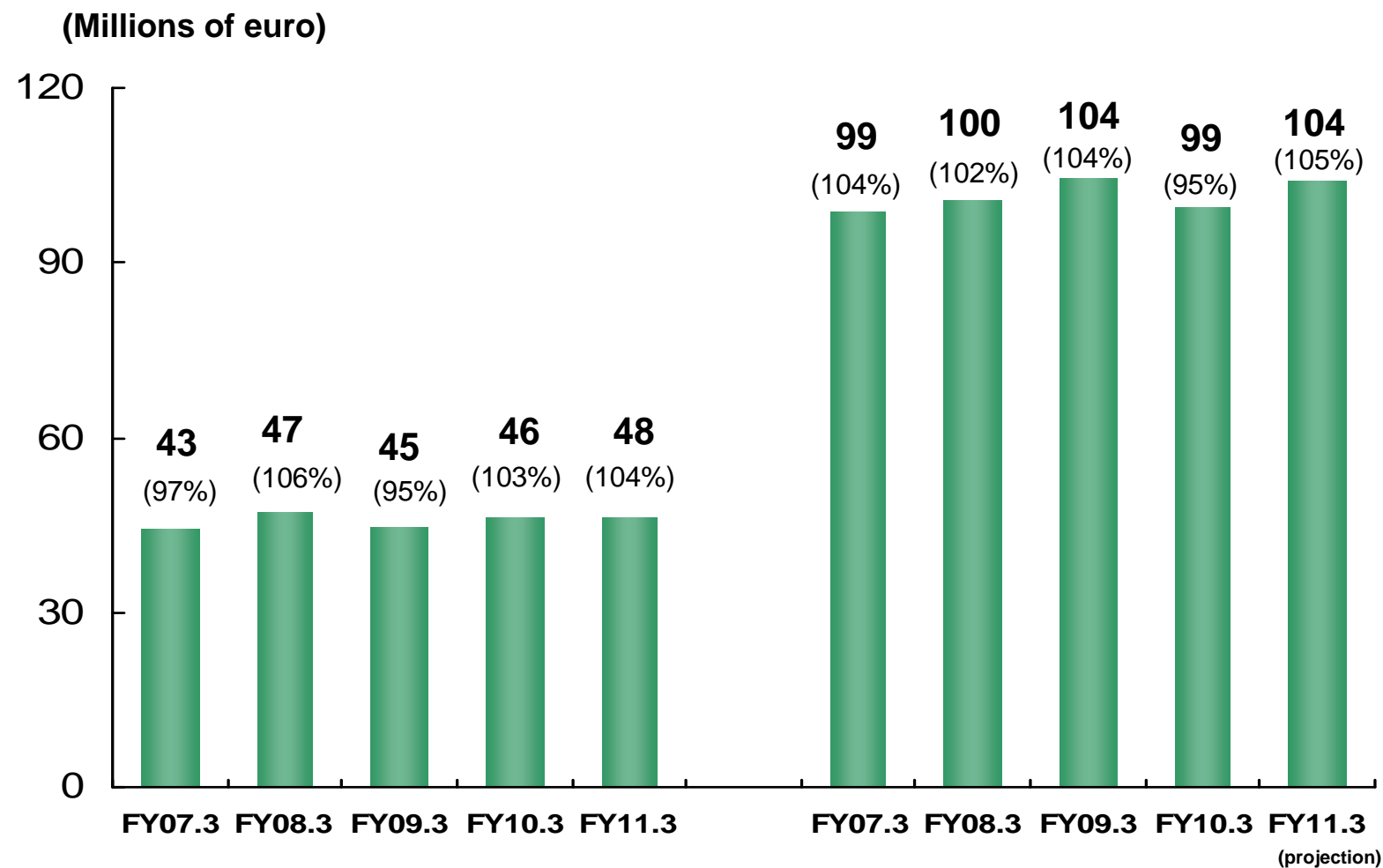
Yamaha Musical Instrument and Professional Audio Equipment Sales in the U.S. Market



(Millions of US\$)



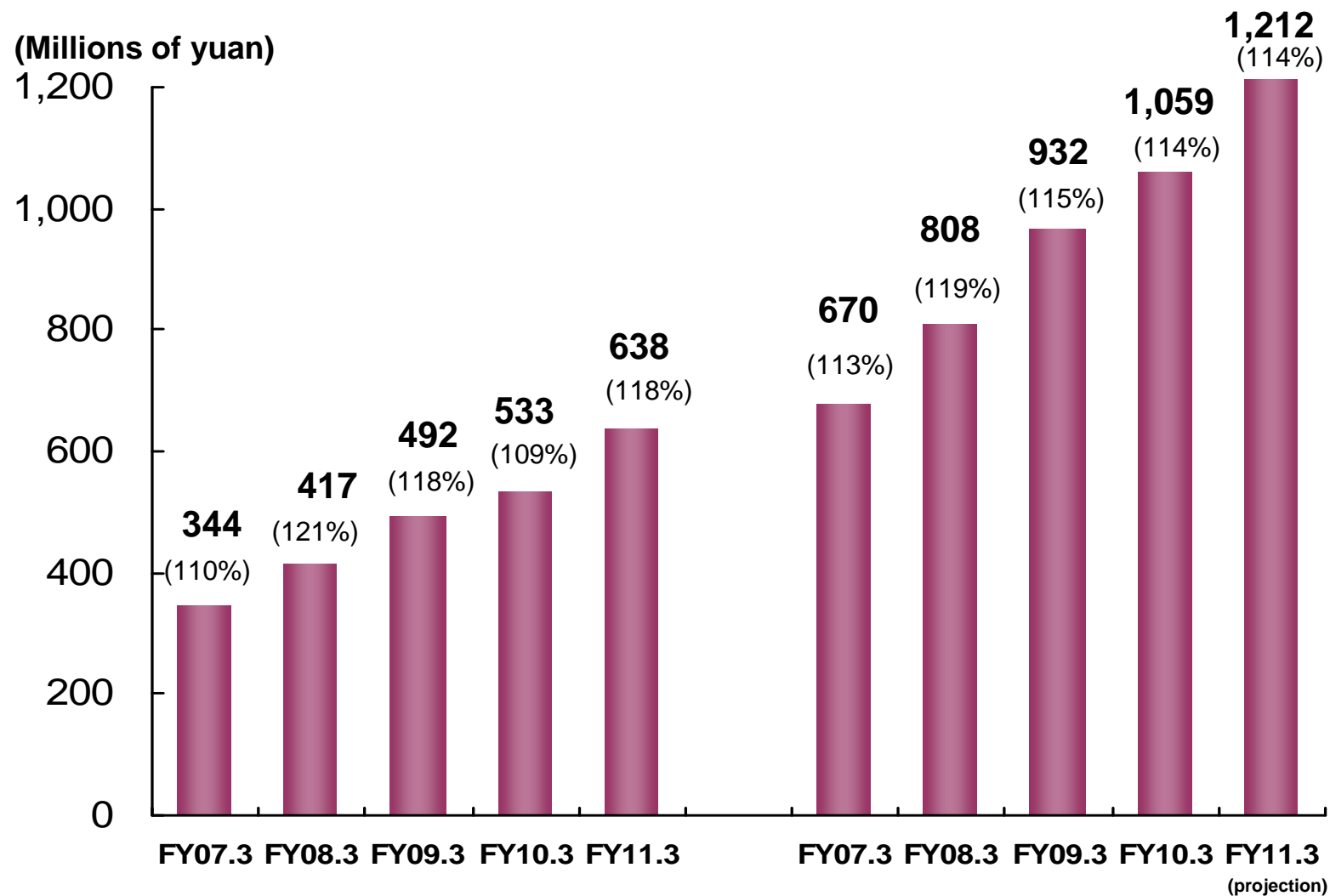
Yamaha Musical Instrument and Professional Audio Equipment Sales in the German Market



First Half

Full Year

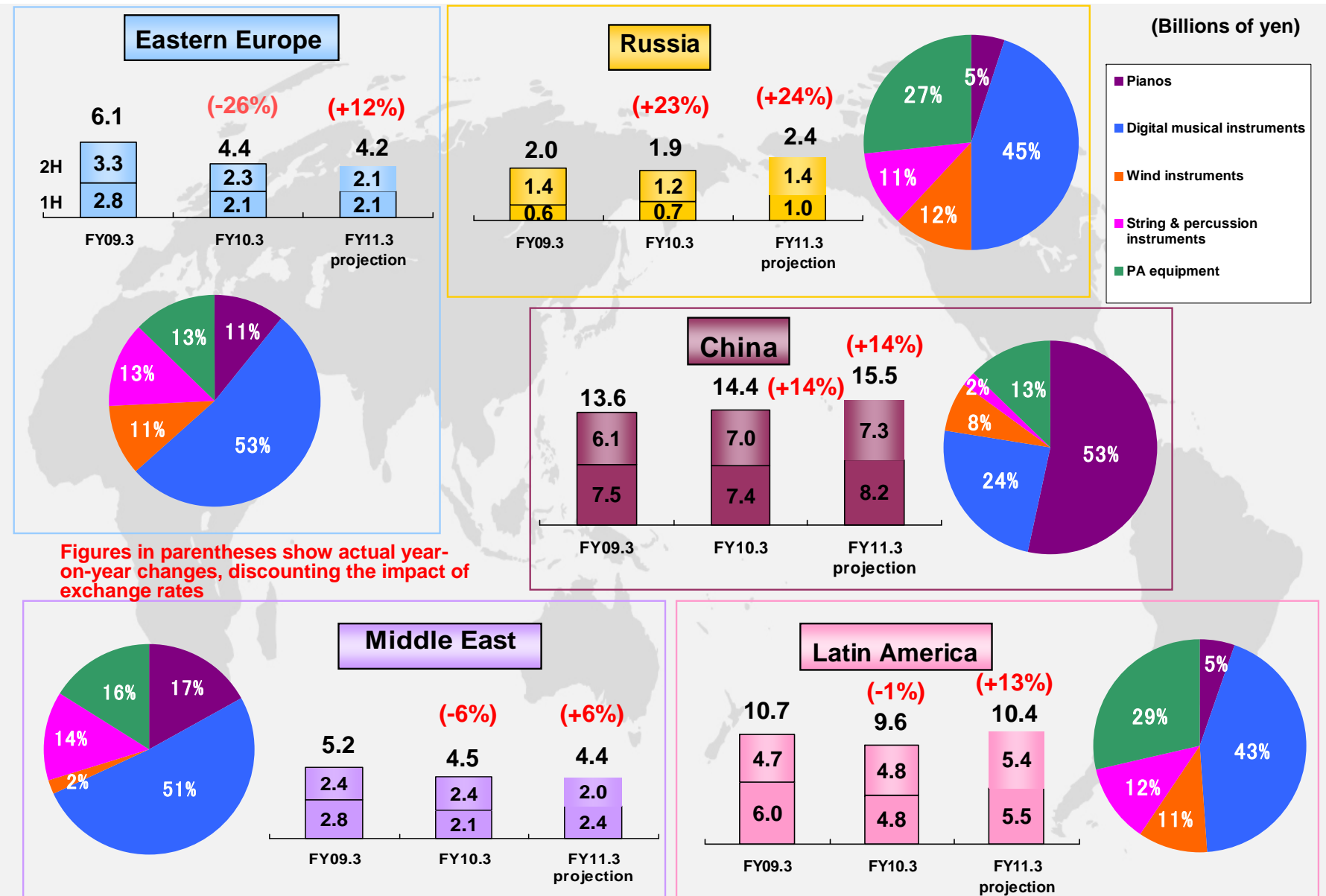
Yamaha Musical Instrument and Professional Audio Equipment Sales in the Chinese Market



First Half

Full Year

Emerging Market Sales



Musical Instruments: Sales and Income by Quarter

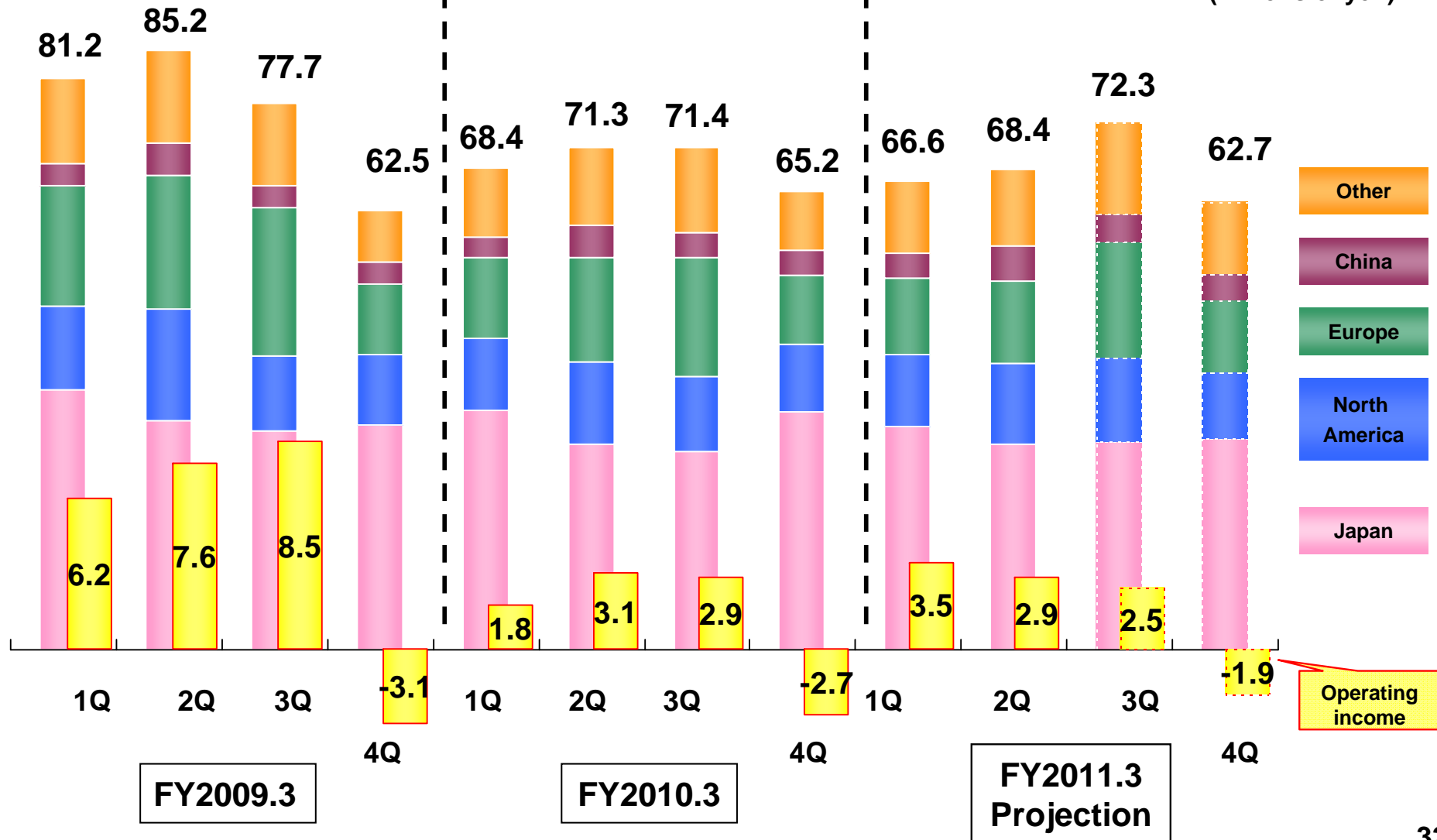


Net sales: ¥306.6 billion
Operating income: ¥19.2 billion

Net sales: ¥276.3 billion
Operating income: ¥5.1 billion

Net sales: ¥270.0 billion
Operating income: ¥7.0 billion

(Billions of yen)



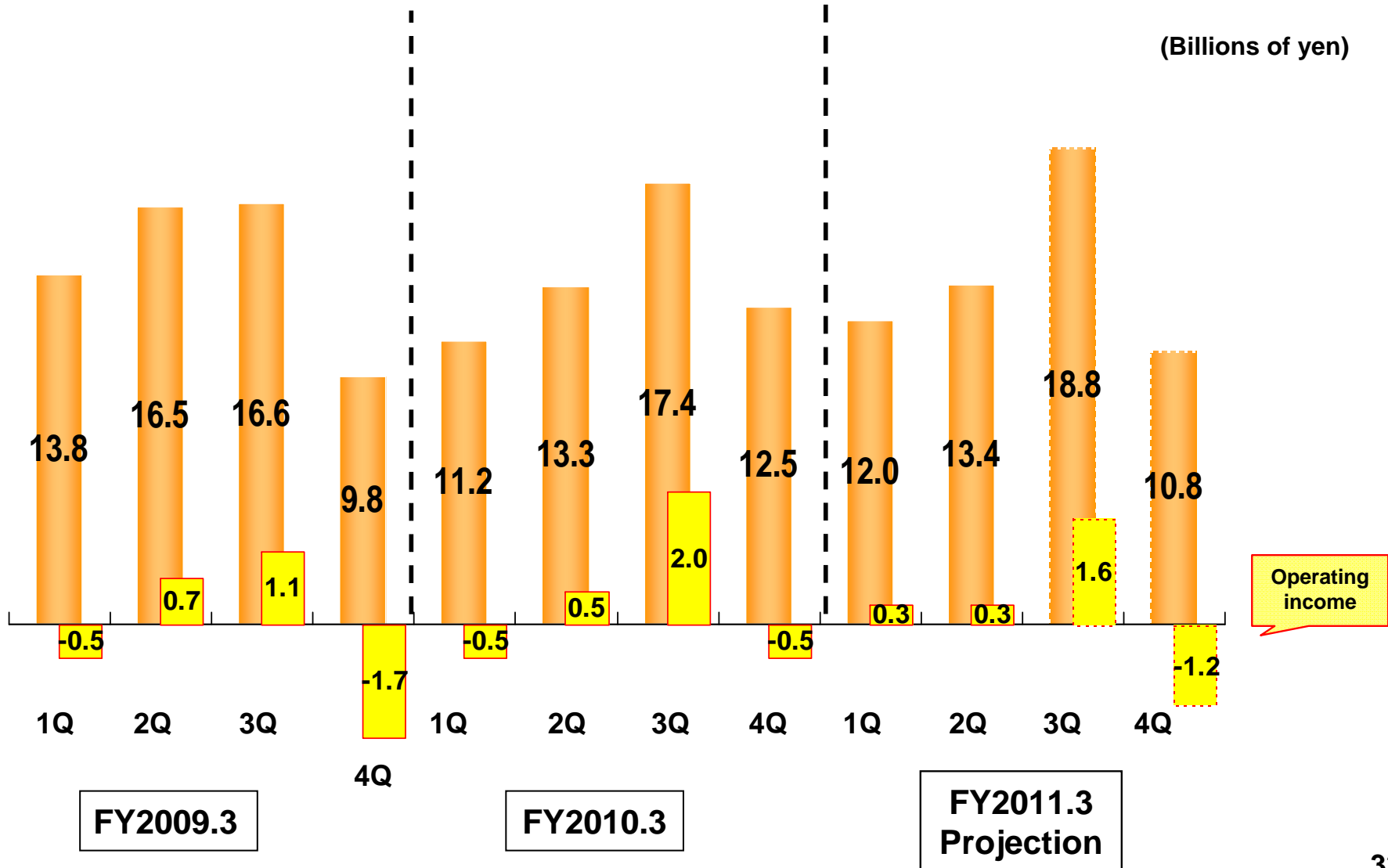
AV/IT: Sales and Income by Quarter



Net sales: ¥56.7 billion
Operating income: -¥0.4 billion

Net sales: ¥54.4 billion
Operating income: ¥1.4 billion

Net sales: ¥55.0 billion
Operating income: ¥1.0 billion



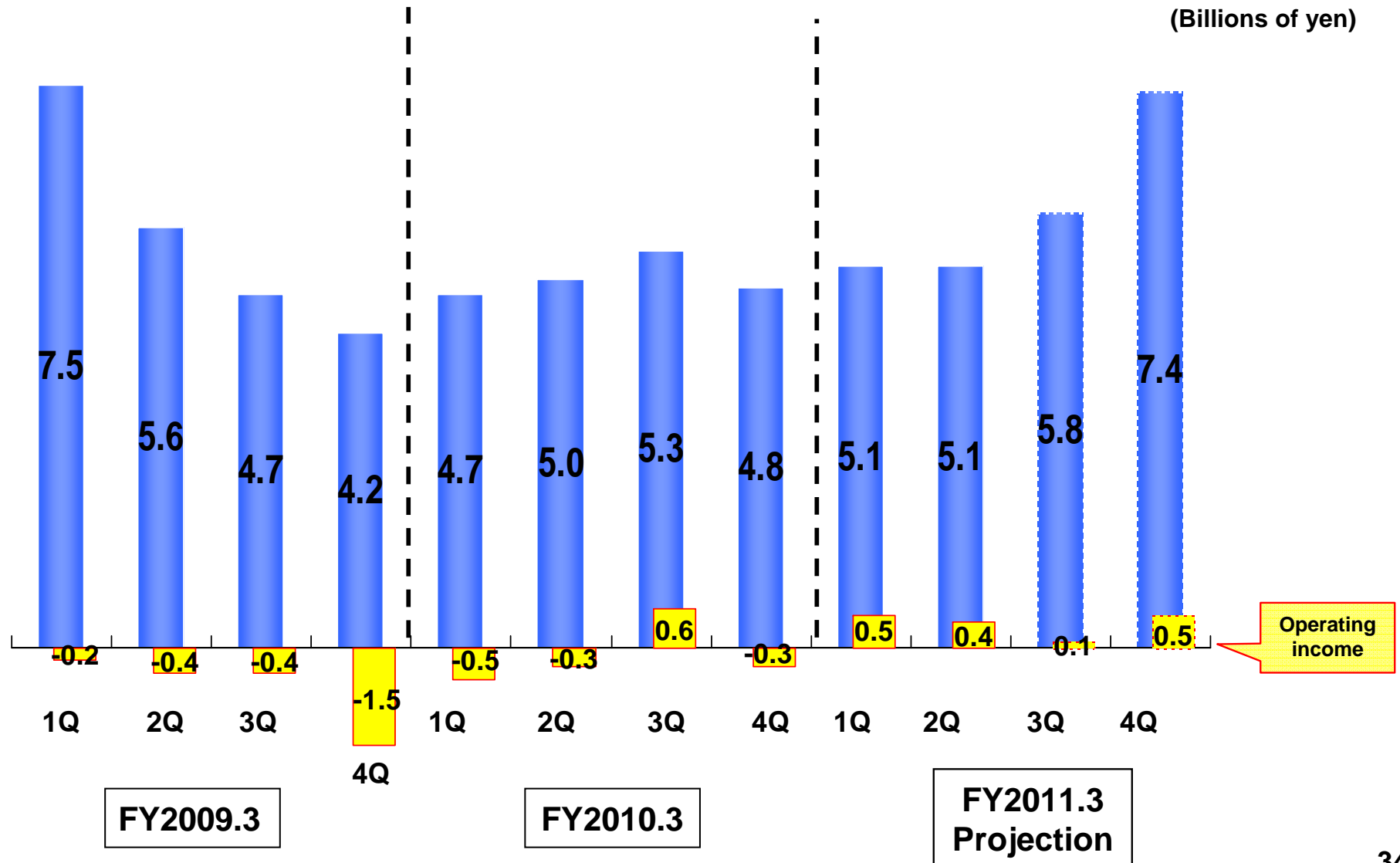
Electronic Devices: Sales and Income by Quarter



Net sales: ¥22.0 billion
Operating income: -¥2.5 billion

Net sales: ¥19.7 billion
Operating income: -¥0.6 billion

Net sales: ¥23.5 billion
Operating income: ¥1.5 billion



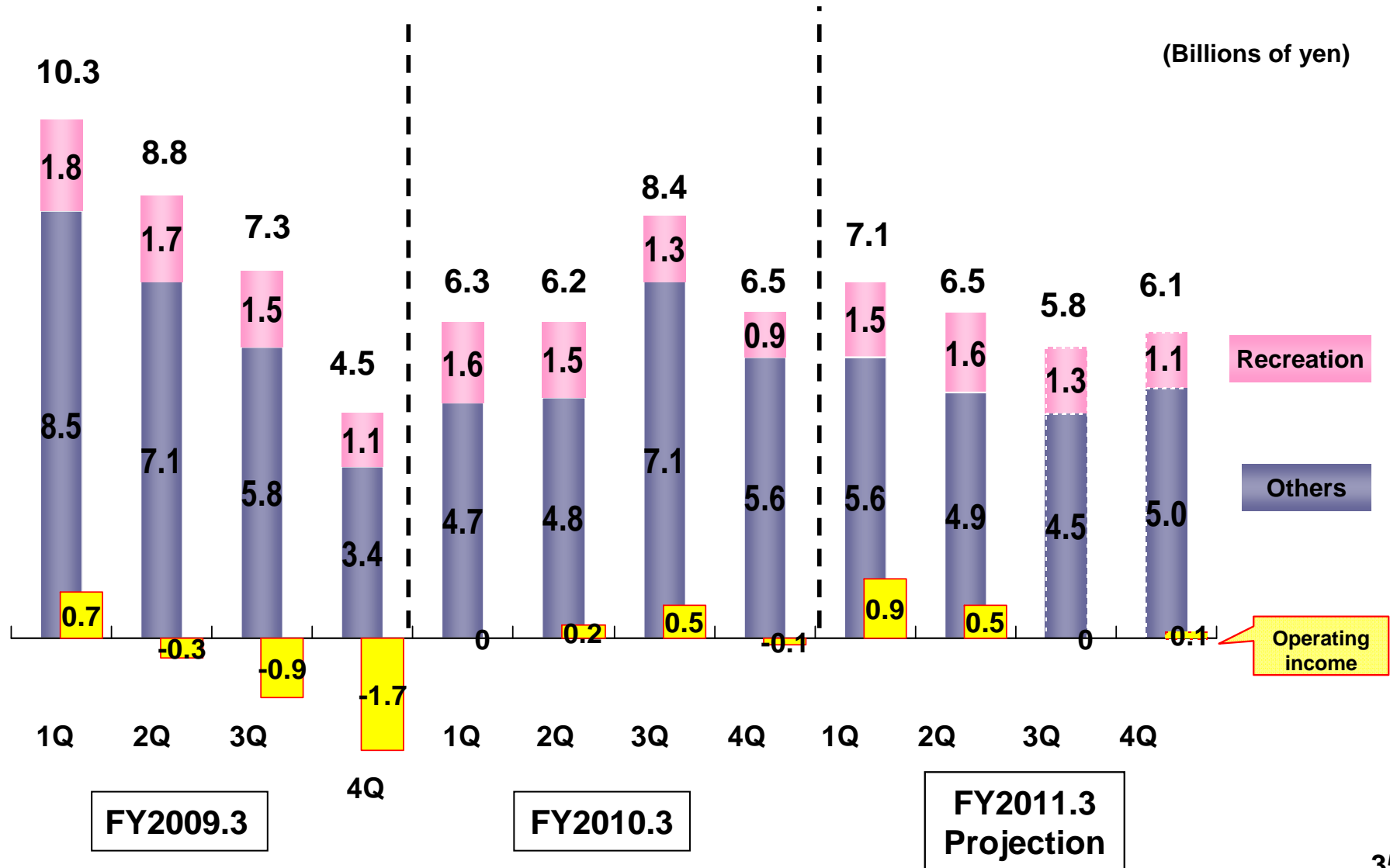
Others: Sales and Income by Quarter



Net sales: ¥30.9 billion
Operating income: -¥2.1 billion

Net sales: ¥27.5 billion
Operating income: ¥0.5 billion

Net sales: ¥25.5 billion
Operating income: ¥1.5 billion



In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our predictions depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.