YAMAHA

Tomorrow's Sound Today

Annual Report 2012

Year ended March 31, 2012

With a vision of tomorrow, Yamaha enriches the human spirit through the power of sound and music.

The history of Yamaha began in 1887, when Torakusu Yamaha, the founder, repaired a broken reed organ.
Since then, over its 125-year history, Yamaha has continued to create 'kando'* and enrich culture with technology and passion born of sound and music, together with people all over the world.
Yamaha produces high-quality products by blending traditional craftsmanship with advanced digital technology.
The quality of sound produced by a Yamaha musical instrument reflects the long years of accumulated technical expertise and the skilled craftsmanship of the Company.
The goal of Yamaha is to inspire people with the joy of music performed on musical instruments that capture the heart and soul of both the player and audience.

* 'Kando' (is a Japanese word that) signifies an inspired state of mind.

Forward-looking statements

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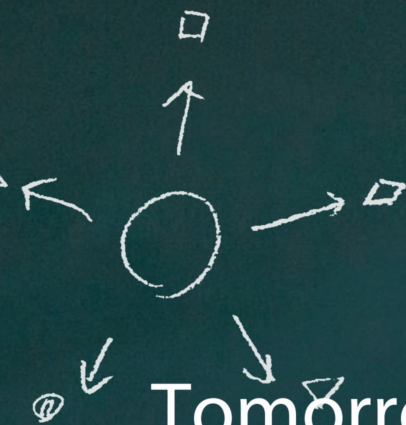


Tomorrow's Innovations

Yamaha has earned the trust
of its customers through constant
technological refinement
over 125 years. Yamaha will continue
its quest to perfect sound that
creates 'kando' together with people
all over the world through
the development of its very own
acoustic and digital technologies.


YAMAHA

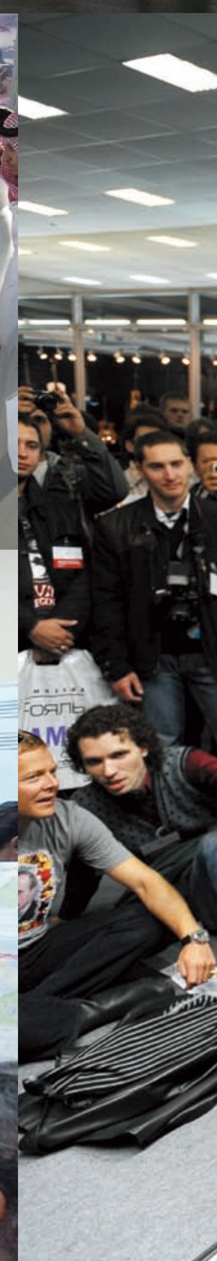
Chick Corea, jazz artist

Tomorrow's Brand

As an expert in sound and music, Yamaha has sought to develop a brand that is admired for being customer-oriented, putting quality first, and refined creativity and artistry. For these reasons, Yamaha will continue to be chosen by the world's leading artists.

Tomorrow's Partners

The sound created by Yamaha musical instruments captivates the people of countries and regions around the world, from Japan, to America, Europe, Africa, and Asia-Pacific. With the aim of becoming one of the best-loved brands in the world, Yamaha will expand its business in numerous countries around the globe and create excitement and 'kando' with customers.




YAMAHA


YAMAHA
YAMAHA


YAMAHA
MOTIF XS7

Tomorrow's Musicians

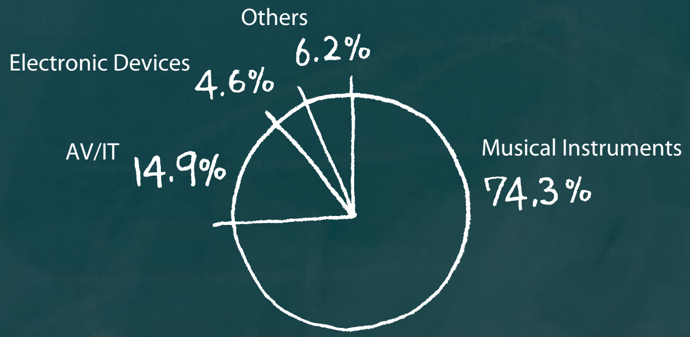
The creative energy produced from playing a guitar can sometimes exert a transformative power on a person's future.
Yamaha will always ensure that the enjoyment of playing music, and the delight that accompanies it, is passed on from generation to generation and beyond borders.

Key Figures

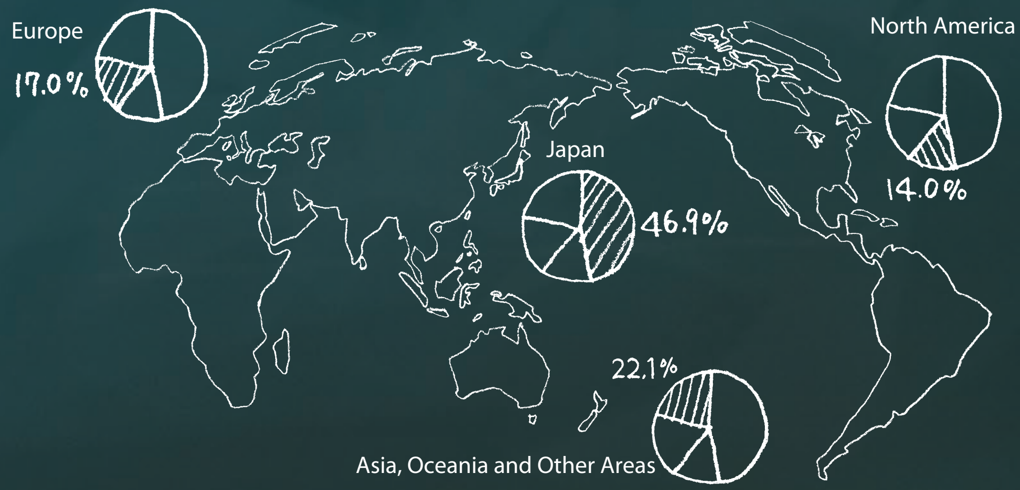
Fiscal year ended March 31, 2012

		Change from the previous year
Net Sales	¥356.6 billion	-4.6% ↓
Operating Income	¥8.1 billion	-38.4% ↓
Net Loss	¥29.4 billion	
ROE	-13.2%	
Free Cash Flow	¥1.9 billion	-85.5% ↓

Sales by Business Segment



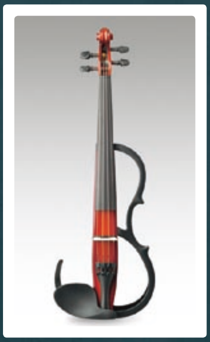
Sales by Region



Yamaha at a Glance

Fiscal year ended March 31, 2012

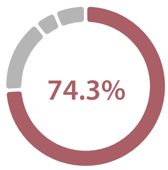
Musical Instruments



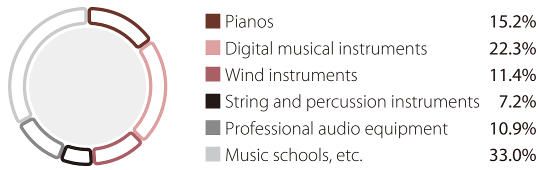
Sales
¥265.1 billion

Operating Income
¥7.7 billion

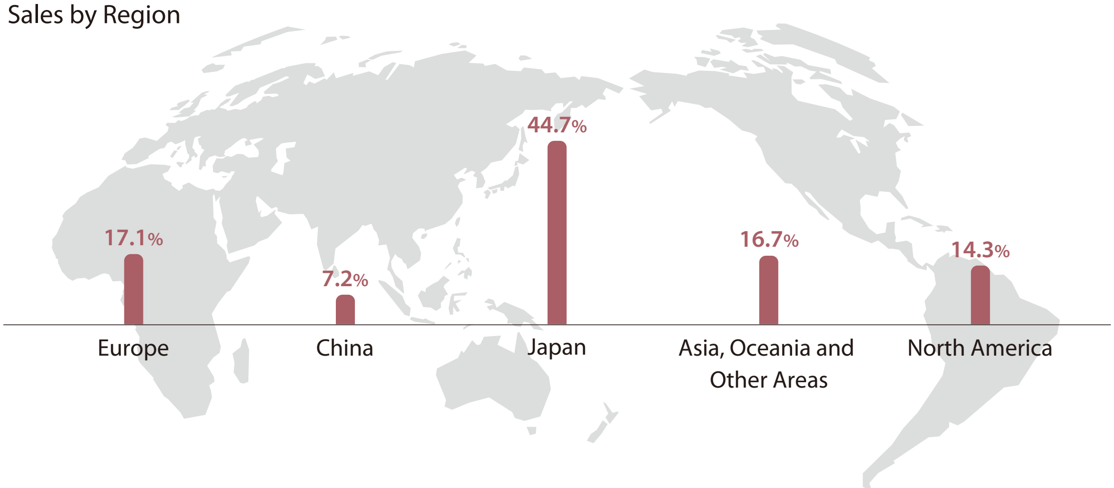
Segment Sales



Sales by Product Category



Sales by Region



Business Strengths

- ✱ Wealth of core technical expertise based on traditional craftsmanship in acoustics and advanced digital technology
- ✱ Development of high-quality products by forging close relationships with artists
- ✱ Manufacturing of high value-added musical instruments utilizing cutting-edge electronics technology
- ✱ Provision of system solutions using digital network technology for professional audio equipment
- ✱ Global strategy built on Yamaha's localized marketing and service activities in each country
- ✱ A variety of activities through the operation of music schools to increase the music-playing population

Major Products & Services

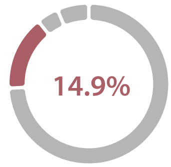
- ✱ Pianos
- ✱ Digital musical instruments (digital pianos, Electone™, portable keyboards, synthesizers, etc.)
- ✱ Wind instruments (trumpets, flutes, saxophones, etc.)
- ✱ String instruments (guitars, violins, etc.)
- ✱ Percussion instruments (drums, timpani, marimbas, etc.)
- ✱ Educational musical instruments (recorders, Pianica™, etc.)
- ✱ PA equipment (mixers, power amplifiers, etc.)
- ✱ Soundproof rooms (AVITECS™)
- ✱ Music schools, English language schools
- ✱ Music entertainment business
- ✱ Piano tuning

AV/IT

Sales
¥53.2 billion

Operating Income
¥2.9 billion

Segment Sales



Business Strengths

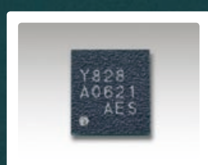
* Front surround sound technology for Digital Sound Projector™
* Wireless music transmitting technology for audio players including iPod*
* High-quality sound technology in AV components and HiFi audio products
* Router solutions business
* Signal processing technology for high sound quality and wide coverage of microphone speakers for Web conferencing

* iPod is a trademark of Apple Inc. registered in the United States and other countries.

Major Products & Services

* Audio products (AV receivers, speaker systems, front surround speakers, desktop audio systems, etc.)
* Commercial online karaoke equipment
* Routers
* Conferencing systems

Electronic Devices



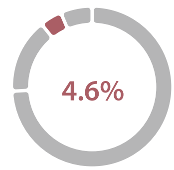
Sales

¥16.2 billion

Operating Loss

¥2.9 billion

Segment Sales



Business Strengths

* Accumulated experience and know-how in generating high-quality sound
* Wealth of expertise in the development of devices for digital musical instruments
* High-quality digital signal processing (DSP) technologies
* Software technologies for middleware and content development tools

Major Products & Services

* Semiconductors

Others

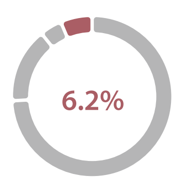
Sales

¥22.1 billion

Operating Income

¥0.4 billion

Segment Sales



Major Products & Services

* Golf products
* Automobile interior wood components
* Factory automation (FA) equipment
* Recreation (Tsumagoi™, Katsuragi-Kitanomaru™, Katsuragi Golf Club™)

* Following the transfer of four resort facilities on October 1, 2007, the recreation segment was included in the others segment from fiscal 2009. The magnesium molded parts business was terminated as of March 31, 2010.

Message from the President

Mitsuru Umemura
President and Representative Director

Summary of Fiscal 2012

Initial numerical targets unachieved in adverse business environment, but measures taken yield results

In fiscal 2012 (the fiscal year ended March 31, 2012), the Yamaha Group continued to face an extremely adverse business environment that included a sharply appreciating yen, the Great East Japan Earthquake, and floods in Thailand. Exchange rates diverged substantially from the assumptions contained in YMP125, our current medium-term management plan. The euro in particular was highly volatile and continued to affect earnings. Parts supply problems caused by the earthquake disaster and flooding in Thailand also had a major negative impact on business performance. In the digital musical instruments business, from autumn 2011 onward, we solved the parts supply problem, then drew up an aggressive plan and took steps to restore production output to previous levels. Despite our best efforts, we were late for the year-end shopping seasons in Japan, Europe, and North America, overall a huge business opportunity, and therefore lost a major chance to increase sales.

In light of the unfavorable exchange rates and earthquake disaster, the Yamaha Group fell short of its numerical targets set at the beginning of fiscal 2012. As a result, net sales, on a consolidated basis, were ¥356.6 billion, down 4.6% year on year, operating income came to ¥8.1 billion, down 38.4%, and operating income to net sales was 2.3%. Exchange rate volatility had a negative year-on-year impact of ¥10.3 billion on net sales and ¥2.7 billion on operating income. Similarly, the earthquake disaster had a negative effect of ¥9.5 billion on net sales and ¥3.5 billion on operating income, compared with the plan set at the beginning of fiscal 2012. In addition, a net loss of ¥29.4 billion was recorded due to the reversal of deferred tax assets. The reason for the reversal of deferred tax assets was that for Yamaha's nonconsolidated retained loss for both fiscal years ended March 31, 2009 and March 31, 2010, the taxable income that could be eliminated within the carry-over time limit had not been fully expected. After carefully examining the recoverability of deferred tax assets, Yamaha and its consolidated subsidiaries, which apply consolidated tax accounting, reversed a total of ¥32.1 billion in deferred tax assets.

Even though we fell short of our targets, the business measures taken have produced consistent results. Buoyed by steady and continued growth in China and emerging markets, piano business profits improved. The integration of domestic wind instrument production facilities completed at the end of fiscal 2012 has also laid the groundwork for greater profitability of acoustic musical instruments.

YMP125 Medium-Term Management Plan

Second year of plan completed, overseas business and manufacturing structural reforms progressing steadily

In YMP125, the period from fiscal 2011 through 2013 is positioned as a phase for building a foundation for growth toward achieving a "quantum leap" in the years ahead. During this phase, we will focus management resources on the musical instruments, music, and audio domains and create new businesses. In parallel, we seek to build an optimal manufacturing structure to meet demand trends mainly for acoustic instruments.

In fiscal 2012, our top priority was to finish implementing our medium-term management plan's measures, and in this I feel we gained some ground. The primary area where this can be seen is in the steady growth of emerging markets such as China, Indonesia, Thailand, Brazil, and Russia and their sustained growth momentum.

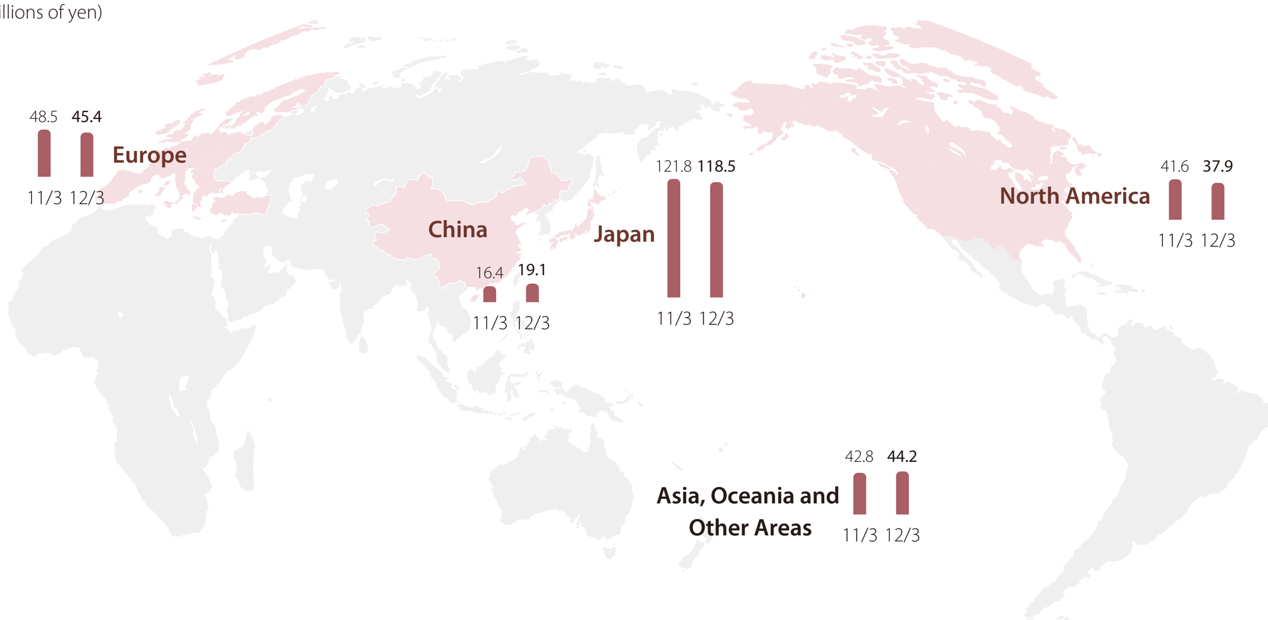
Another area was the piano business's earnings rebound. In the final year of YMP125, the piano business's goal was to substantially improve its profitability from that of previous years and return to the black, yet it managed to nearly accomplish this one year ahead of schedule. This just goes to show that the piano business still has potential, and is a direct result, in my view, of manufacturing structural reforms carried out in Japan and abroad. After the piano factories came the integration of the domestic wind instrument factories. With the consolidation of our wind instrument manufacturing bases in Japan complete, we now have an optimal manufacturing structure comprised of our three bases in Japan, China, and Indonesia. These reforms have set the stage for our future growth and profitability.

Growth Potential in China and Other Emerging Markets

In China, measures taken to strengthen the manufacturing structure, upgrade our sales network, and increase the music-playing population yielded positive results, leading to a double-digit growth in sales. The piano, more than any other instrument, has driven earnings growth. In the Asia-Pacific region, measures such as that of maintaining closer contact with customers by improving our sales network and developing and launching products tailored to individual markets has proven successful and steady growth continues. Our business in these regions is progressing as planned and we are satisfied with the results.

Sales of Musical Instruments by Region

(Billions of yen)



Future Measures in Developed Markets

What we need in mature markets such as Europe, North America, and Japan is a competitive strategy across all product categories. Our principal strategy in every market is to increase the share of Yamaha products in retail stores by supplying appealing products and leveraging our marketing capabilities. To that end, we will further upgrade our distribution and sales network and take steps to create even greater brand value in the musical instruments business. In professional audio equipment, there is still much work that needs to be done in market development in the United States and Europe. Our goal is to increase market share by launching a steady stream of new products.

Building an Optimal Manufacturing Structure to Meet Demand Trends

Yamaha worked hard to respond to major changes in the business environment caused by Lehman Brothers' collapse, but as the Company could not fully keep pace with the speed of market changes, some issues remain from the previous medium-term management plan. Firmly intending that the three years of YMP125 lead to steady growth in the next phase, Yamaha began to implement manufacturing structural reforms.

Business structural reforms addressing the manufacturing structure were carried out primarily in the acoustic musical instruments business. With the integration of our two domestic piano and wind instrument manufacturing bases, we consolidated our manufacturing bases in Japan, China, and Indonesia in an effort to build an optimal manufacturing structure that will clearly define the roles to be played by these three bases. Japan, in addition to its role as a manufacturing base, is responsible for manufacturing technology development, the transmission of know-how and skills, and human resource development. China and Indonesia, on the other hand, are reducing costs by procuring and producing parts locally, expanding production capacity, and reinforcing their earning capacity.

Piano Business Earnings Rebound

In August 2010, the piano business completed piano factory integration at Yamaha's Kakegawa Factory. This factory is further reducing costs by sharing parts and components with the China and Indonesia factories, and raising the percentage of parts produced locally in those countries. Today, it is poised to achieve an almost complete earnings recovery one year ahead of schedule. The piano business views the

United States, Europe, and Japan as mature markets and China and other emerging countries as growth markets. However, piano demand remains strong even in the United States, Europe, and Japan, if demand for second-hand pianos and digital pianos is also considered. Therefore, we believe that pianos, when seen in a broader context, will remain a growth field in the years ahead. Setting our sights on turning acoustic pianos into a stable profit-making business, we seek to restore the piano business to its former position as a profit maker for the next phase.

Manufacturing Structural Reforms in the Wind Instruments Business

In the wind instruments business as well, we completed the integration of the Saitama Factory with the Toyooka Factory (in Shizuoka Prefecture) in March 2012, one year ahead of our original schedule. The integration will help us achieve greater efficiency as we seek to accelerate cost cutting by transferring manufacturing processes to overseas production bases and increase the number of overseas material suppliers.

In fiscal 2012, we shifted from the production volume cutbacks of the previous year to increases and saw signs of recovery. To regain operating income to net sales in the 10% range, the Yamaha Group will actively expand sales in China by releasing lower-cost models on the market. At the same time, we will sharpen our market competitiveness and improve earning capacity with the goal of increasing our market share in the United States and Europe.

Major Manufacturing Sites in Japan, China and Indonesia (Musical Instruments)

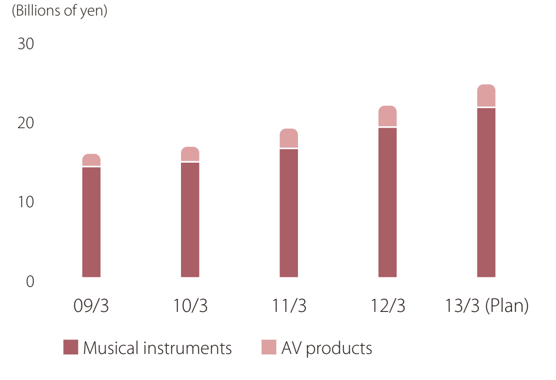
Challenges for the Next Phase

Address three important issues in the last year of YMP125 and ensure their positive impact in next phase

Fiscal 2012 was a year in which Yamaha, like most other Japanese companies, faced a business environment that was exceptionally adverse. Despite uncertainties including fluctuating exchange rates and European economic trends, the market in fiscal 2013 appears to be on track to recovery with the potential for a return to normal production. We view the final year of YMP125 as a critical year for moving into the next growth phase. Recognizing the following three points as key issues, we will steadily implement our growth strategy.

First, we will accelerate our growth in China. Though some express concern over the growth potential of the Chinese market, such concerns are about a slowdown in the growth rate, but since growth continues in China, there remains plenty of room for additional growth in the musical instruments market. We have set a fiscal 2015 target of ¥100.0 billion in sales for musical instruments and AV products in emerging markets including China and will continue to aggressively implement our strategy, especially the development and supply of products for each market and the expansion of our distribution network.

Sales Trend in China



Second, we will further promote business structural reforms in Japan. Since Lehman Brothers' collapse, the business environment continues to change, even to this day, but what have not changed are we, the people of Yamaha. With our business in Japan comparatively slow to recover, the earnings structure of Yamaha Corporation remains under adverse conditions. The Domestic Business Structural Reform Project, which I took leadership of on April 1, will undertake a drastic review of the domestic business structure, strive for a better balance between consolidated and nonconsolidated profits and losses, and reinforce the earning capacity of the Yamaha Group as a whole. Yamaha is proceeding with domestic business reforms under the following four themes.

1) As part of administrative division reforms, fortify our strategic capabilities by restructuring into a leaner and more efficient organization appropriate to our business scale.

2) Build a business structure in Japan that is appropriate to our volume of sales in anticipation of a shrinking market.

3) Implement domestic musical instrument manufacturing structural reforms. Though recognizing that the growth of musical instruments will be principally lead by emerging markets, while demand in mature markets remains stable, the fact is, the majority of products that we manufacture in Japan are essentially products for mature markets. In addition, we must further sharpen our global competitive edge in an environment in which the yen's appreciation will most likely continue. Therefore, we will build a business structure appropriate to the currency fluctuation and our volume of sales in anticipation of changing demand in global markets. Though we have already taken steps in these areas, we will redouble our efforts.

4) Implement semiconductor business structure reforms. Our semiconductor business, which is shifting from a business structure centered on sound generator LSIs for mobile phones to one centered on semiconductors for a wider range of applications, continues to operate in an adverse environment. As a leading company in sound and music, Yamaha believes it is vitally important to have its own proprietary technologies in the area of sound development and to be a leader in advanced technologies. Through these reforms, we will flexibly respond to market changes and build a profit-making business structure.

Third, we will create new businesses that sustain the Yamaha Group's future growth. One such effort is our creation of the **yamaha+** Division in October 2011. This new division will be a new business incubator in the fields of sound and music, our core competencies. Of the six new projects it now has underway, two of them combine Internet technology with sound and music and efforts to commercialize them are now underway.

yamaha+ Major Activities

Cloud Music Project

- Verifying the customer value of RemoteLive*1 technology
- Commencement of business services in North America

INFOSOUND*2 Project

- Forming alliances with leading clients
- Full-scale market debut

Y2 Project

- Creating new markets for VOCALOID*3 (listening and playing)
- Complete the verification of market potential in China

SLP (Social Learning Program) Project

- Doubling the number of clients for online music lessons
- Start-up of learning venues

MG (Music Gym) Project

- Expand the number of studios offering Sokureko24*4 service
- Establish overwhelmingly dominant position through advancement and upgrading of systems

Net Technology Project

- Provide support across all Company divisions for Internet-related business

*1 RemoteLive™: A broadcast technology that delivers video, audio and piano performance information (MIDI) simultaneously to multiple locations through the Internet

*2 INFOSOUND™: An acoustic data transmission technology that converts digital information into acoustic signals and conveys them

*3 VOCALOID™: A singer synthesizer application

*4 Sokureko24: An easy-to-use, self-recording service using Cloud storage

yamaha+ Fiscal 2012 Major Progress

Began Sokureko24 service at 20 studios in Japan. The number of studios offering these services is expanding.

Yamaha's INFOSOUND system played an active role in the Mercedes Benz exhibition at the Tokyo Motor Show.

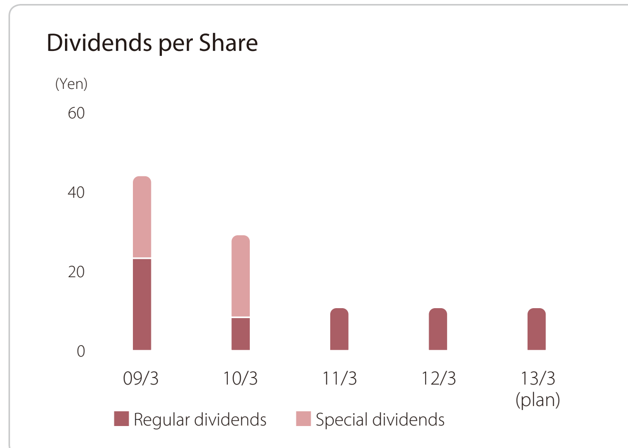
A new version, VOCALOID 3, has been launched with many vocal library entries.

Financial Strategy

Ensure sound financial base while maintaining balance between shareholder returns and growth investments

The Yamaha Group possesses a highly sound financial base with an equity ratio of 55.6%. With the aim of maintaining this soundness into the future, the Yamaha Group adheres to a financial policy that seeks to balance a sound financial base with investments, while taking into account dividend policies and share buybacks when necessary. Based on a stable and continuous dividend policy, we intend to maintain a 40% dividend payout ratio to shareholders. In fiscal 2012, the Yamaha Group paid an annual dividend of 10 yen per share (of which 5 yen was the interim dividend).

Meanwhile, some investors have asked why our financial strengths have not been fully leveraged in our investment strategy. The present and future business environment, that is to say, the macro economy including exchange rates, and market changes, are still very difficult to predict. In an environment marked by sluggish sales growth over the last several years and business restructuring, we will take a flexible approach to investing in future growth while ensuring sufficient liquidity on hand.



The Yamaha Group's Vision of the Future

Aiming to become the leading company in sound and music backed by a high earnings structure

In carrying out YMP125, the Yamaha Group presented its medium- to long-term management direction under its three management visions of, 1) becoming a trusted and admired brand, 2) a company whose core operations are centered on sound and music, and 3) a company with growth driven by both products and services. To become "trusted and admired," the Yamaha Group must strive to achieve operating income to net sales in double digits in the years ahead; in other words, the Group must build a high earnings structure that will sustain it. Even though the Yamaha Group now has a 26% share of the global musical instruments market, we will expand that share and raise our presence in audio equipment even further with the goal of becoming a company and brand with an overwhelming lead in its field.

The Yamaha Group's vision of the future is to turn our corporate philosophy of CREATING 'KANDO' TOGETHER with people all over the world into reality with the goal of "becoming a trusted and admired brand."

July 2012

Mitsuru Umemura
President and Representative Director

Yamaha Medium-Term Management Plan

Yamaha Management Plan 125

The Yamaha Group has formulated "Yamaha Management Plan 125 (YMP125)," a medium-term management plan that contains basic policies, key business strategies and numerical targets for the three-year period from April 2010 to March 2013. The Group is now in the final year of the plan's implementation.

Yamaha has positioned the plan's three-year period as a phase for building a foundation for future growth and will focus its management resources on the musical instruments, music and audio domains to build a firm foundation for growth. In addition, Yamaha will continue its business restructuring and will sow the seeds for new growth.

Numerical Targets for Fiscal 2013

Net sales Growth rate over three years actual growth rate of 15%*	¥427.0 billion
Operating income Operating income ratio 6%	¥25.0 billion
ROE	7%
Capital expenditures (over three years)	¥38.0 billion
Free cash flow (over three years)	¥40.0 billion

* Actual growth rate excluding the lifestyle-related products and magnesium molded parts business from net sales
** Exchange rate: ¥90/US$, ¥127/€

Key Strategies of YMP125

Accelerate growth in emerging markets

Sales Target: ¥100 billion by fiscal 2015 (¥83.5 billion by fiscal 2013)

Increase market share in developed countries through product strategy

Total piano strategy, combo strategy, growth strategy in PA equipment and AV products

Build optimum manufacturing structure to meet trends in demand

Create business models for service and content businesses

Initiatives to increase music-playing population and music entertainment business

Create new business in the sound domain

Build platform for strong growth in musical instruments, music and audio domains

- Focus management resources on the music, musical instruments and audio domains
- Create new business
- Continue business restructuring

April 2013 onward

"Quantum leap" phase

Leverage YMP125 results to achieve growth

- Target:
  Operating income ratio to net sales of 10% or more

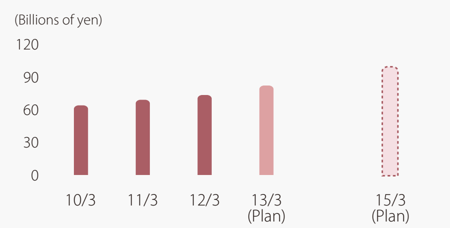
Major Achievements under YMP125

Accelerate Growth in Emerging Markets

Achieve annual sales of ¥100.0 billion by fiscal 2015 (¥83.5 billion by fiscal 2013), including annual sales in China of ¥35.0 billion by fiscal 2015.

Upright piano YZ122
for Chinese market

Sales Trend in Emerging Markets



China

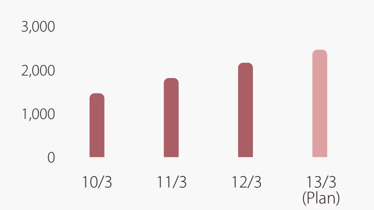
✱ Develop and launch products tailored to markets

- Launched Chinese models of upright piano, keyboard, guitar and karaoke equipment
- Stimulated demand by encouraging more school band activities and launched wind instruments for Chinese market

✱ Expand and build up sales channels

- Developed sales network in second- and third-tier cities
- Expanded distribution to specialty retail shops especially for pianos, wind instruments, guitars and drums, as well as to existing musical instrument retail stores
- Added consumer electronics mass merchandisers to AV products distribution
- Strengthened online sales network

Sales Outlets in China



✱ Enhance brand value
- Opened and enhanced facilities to convey product value to customers
- Expanded training schools for musical instrument technicians and provided stronger support for local artists


Training for wind instrument technicians


Y-DACC (Yamaha Digital Audio Creative Center) for PA equipment in Shanghai


Grand Piano Salon in Luzhou, Sichuan Province


Upright piano that blends in with furniture for emerging markets

Other emerging countries

✱ Achieved growth in emerging markets other than China
- Double-digit growth achieved in India, Russia and Brazil during YMP125 (on local currency basis)
- Steady sales of products tailored to local markets
- Continued piano and guitar sales growth (double-digit growth year on year)
- Established representative office in Vietnam

Music Square in Mumbai, India

Music Square in Doha, Qatar

Build Optimal Manufacturing Structure to Meet Trends in Demand

Restructured manufacturing bases:
Established an optimal manufacturing structure (Japan, China and Indonesia) to meet demand trends

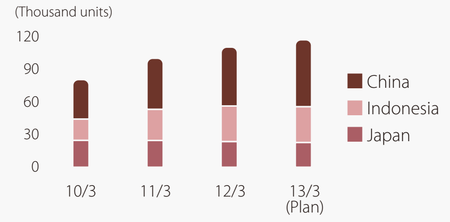
✱ Pianos
- Completed integration of two piano factories in Japan in August 2010
- Achieved major profit improvement one year ahead of schedule
- Reinforced manufacturing capability at China and Indonesia factories

✱ Wind Instruments
- New Xiaoshan Factory in China began operation in February 2011 (with automated plating and coating processes)
- Completed integration of Saitama Factory with Toyooka Factory in March 2012

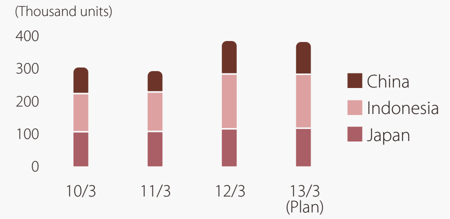

New Xiaoshan Factory


Toyooka Factory

Piano Production Volume by Manufacturing Site



Wind Instrument Production Volume by Manufacturing Site



Create Business Models for Service and Content Businesses

Increase music-playing population

✱ China
- Music school students: 6,100 (up 2,600 from beginning of YMP125) School locations: 22 (Shanghai, Beijing, Guangzhou, etc.)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Yamaha-managed schools	3	3	5
Authorized schools	12	14	17
Students	3,500	5,300	6,100

- Expanded the number of keyboard schools in second- and third-tier cities

✱ Other Emerging Markets
- Created optimal approach to providing opportunities and venues for playing music according to player's age and family status
- Achieved major increase in number of music school students enrolled in Malaysia and Indonesia
- Began expansion of music-playing schools in India


Yamaha Music Mates guitar lesson in Bangalore, India

Board of Directors, Corporate Auditors and Executive Officers

(As of June 27, 2012)

Board of Directors

Mitsuru Umemura

President and Representative Director

1975 Joined Nippon Gakki Co., Ltd.*
2000 President of Yamaha Corporation of America
2001 Executive Officer of Yamaha Corporation
2003 Senior Executive Officer and General Manager of Musical Instruments Group
2006 Managing Director
2007 President and Representative Director (to the present)

Hiroo Okabe

Director

1974 Joined Nippon Gakki Co., Ltd.*
2000 General Manager of Band & Orchestral Instruments Division
2003 Executive Officer and Deputy General Manager of Musical Instruments Group
2006 Director
2007 Director and Managing Executive Officer (to the present)

Motoki Takahashi

Director

1974 Joined Nippon Gakki Co., Ltd.*
1999 President of Yamaha Europe GmbH
2001 Executive Officer of Yamaha Corporation
2006 General Manager of Corporate Planning Division
2007 Director and Executive Officer
2009 Director and Managing Executive Officer (to the present)

Corporate Auditors

Hisashi Yabe

Full-Time Corporate Auditor

1974 Joined Nippon Gakki Co., Ltd.*
1994 General Manager of Accounting Division, Yamaha Livingtec Corporation
2000 Director of Yamaha Resort Corporation
2004 General Manager of Resort Management Group, Yamaha Corporation
2008 Full-Time Corporate Auditor (to the present)

Fumio Umeda

Full-Time Corporate Auditor

1974 Joined Nippon Gakki Co., Ltd.*
2003 General Manager of Accounting and Finance Division
2009 General Manager of Corporate Auditors' Office
2011 Full-Time Corporate Auditor (to the present)

Takashi Miyazawa

Outside Corporate Auditor
(Certified Public Accountant)

1973 Joined Arthur Young & Co.
1977 Registered as Certified Public Accountant
1993 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
2006 General Manager of International Division, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
2010 Retired from Ernst & Young ShinNihon LLC
2011 Outside Corporate Auditor of Yamaha Corporation (to the present)

Executive Officers

Hiroo Okabe

Managing Executive Officer

Motoki Takahashi

Managing Executive Officer

Tsutomu Sasaki

Senior Executive Officer
Corporate Administration Group

Masao Kondo

Senior Executive Officer
Sound and IT Business Group

Yoshihiro Doi

Senior Executive Officer
Musical Instruments & AV Products Marketing Group

Takuya Nakata

Senior Executive Officer
President of Yamaha Corporation of America

Masato Oike

Senior Executive Officer
Musical Instruments Business Group

Haruo Kitamura

Outside Director
(Certified Public Accountant)

1983 Joined Arthur Andersen
1987 Registered as Certified Public Accountant
2002 Established Kitamura Certified Public Accounting Office (to the present)
2004 Outside Corporate Auditor of Rohm Co., Ltd. (to the present)
2005 Outside Director of MonotaRo Co., Ltd. (to the present)
2006 Supervisory Director, MID REIT, Inc. (to the Present)
2009 Outside Corporate Auditor of Yamaha Corporation
2010 Outside Director of Yamaha Corporation (to the present)

Hiroyuki Yanagi

Outside Director
(President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.)

1978 Joined Yamaha Motor Co., Ltd.
2007 Executive Officer of Yamaha Motor Co., Ltd.
2009 Senior Executive Officer of Yamaha Motor Co., Ltd.
2010 President and Representative Director of Yamaha Motor Co., Ltd. (to the present)
President and Chief Executive Officer of Yamaha Motor Co., Ltd. (to the present)
2011 Outside Director of Yamaha Corporation (to the present)

Yoshikatsu Ota

Outside Director
(Director and Chairman of the Board of Konica Minolta Holdings, Inc.)

1964 Joined Minolta Camera Co., Ltd.
1991 Director of Minolta Camera Co., Ltd.
1995 Managing Director of Minolta Co., Ltd.
1999 President and Representative Director of Minolta Co., Ltd.
2003 Director, Vice President and Representative Executive Officer of Konica Minolta Holdings, Inc.
2006 Director, President and Chief Executive Officer, Representative Executive Officer of Konica Minolta Holdings, Inc.
2009 Director and Chairman of the Board of Konica Minolta Holdings, Inc. (to the present)
2012 Outside Director of Yamaha Corporation (to the present)

Hirohiko Ikeda

Outside Corporate Auditor
(Attorney)

1987 Admitted to Japan Federation of Bar Associations, joined Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners)
1991 Worked for Weil, Gotshal & Manges LLP (U.S.A.)
1992 Admitted to New York State Bar Association (U.S.A.)
1993 Partner in Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners) (to the present)
2011 Outside Corporate Auditor of Yamaha Corporation (to the present)

* Currently Yamaha Corporation

Masahito Kato

Executive Officer
General Manager of Corporate Planning Division

Wataru Miki

Executive Officer
General Manager of Corporate Communications Division

Seiji Abe

Executive Officer
General Manager of Production Engineering & Planning Division

Masahito Hosoi

Executive Officer
General Manager of Staff Business Reform Division

Akira Iizuka

Executive Officer
General Manager of Digital Musical Instruments Division

Hirofumi Osawa

Executive Officer
General Manager of AV Products Division

Hiroshi Sasaki

Executive Officer
President of Yamaha Music Europe GmbH

Yutaka Hasegawa

Executive Officer
General Manager of Sound Network Division

Corporate Governance

Yamaha is taking steps to enhance the oversight functions of the Board of Directors while promoting an executive officer system in order to strengthen business execution functions. Yamaha has also introduced highly independent outside directors and outside corporate auditors to increase the effectiveness of its governance.

Fundamental Concept of Corporate Governance

Yamaha positions the enhancement of corporate governance as an important management issue, and is taking proactive steps to strengthen it.

The Company's corporate objective is "CREATING 'KANDO'* TOGETHER — continuing to create 'kando' and enrich culture with technology and passion born of sound and music, together with people all over the world." Based on this objective, Yamaha will improve management efficiency and become globally competitive and highly profitable. At the same time, the Company will increase its corporate and brand value by fulfilling its social responsibilities in areas such as compliance, environment, safety and social contributions.

To achieve this goal, Yamaha will take steps to create a transparent and high-quality management that is also efficient by improving its organizational structure and system, implementing all necessary measures, and disclosing information in an appropriate manner.

* 'Kando' (is a Japanese word that) signifies an inspired state of mind.

Basic Corporate Governance System

Yamaha is a company with a board of auditors as defined under Japanese law. With the General Shareholders' Meeting as its highest decision-making body, Yamaha has built a corporate governance system (outlined in the diagram below) centered on the oversight and supervision of management's execution of duties by the Board of Directors, and audits by the Board of Auditors. Further, Yamaha has enhanced its governance functions by introducing an executive officer system, setting up a Corporate Governance Committee and corporate committees, convening twice a month (in principle) Managing Council meetings, and establishing an internal control system. In conjunction with consistent audits conducted by the Company's system of full-time auditors, these help raise the effectiveness of governance through fair and equitable audits by highly independent outside corporate auditors.

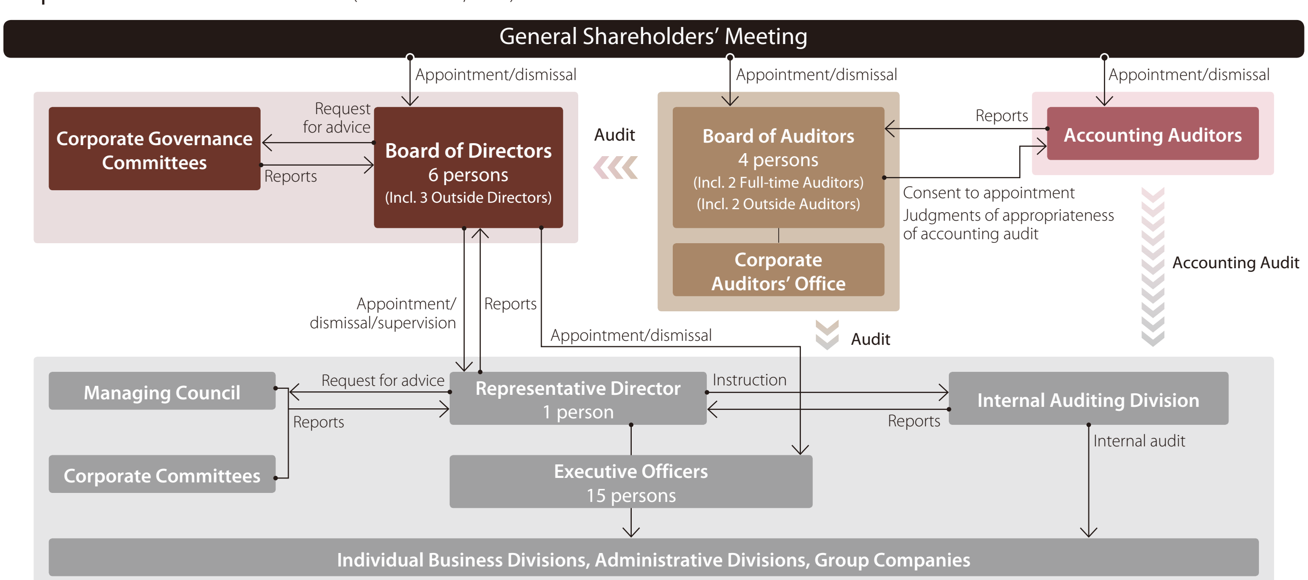
Board of Directors

As of June 27, 2012, Yamaha had six directors, including three outside directors. In principle, the Board of Directors convenes once monthly, and is responsible for the Group's management functions, such as strategy planning, monitoring the business execution of each division, and providing guidance.

Outside directors oversee the Board of Director's decision-making and directors' execution of duties from an objective standpoint, thereby helping to raise management transparency. Outside directors have been appointed to obtain sound advice that leverages their management experience and expertise in different industries. Outside directors also act as members of the Corporate Governance Committee and serve to ensure transparency of management decision-making.

In order to clarify directors' management responsibilities, directors are appointed for a term of one year.

Corporate Governance Structure (As of June 27, 2012)



Reorganization of System and Structure to Strengthen Corporate Governance

2001 › Adopted an executive officer system to separate management decision-making/oversight and execution functions

2003 › Reduced the number of full-time directors from nine to eight, appointed an outside director, increased the number of outside corporate auditors from one to two, and established a Corporate Auditors' Office

2005 › Clearly defined directors' management responsibilities and reduced the term of directors from two years to one year to create a system that can swiftly respond to changing business environments

2006 › Adopted a group manager system that concedes business execution authority to full-time directors so they can swiftly respond to management issues

2009 › Increased the number of outside corporate auditors from two to three

2010 › Decreased the number of full-time directors from eight to three, increased the number of outside directors from one to two, and registered one outside director as an independent officer as stipulated by Japan's Financial Instruments Exchange

2011 › Reorganized Internal Auditing Division to centralize audit functions and to promote comprehensive audits

Representative Director

As of June 27, 2012, Yamaha had one representative director who acts as President and Representative Director. The President and Representative Director is the chief officer in charge of business execution and represents the Company.

Auditors and Board of Auditors

As of June 27, 2012, Yamaha had four auditors, including two outside corporate auditors. In principle, the Board of Auditors convenes once monthly. Based on audit plans, auditors periodically perform comprehensive audits of all business divisions, administrative divisions and Group companies, and participate in Board of Directors' meetings and other important meetings such as Managing Council.

The reasonableness of accounting audits is determined based on periodic progress reports from the accounting auditors of their audits of the Company's financial statements.

In Yamaha, people with knowledge of finance and accounting assume full-time auditor positions. Full-time auditors have many years of experience that enables them to exercise good judgment with respect to the reasonableness of business audits and accounting audits. To ensure objectively fair and equitable audits, outside corporate auditors are appointed and include specialists (CPAs and attorneys) who hold positions independent from that of the Company.

Yamaha has also established a Corporate Auditors' Office (with one staff member as of June 27, 2012) that is dedicated to supporting auditors so as to ensure an environment conducive to performing effective audits.

Executive Officers

Yamaha has adopted an executive officer system, with the purpose of strengthening consolidated Group management and business execution functions. As of June 27, 2012, the executive officer system comprised 15 executive officers, including two managing executive officers and five senior executive officers. The managing executive officers support the president, who is the chief officer in charge of business execution. Under them, the senior executive officers, in principle, preside over the business and administrative divisions in accordance with the importance of these responsibilities. The senior executive officers are responsible for the business performance of the groups they preside over and manage and direct in such a way that the group functions to its maximum potential. Under senior executive officers, executive officers are assigned to divisions that are responsible for key management themes.

Corporate Governance Committee

Yamaha established the Corporate Governance Committee, which consists of the Corporate Officers Personnel Committee and the Risk Management Committee and includes outside directors as committee members. The Committee sets risk management policies and policies to ensure the transparency and fairness of corporate officer personnel.

Managing Council and Corporate Committees

Managing Council meetings are held, in principle, twice a month for the purpose of discussing and forming a consensus about management issues when they arise. Attending the Managing Council are the President and Representative Director, managing executive officers, senior executive officers, and full-time auditors. To encourage deeper discussion about important management strategy issues, corporate committees have been set up to address each strategic issue.

Internal Audits

Yamaha established the Internal Auditing Division (10 staff members as of June 27, 2012) under the direct control of the President and Representative Director. Its role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company from the standpoint of legality and reasonableness.

The Internal Auditing Division provides the President and Representative Director, divisions subject to audit, and supervisory divisions with information based on the evaluation along with suggestions and proposals for rationalization and improvement, thereby contributing to raising work efficiency. In parallel, Yamaha strives to boost audit efficiency by encouraging close contact and coordination among the corporate auditors and the accounting auditors.

Principal Internal Audit Activities in Fiscal 2012

1. Performed visiting audits of divisions and Group companies (Japan and overseas; paper audits were also performed)
2. Evaluated the status of Company-level internal controls, audited Company regulations, its operation compliance, and updates thereof
3. Presided over audits of subsidiaries by its auditors
4. Performed follow-up audits to confirm that corrective action had been taken

Support System for Outside Directors and Outside Corporate Auditors

The meeting to discuss and confirm management issues is held, in principle, monthly for the purpose of sharing important management proposals between all directors and auditors and gaining a better understanding about management's execution of its duties.

When necessary, outside directors are individually provided with explanations about proposals and reports to be submitted to the Board of Directors.

With respect to agenda items at meetings of the Board of Directors and the Board of Auditors to be attended by outside corporate auditors, full-time staff members send documents and other materials to them prior to the meeting and provide explanations as necessary to enable them to perform a complete preliminary study of the agenda. With regard to other material matters, the Company strives at all times to maintain an effective auditing environment, including by providing information, supplying documentation, listening to opinions, and supporting research and data collection.

Registration of Independent Officers

Yamaha has registered outside directors Haruo Kitamura and Yoshikatsu Ota, and outside corporate auditors Takashi Miyazawa and Hirohiko Ikeda as independent officers under the provisions of the Tokyo Stock Exchange.

Fiscal 2012 Outside Directors and Outside Corporate Auditors

Outside Directors

Name	Independent Officer	Reasons for Appointment	Views on their Independence	Board of Directors Meetings Attended
Haruo Kitamura	✓	A director with excellent character and insight A CPA with expertise in finance and accounting He can be counted on to strengthen Yamaha's governance functions and provide objective advice	Has many years of experience as a CPA, but is under no advisory agreement with Yamaha. Of independent social and economic standing, he is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	13 of 13
Hiroyuki Yanagi	—	A director with excellent character and insight Has management experience in other industries He can be counted on to advise and direct Yamaha management for the purpose of raising brand value	Although he is the president and CEO of a company in which Yamaha is a major shareholder, since Yamaha is not in a position that can exert significant influence over the management team of the company, he is unlikely to pose a conflict of interest with Yamaha's general shareholders.	10 of 10

Outside Corporate Auditors

Name	Independent Officer	Reasons for Appointment	Views on their Independence	Board of Directors and Board of Auditors Meetings Attended
Takashi Miyazawa	✓	An auditor with excellent character and insight A CPA with expertise in corporate accounting He can be counted on to provide equitable and fair audits from an objective point of view	Although previously affiliated with Yamaha's accounting auditor Ernst & Young ShinNihon LLC, he did not participate in Yamaha's accounting audits and has not been nor is he now in a position that can influence accounting audit work at Ernst & Young ShinNihon LLC. Moreover, Ernst & Young ShinNihon LLC is unlikely to influence his accounting work as an outside corporate auditor. Of independent social and economic standing, he is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	Board of Directors Meetings 10 of 10 Board of Auditors Meetings 10 of 10
Hirohiko Ikeda	✓	An auditor with excellent character and insight An attorney with expertise in laws and regulations He can be counted on to advise and direct Yamaha management for the purpose of raising brand value	Though he has worked for many years as an attorney, he is of independent social and economic standing, and is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	Board of Directors Meetings 9 of 10 Board of Auditors Meetings 9 of 10

* To gain valuable human resources from outside the Company, Yamaha has concluded agreements with outside directors and outside corporate auditors that limit liability under Article 423, paragraph 1 of the Companies Act. The liability limit based on said agreements is the minimum amount established by law.

Policy on Determining Remuneration for Corporate Officers

Yamaha sets the policy that determines remuneration for directors at a meeting of the Corporate Officers Personnel Committee, which includes the outside directors. The policy on determining remuneration for corporate auditors is decided at a meeting of the Board of Auditors.

Remuneration for Directors

Remuneration for directors, though based on a compensation framework predetermined at the General Shareholders' Meeting, is to be decided in accordance with the following standards, taking into account compensation levels primarily at other listed companies and relevant employment standards.

(i) Remuneration for directors other than outside directors is determined by reflecting consolidated results and each director's individual performance into the annual base salary, which is based on job responsibilities. Specifically, depending on consolidated results and individual performance, the annual base salary may be raised or lowered by up to 20%.

(ii) In addition to the compensation framework predetermined at the General Shareholders' Meeting, bonuses are paid to directors (excluding outside directors) depending on the level of consolidated net income based on the annual base salary and are paid after obtaining approval at the Ordinary General Shareholders' Meeting. The amounts of the bonuses paid to directors are decided by the Board of Directors.

(iii) Remuneration for outside directors is not linked to business performance. However, amounts are determined taking into account such factors as whether said remuneration is in balance with that of other directors and the scale of Yamaha Corporation's business.

Remuneration for Corporate Auditors

Remuneration for corporate auditors, though based on a compensation framework predetermined at the General Shareholders' Meeting, is not linked to business performance. However, amounts are determined through consultation with the corporate auditors, taking into account such factors as whether said remuneration is in balance with that of directors and the scale of Yamaha Corporation's business.

Other

At the 182nd Ordinary General Shareholders' Meeting held on June 27, 2006, a resolution was approved abolishing payment of retirement allowances to executive officers. Yamaha does not maintain a stock option system.

Remuneration for Directors and Corporate Auditors in Fiscal 2012

(Millions of yen)

Classification	Total Compensation	Total Compensation by Type				Number of Directors and Corporate Auditors
		Basic Compensation	Stock Options	Bonuses	Retirement Benefits	
Directors (Excluding outside directors)	168	168	—	—	—	3
Corporate Auditors (Excluding outside corporate auditors)	60	60	—	—	—	3
Outside Directors and Outside Corporate Auditors	26	26	—	—	—	7

Notes:

1. The amount of remuneration stated above includes compensation paid to one outside director, one corporate auditor and two outside corporate auditors who retired at the conclusion of the 187th Ordinary General Shareholders' Meeting held on June 24, 2011.
2. In addition to the above-mentioned payments, a retirement allowance amounting to ¥1 million was paid to one outside corporate auditor who retired at the conclusion of the 187th Ordinary General Shareholders' Meeting. The approval for these payments was based on a resolution passed at the 182nd Ordinary General Shareholders' Meeting held on June 27, 2006 regarding the lump-sum payment of retirement allowances to directors and corporate auditors upon the abolition of the retirement allowance system. The above amounts paid were calculated based on the term of office served through June 30, 2006.

Accounting Auditors

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor. Hideji Kawanishi and Hidetake Kayama, CPAs of said accounting auditor firm, have performed Yamaha's accounting audit. Ernst & Young ShinNihon have voluntarily adopted a rotating system for its managing partners and have taken measures to ensure that the number of continuous years of service do not exceed a fixed period of time. In addition, nine CPAs, and 23 staff assist with the audits.

Remuneration for CPAs in Fiscal 2012 and 2011

(Millions of yen)

Classification	Fiscal 2012		Fiscal 2011	
	Compensation based on auditing services	Compensation based on non-auditing services	Compensation based on auditing services	Compensation based on non-auditing services
Filing company	71	—	71	—
Consolidated affiliates	7	25	7	29
Total	78	25	78	29

Notes:
Other important remuneration
Fiscal 2012: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 13 other companies paid ¥78 million in compensation based on auditing services and ¥13 million based on non-auditing services to Ernst & Young, which is affiliated with the same CPA network as Yamaha Corporation.
Fiscal 2011: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 12 other companies paid ¥79 million in compensation based on auditing services and ¥20 million based on non-auditing services to Ernst & Young, which is affiliated with the same CPA network as Yamaha Corporation.

Basic Concept of the Internal Control System

Yamaha has established an internal control system pursuant to Japan's Companies Act and the Enforcement Regulations of the Companies Act. Yamaha seeks to achieve optimal corporate governance in order to raise corporate value and the Yamaha brand image. At the same time, the Company works to improve the internal control system to raise business efficiency, increase the dependability of Yamaha's accounting and financial data, and strengthen compliance, asset soundness, and risk management capabilities.

Further, Yamaha established the Group Management Charter to clarify Group management policies. Also, divisions with jurisdiction over subsidiaries are responsible for providing proper guidance and assistance with management in Group companies under their jurisdiction based on Group company management rules and regulations. Subsidiaries shall confer and consult in advance with said divisions, while administrative divisions of Yamaha Corporation shall support this process.

Yamaha has developed and put into operation internal controls for financial reporting based on implementation standards for internal control reporting systems (Financial Instruments and Exchange Law). We will maintain and more firmly establish this internal control system to ensure the reliability of our financial reporting.

Compliance Framework

Not only does the Yamaha Group observe laws and regulations, it seeks strict compliance management that addresses social norms and corporate ethics. The Working Group for Compliance was established as a subordinate body to the Risk Management Committee to promote and strengthen compliance in cooperation with the staff and departments in charge of laws and regulations.

In 2003, Yamaha established the Compliance Code of Conduct, which is disseminated to all Group officers and employees (including part-time and contract employees) through worksite briefings. Since then, we have localized the Code by creating overseas and regional versions based on the laws, regulations, and social norms of the countries in which our Group companies are based, and have had them translated into local languages. In 2011, we revised the Compliance Code of Conduct, carried out routine employee training in the revised Code and rigorously disseminated it throughout the Group.

Further, Yamaha conducts routine compliance surveys with the goal of raising Group employee awareness and gaining a better understanding of compliance-related problems and potential risks.

As a system for handling compliance-related inquiries and reports from employees, Yamaha has established a Compliance Help Line that connects to the Working Group for Compliance executive office and an outside attorney. The Compliance Help Line accepts inquires not only from employees, but from interested parties outside the Company. In fiscal 2012, the Help Line received a total of 57 inquiries and reports including from overseas Group company employees. Since its inception, it has resolved problems by responding to 443 inquiries and reports over a nine-year period.

Business Continuity Plan (BCP)

The Risk Management Committee, an advisory body to the Board of Directors, has put the necessary systems and countermeasures in place to respond to a wide range of risks.

In fiscal 2009, Yamaha formulated the BCP Guidelines, its basic Companywide policy for its business continuity plan, which is designed to enable the immediate resumption of operations in the event of an earthquake in Japan's Tokai region where Yamaha headquarters are located or other major natural disaster that could cause damage to its buildings or facilities. In January 2012, Yamaha established various guidelines including the BCP/Disaster Basic Countermeasures, Earthquake Countermeasures, and Fire Countermeasures, which update and supersede the BCP Guidelines.

In light of the impact that natural disasters such as the Great East Japan Earthquake, afterwords tsunami and floods in Thailand in 2011 had on the Yamaha Group's business activities, Yamaha will further develop and promote its crisis management system and business continuity plan.

Risk Factors

Among the matters covered in this annual report, items that may have a material impact on the decisions of investors include those listed and described below. In addition, information related to future events as described in the text are based on judgments made by the Yamaha Group at the end of the fiscal year under review.

1 Economic Conditions

The Yamaha Group has a global business presence and therefore is subject to the influence of economic conditions in Japan and other countries. Recessions in world markets and accompanying declines in demand may have a negative effect on the Group's business results and the development of its business.

2 Price Competition

The Yamaha Group confronts severe competition in each of its business segments. For example, in the musical instruments segment, the Company is a comprehensive manufacturer of musical instruments and sells high-quality, high-performance instruments covering a broad price spectrum. However, the Company confronts competitors in each musical instruments segment, and competition in the lower price segments has become more intense, especially in recent years.

Also, in the AV/IT segment, the Yamaha Group is subject to competition from low-priced products. Changes in logistics and distribution and new technology trends could expose this business to even greater price competition, which could have an impact on the Group's current strong position.

3 New Technology Development

The Yamaha Group will focus its management resources on the business domains of sound and music. The Group will firmly establish itself as the world's leading comprehensive musical instruments manufacturer. The AV/IT segment has been expanded, with a focus on AV receivers in the AV products category. The electronic devices segment has also been expanded, mainly in the area of sound-generating LSIs, a core operation in the semiconductor business.

Differentiating the Group's technologies in the fields of sound, music, and networks is essential for the Group's further development and growth. In developing these technologies, if the Group does not continue to correctly forecast future market needs and adequately meet them, the added value of its products in the musical instruments segment will decline, which may lead to price competition. As a result, the Group may be unable to stimulate new demand for its products and may find it difficult to sustain the AV/IT and electronic devices businesses.

4 Business Investment

The Group makes business investments including capital investments to promote business growth. However, when making investment decisions, even though the Group monitors investment return and risk both qualitatively and quantitatively and makes careful, considered judgments, depending on circumstances, the Group may be unable to recover a portion or the full amount of its investments, or may decide to withdraw from a business, thereby resulting in additional losses. In such cases, the value of assets invested in such businesses may be subject to impairment.

5 Business Alliances

In recent years, partnership strategies, including alliances, joint ventures and investments in other companies, have increased in importance for the Group. In some cases, the anticipated effects of such alliances and investments may not materialize because of conflicts of interest, or changes in the business strategies of the partner, or other reasons.

6 Dependence on Materials and Parts Business Customers

The semiconductors, automobile interior wood components, and materials and parts that the Group manufactures and sells are affected by the business performance of the manufacturers who buy them. When the bonds of trust between such customers and Group companies are impaired by delivery, quality, or other issues, this may have a negative impact on future orders. Moreover, customers may ask Group companies to compensate them for quality problems or other defects.

7 International Business and Overseas Expansion

The Yamaha Group has established a global presence, with manufacturing and marketing bases in various parts of the world. Of the Group's 72 consolidated subsidiaries, 38 are foreign corporations, of which 16 are manufacturing companies, with principal bases of operation in China, Indonesia, and Malaysia. Overseas sales comprise 53.1% of the Group's net sales.

Various risks, including those listed below, are inherent to the expansion of business overseas. If such risks materialize, including adverse effects caused by an over-concentration of manufacturing facilities in a particular region, the Group may not be able to provide stable supplies of its products. Such risks include:

(a) Political and economic turmoil, terrorism, and war
(b) Introduction of adverse policies or imposition of, or changes in regulations
(c) Unexpected changes in laws or regulations
(d) Difficulty in recruiting personnel
(e) Difficulty in procuring raw materials and parts as well as issues related to the level of technology
(f) Interruption of distribution due to harbor strikes, etc.
(g) Imposition of taxes under transfer pricing regulations

8 Raw Materials Prices, Raw Materials Supplies, and Logistics Costs

To manufacture its products, the Group uses raw materials, including lumber, metals such as copper, and plastics, for parts. Increases in the prices of these materials raise manufacturing costs. In addition, specific suppliers supply the Group with different raw materials. Supply conditions for those materials could have an impact on the Group's manufacturing activities.

In addition, when logistics costs increase due to sharply rising crude oil prices, the ratio of manufacturing costs and cost of sales to net sales may increase.

9 Declining Birthrates

In the Yamaha Group's core business of musical instruments, schools constitute an important sales channel, in addition to the Group's music schools and English language schools, whose students are primarily children. Declining birthrates, particularly in Japan, could lead to decreasing sales through these channels.

10 Recruitment and Training of Personnel

The average age of the Company's employees is relatively high, with a significant number in the upper age brackets and many approaching the set retirement age. Therefore, an important challenge for the Company is to address the changing composition of the workforce by passing on musical instrument manufacturing know-how and recruiting and training a new generation of employees. If the Company is unable to respond sufficiently to changes in the composition of its workforce, this could interfere with its business activities and future growth.

11 Protection and Use of Intellectual Property

The Group possesses intellectual property rights, including patents based on its proprietary technologies, and accumulated business know-how. Some of this intellectual property cannot be fully protected, or can only be partially protected because of legal constraints in certain regions. Therefore, the Group may not be able to effectively prevent third parties from using its intellectual property. As a result, some products of other companies may appear in the market that are similar to, or copies of those of Group companies, thus interfering with Group sales. In addition, third parties may claim that Group products infringe on their own intellectual property rights. As a result, sales of Group products that employ said intellectual property may be delayed or suspended.

In some cases, the Group licenses the intellectual property of third parties to produce key components for its products. Any increases in royalties paid for such intellectual property may result in higher manufacturing costs, which could affect price-competitiveness. Moreover, if the Group is unable to obtain a license, it may have to suspend manufacturing of the relevant product.

12 Defects in Products and Services

The Yamaha Group controls the quality of its products based on corporate quality assurance and product quality rules and regulations. However, there is no guarantee that all products will be free of defects. The Group is insured against product liability claims, but there is no guarantee that this insurance will be sufficient to cover any potential payments for damages. If product liability issues arise, insurance rates are likely to increase. In that case, the cost to recall, exchange, repair, or change the design of a product could increase significantly, or the Group's business reputation could be tarnished, which could cause sales to decline, and adversely affect the Group's performance and financial position.

Also, although the Group is very careful about safety and sanitation at the retail shops, music schools, recreation and other facilities that it operates, in the event of an accident, the stores, schools, or facilities may have to temporarily suspend operation, which could damage the Group's reputation and lead to declining sales.

13 Legal Regulations

The Group's business operations throughout the world are subject to the laws and regulations of the countries in which they operate. These laws and regulations include those pertaining to foreign investment, restrictions on exports and imports that may affect national security, commerce, anti-trust issues, consumer protection, tax systems, and environmental protection. In addition, the Group has an obligation to securely manage the personal information of its customers. The Yamaha Group takes every measure to ensure that it complies with legal regulations, but, if for some unexpected reason, it is unable to comply with these laws and regulations, the Group's activities could be restricted and costs could increase as a result.

14 Environmental Regulations

With the environmental protection regulations that govern business activities becoming increasingly stringent, companies are being asked to implement voluntary environmental programs as one of their corporate social responsibilities. The Yamaha Group has implemented measures that exceed existing environmental standards for products, packaging materials, energy conservation, and industrial waste treatment. However, there is no guarantee that the Group can completely prevent restricted substances released due to accidents or other causes from exceeding environmental standards, or reduce the release of said substances. Moreover, in cases where soil pollution has occurred on land formerly occupied by industrial plants, substantial soil remediation costs may be incurred when the land is sold in the future, or the land may be impossible to sell. Restricted substances in the soil on land already sold to third parties may spread, resulting in pollution of the air or underground water, and may incur cleaning and remediation costs.

15 Information Leakage

The Group retains a wide range of important management- and business-related information as well as personal information on numerous customers. To manage this information properly, the Group has prepared policies and rules and put into place systems for maintaining its security. However, in the event that this information accidentally leaks outside the Group, this could have a major impact on the Group's business activities or lower public confidence in the Group.

16 Fluctuations in Foreign Currency Exchange Rates

As Yamaha Group's business activities, including manufacturing and sales, are global in scale, the transactions of Group companies that are denominated in foreign currencies are subject to fluctuating currency rates. The Group uses forward currency hedge transactions to minimize the impact of foreign exchange rate fluctuations in the short term. However, the Group may not be able to achieve its initial business plan targets due to exchange rate fluctuations. The euro-yen exchange rate has an especially strong impact on profit and loss: a ¥1 change will result in a ¥0.4 billion change in profitability.

17 Earthquakes and Other Natural Disasters

In the event of earthquakes and other natural disasters, the production plants of the Yamaha Group may be damaged. Notably, the Company's Head Office, domestic plants, and major subsidiaries are concentrated in Shizuoka Prefecture, located in the Tokai region of Japan, an area in which a major earthquake has been predicted for years. Moreover, the Group's overseas manufacturing plants are concentrated in China, Indonesia, and Malaysia, countries where the outbreak of unexpected natural disasters may arise. In the event of a natural disaster, the Yamaha Group's facilities may suffer damage, and the Group may be required to suspend or postpone operation, which could incur substantial restoration costs.

18 Items Related to Changes in Financial Position

a. Valuation of Investment Securities

The companies of the Yamaha Group hold available-for-sale securities with market value (acquisition cost: ¥15.7 billion; consolidated balance sheet value: ¥57.3 billion, as of March 31, 2012). Since available-for-sale securities with market value are valued at the market price at the settlement date based on the mark-to-market valuation method, the recorded balance sheet value of these securities may fluctuate depending on the price of the securities at the settlement date. This may, in turn, have an impact on the Company's net assets. Further, when the market value of these securities falls markedly relative to their acquisition cost, the value of said securities may be subject to impairment.

b. Unrealized Losses on Land Valuation

As of March 31, 2012, the market value of the Group's land, revalued in accordance with the Law Concerning Revaluation of Land, was ¥7.0 billion below the book value of said land after revaluation. In the event of the sale or disposal of said land, this unrealized loss may be recognized.

c. Retirement Benefit Obligations and Expenses

The Yamaha Group's retirement benefit obligations and expenses are calculated based on its retirement benefit system, an estimated discount rate, and an expected rate of return on pension plan assets. In some cases, the retirement benefit system may change and the estimate of said obligations and expenses may differ from the actual results. As a result, retirement benefit obligations and expenses could increase.

Particularly, in the event that expected returns on managed assets cannot be realized because of declining stock prices and other factors, unrecognized actuarial losses could arise, and retirement benefit expenses could increase.

Corporate Social Responsibility (CSR)

In all its interactions with stakeholders, the Yamaha Group seeks through its business activities to help create 'kando.'* Through activities grounded in the fields of sound and music, we will continue to create 'kando' and enrich culture along with people around the world.

YAMAHA

Yamaha's Corporate Philosophy

Corporate Objective

"CREATING 'KANDO' TOGETHER"

Yamaha will continue to create 'kando' and enrich culture with technology and passion born of sound and music, together with people all over the world.

Management Philosophy

Customer-Oriented and Quality-Conscious Management

Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

Transparent and Sound Management

Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

Valuing People

Yamaha strives to be an organization where each person's individuality and creativity are respected and all can demonstrate their full potential through their work.

Harmony with Society

Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

The Yamaha Group's approach with respect to customers, shareholders, the people who work with Yamaha, and society is clearly expressed in the corporate philosophy shared by the entire Yamaha Group. The most valued concept for the Group is "CREATING 'KANDO' TOGETHER," a slogan that embodies the corporate objective that commands the highest position in the hierarchy that frames the Group's corporate philosophy. In consistently striving to enhance satisfaction among its diverse stakeholders and realize sustainable growth by effectively utilizing management resources, the Yamaha Group is staunchly committed to maximizing its corporate value.

Yamaha Corporation Group CSR Policy

Our aim is "CREATING 'KANDO' TOGETHER"

The objective of the Yamaha Corporation Group is to continue to create 'kando' and enrich culture with technology and passion born of sound and music, together with people all over the world.

Based on this corporate objective, Yamaha conducts its CSR activities according to the following guidelines to further strengthen the bonds of trust with its stakeholders through its corporate activities and contribute to the sustainable development of society.

1. Yamaha provides support to people who want to perform music and people who want to enjoy it by contributing to the popularization and development of music and musical culture.
2. Yamaha works to maintain a healthy global environment by understanding the significance of protecting the natural environment, maintaining biodiversity, and reducing the burden on the environment, as well as promoting the proper use of wood resources, and cooperating with forest protection activities.
3. As a "corporate citizen" that is a member of society, Yamaha contributes to creating a better society by actively participating in many kinds of activities that further the development of the community and culture.
4. Yamaha complies with laws and high ethical standards, works to create an environment in which its personnel can draw fully on their sensitivities and creativity, and aims to build a corporate culture that will enable it to offer better products and services.
5. For its shareholders, who support its corporate activities financially, Yamaha aims for a high degree of transparency by disclosing management information and engaging in active and sustained communication. For its business partners, Yamaha conducts transactions fairly and transparently, endeavors to deepen mutual understanding, and works to build strong relationships of trust.

* 'Kando' (is a Japanese word that) signifies an inspired state of mind.

The Yamaha Group's Approach to CSR

The Yamaha Group's corporate management seeks to realize the corporate objective of "CREATING 'KANDO' TOGETHER" through business activities grounded in the fields of sound and music. With an emphasis on corporate social responsibility (CSR) as one of our basic management policies, we are making steady, ongoing efforts in quality, customer satisfaction, procurement, environmental issues, and public relations in order to fulfill our role as a corporate citizen. The Group as a whole will continue to raise awareness of its social responsibility and contributions, and work to address various social issues based on the following themes laid out in its management philosophy: customer-oriented and quality-conscious management, transparent and sound management, valuing people, and harmony with society.

In February 2010, we created the Yamaha Corporation Group CSR Policy, a summary of our approach to CSR. Based on this policy, we will further promote CSR activities across the entire Group.

A special feature of CSR as practiced by the Yamaha Group is its contribution through its business activities to the development of music culture around the world. We seek to leverage our strengths to provide products and services that deliver satisfaction to everyone who enjoys music, and thereby contribute to the development of humanity's musical heritage and to the enrichment of life.

Yamaha also considers it crucial to address issues facing the local communities that form the basis for its global business, as well as global environmental issues such as global warming and preservation of biodiversity. We promote cultural and educational development in local communities, develop and manufacture products that make efficient use of resources and reduce the environmental burden, and because we are a company that manufactures products from wood, we actively support reforestation. Going forward, we will focus on activities that allow us to address social issues as only the Yamaha Group can.

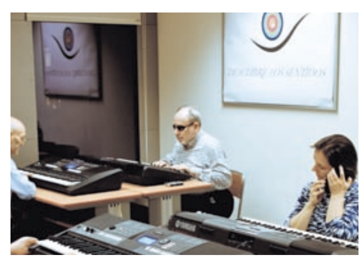
Charity marathon to support ill children in the U.S.


7th year of collaboration at Indonesian reforestation activities at Yamaha Forest


Workshops for school bands held in 26 cities in China


Environmental initiatives to conserve energy and reduce CO_2 in Chinese piano factory


Support for El Sistema music education project in Venezuela offering free tuition and rented instruments for children


Collaborating with Discover the Senses Workshop for the blind in Spain


Music Caravan in Colombia donating recorders and holding recorder seminar


Environmental initiatives of using returnable packaging to improve transportation efficiency of piano components

MEMBER OF THE INVESTMENT REGISTER
ETHIBEL EXCELLENCE
Member 2011/2012
STOXX
ESG LEADERS INDICES

Yamaha's inclusion in the SRI indices

For more in-depth reporting on Yamaha's CSR activities, please visit "Corporate Social Responsibility" on Yamaha's website:
http://www.yamaha.com/about_yamaha/csr/

R&D and Intellectual Property

Technological expertise built up over years of research and development underpins the Yamaha Group's broad base of operations. In order to accelerate the accumulation of these technologies — in other words, intellectual property rights — Yamaha invests substantially in research and development activities. Another primary goal of the Group is securing, protecting and utilizing related intellectual property to ensure that Yamaha retains and enhances its competitive technical edge.

Research and Development

Core Technologies and Business Direction

Yamaha leverages the technologies that it has acquired over many years in the fields of sound and music to increase the value of the Yamaha brand and to stimulate new demand by developing and offering innovative, high-quality products and services.

At the same time, the Company has earned an excellent global reputation for original design, which plays an important part in the creation of distinctive customer appeal and product competitiveness while raising the Yamaha brand image.

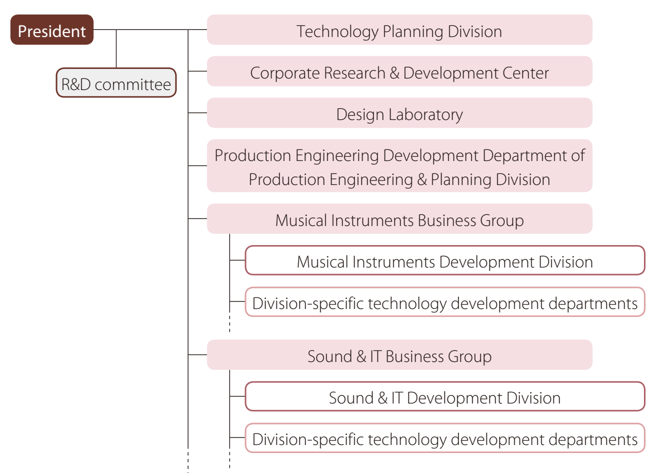
Yamaha has identified the world-class technologies it has researched and developed in the fields of sound and music as core technologies, which it will further develop and advance in the years ahead. Some of the technologies we plan to focus on more strongly include acoustic sensing, speech synthesis, acoustic materials, acoustic simulation, spatial audio, psychoacoustics, music information processing, and networking. These advanced, specialized technologies cover the entire lifecycle of sound, from the time it is produced to the time it is processed, and even extend into the field of human perception and various applications of sound.

Not only do we utilize these technologies in the musical instruments and professional audio equipment businesses, but also to actively provide unique Yamaha value in new business areas. Examples of such applications include speech privacy in the environmental acoustic business and the transmission of information through sound in the applied acoustic business.

Yamaha trains the human resources it needs to support and develop these new businesses. It also acquires advanced technologies, collaborates with universities and research institutions, and then passes on the high-level knowledge and technology it has accumulated to its workforce. We will continue to make effective use of our brand, intellectual property and other assets, and to create and increase the value of intellectual property assets.

R&D Organization

Yamaha's R&D organization is composed of, 1) Companywide R&D, which is responsible for improving component technology, upon which the entire Company is based, and new business creation, 2) R&D divisions under individual business groups, which develops technologies for products in each business domain, and 3) the division-specific product and technology development departments.



R&D Achievement — Digital Audio Effects Technology VCM (Virtual Circuitry Modeling)

VCM is a digital audio effects technology developed by Yamaha that models the effect circuitry of vintage analog audio equipment used primarily in sound studios and recreates the effects on a DSP chip. Even today, with the widespread growth of digital audio equipment in music production and at live concert halls, many engineers still use older analog equipment to obtain sound quality not possible with existing digital effects. By analyzing and modeling multiple analog circuits at the component level, VCM technology recreates the performance of superior vintage analog effects and sound quality accurately in digital form.

Intellectual Property

Since its founding, Yamaha has sought to acquire its own patents and other intellectual property rights while respecting the intellectual property rights held by third parties. More recently, the Company has taken steps to integrate its business, R&D and intellectual property strategies by implementing a number of measures designed to maximize the contribution of intellectual property to business earnings.

Patents

In order to differentiate itself from competitors, gain business advantages, ensure greater flexibility, and enable licensing to third parties, Yamaha has formulated patent strategies tailored to operations in specific business segments. These strategies include identifying target technical fields for patent acquisition, such as core technologies, new businesses and new technologies, and building a strong patent portfolio by concentrating on its core competencies.

From the standpoint of asset optimization, Yamaha annually assesses its full portfolio of patents held within and outside of Japan, evaluating patent rights in terms of present application and future potential, ultimately retaining only those deemed most advantageous.

As of March 31, 2012, the Yamaha Group owned a total of approximately 5,700 patents and utility models in Japan. Outside of Japan, the Group held roughly 5,100 patents, mainly in the United States, Europe and China. Yamaha is working to increase the number of patents held in China in particular.

Designs

Yamaha views design as a critical element in setting its products apart in the market, and makes every effort to properly safeguard and utilize these assets. In recent years, Yamaha has taken bolder steps to acquire design rights in China to protect against counterfeit products. The Yamaha Group held some 800 design rights in Japan and overseas as of March 31, 2012.

Copyrights

In addition to industrial property rights, such as patents, designs and trademarks, the Yamaha Group generates numerous copyrighted works, mostly in the fields of sound and music. Music-related copyrights are of particular importance to Yamaha in terms of intellectual property. The Company takes steps to ensure their proper management and use, including legal action when necessary.

Brands

Yamaha has taken various initiatives to maintain and enhance the value of its brand. In 1986, the Company established regulations for Yamaha brand management, and also set up a Companywide brand management committee to maintain and improve brand value by ensuring appropriate use. In order to protect the Yamaha brand, the Company acquires trademarks in numerous product domains in every country.

Topics

Thomson Reuters Selects Yamaha as a Top 100 Global Innovator

THOMSON REUTERS TOP100 GLOBAL INNOVATOR

Yamaha received the Thomson Reuters 2011 Top 100 Global Innovators Award from Thomson Reuters Corporation, a global business data provider based in New York City. The award recognizes the world's top 100 innovators for invention excellence by analyzing intellectual property trends based on proprietary patent metrics developed by Thomson Reuters, and 2011 marks the inaugural year of the award.

Award recipients are selected based on four criteria derived from data on patent registration rates, portfolios in major markets, impact of patents based on how often they are subsequently cited, and patent volume.

In addition to satisfying every condition for the award, Yamaha earned a high score for global protection of its innovations.

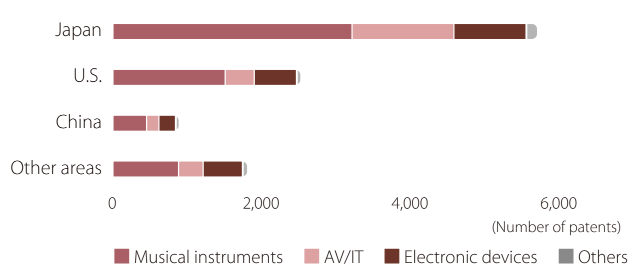
Anti-Counterfeiting Measures

In recent years, the number of cases of unauthorized third parties manufacturing and selling products under the Yamaha brand and producing counterfeit Yamaha designs has been increasing. Using government agencies and legal means, Yamaha has vigorously combated counterfeiting with growing success. Going forward, Yamaha plans to adopt a more aggressive legal approach, including litigation against infringers, to preserve its brand value and business and to retain consumer trust in the Yamaha brand.

Intellectual Property Management Systems

Corporate staff are assigned to the Intellectual Property Division to oversee the integrated management of all intellectual property held by the Yamaha Group. In addition, specialists responsible for intellectual property are assigned to each business and R&D division to ensure the Company's intellectual property strategy is integrated with its business and R&D strategies. These specialists work in close communication with the Intellectual Property Division to promote Yamaha's intellectual property strategy from both a Companywide and business domain perspective.

Patents Owned by Yamaha (As of March 31, 2012)



Main Networks

(As of July 1, 2012)

Overseas Network

Company name	Location
1 Yamaha Corporation of America	California, U.S.A.
2 Yamaha Commercial Audio Systems, Inc.	California, U.S.A.
3 Yamaha Music InterActive, Inc.	New York, U.S.A.
4 YMH Digital Music Publishing, LLC*1	New York, U.S.A.
5 Yamaha Artist Services, Inc.	New York, U.S.A.
6 Yamaha Canada Music Ltd.	Toronto, Canada
7 Yamaha de México, S.A. de C.V.	Mexico City, Mexico
8 Yamaha Music Latin America, S.A.	Panama City, Panama
9 Branch in Venezuela	Caracas, Venezuela
10 Branch in Argentina	Buenos Aires, Argentina
11 Yamaha Musical do Brasil Ltda.	São Paulo, Brazil
12 Yamaha Music Europe GmbH	Rellingen, Germany
13 Branch in France	Croissy-Beaubourg, France
14 Branch in Italy	Milan, Italy
15 Branch in Ibérica	Madrid, Spain
16 Branch in U.K.	Milton Keynes, U.K.
17 Branch in Scandinavia	Gothenburg, Sweden
18 Branch in Switzerland	Zurich, Switzerland
19 Branch in Austria	Vienna, Austria
20 Branch in Benelux	Vianen, Netherlands
21 Branch in Poland	Warsaw, Poland
22 Steinberg Media Technologies GmbH	Hamburg, Germany
23 Nexo S.A.	Plailly, France
24 L. Bösendorfer Klavierfabrik GmbH	Wiener Neustadt, Austria

Company name	Location
25 Yamaha KHS Music Co., Ltd.	Taipei, Taiwan
26 Yamaha Music & Electronics (China) Co., Ltd.	Shanghai, China
27 Yamaha Music Technical (Shanghai) Co., Ltd.	Shanghai, China
28 Yamaha Trading (Shanghai) Co., Ltd.	Shanghai, China
29 Yamaha Electronics (Suzhou) Co., Ltd.	Suzhou, China
30 Xiaoshan Yamaha Musical Instruments Co., Ltd.	Hangzhou, China
31 Hangzhou Yamaha Musical Instruments Co., Ltd.	Hangzhou, China
32 Tianjin Yamaha Electronic Musical Instruments, Inc.	Tianjin, China
33 Yamaha Music Korea Ltd.	Seoul, South Korea
34 Yamaha Music (Asia) Private Limited	Singapore
35 Yamaha Music (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia
36 Yamaha Electronics Manufacturing (M) Sdn Bhd	Chemor, Malaysia
37 PT. Yamaha Indonesia	East Jakarta, Indonesia
38 PT. Yamaha Music Manufacturing Indonesia	East Jakarta, Indonesia
39 PT. Yamaha Musik Indonesia (Distributor)	Central Jakarta, Indonesia
40 PT. Yamaha Music Manufacturing Asia	Bekasi, Indonesia
41 PT. Yamaha Musical Products Indonesia	Pasuruan, Indonesia
42 PT. Yamaha Electronics Manufacturing Indonesia	Pasuruan, Indonesia
43 Siam Music Yamaha Co., Ltd.*2	Bangkok, Thailand
44 Yamaha Music India Pvt. Ltd.*2	Gurgaon, India
45 Yamaha Music Gulf FZE	Dubai, U.A.E.
46 Yamaha Music (Russia) LLC.	Moscow, Russia
47 Yamaha Music Australia Pty. Ltd.	Melbourne, Australia

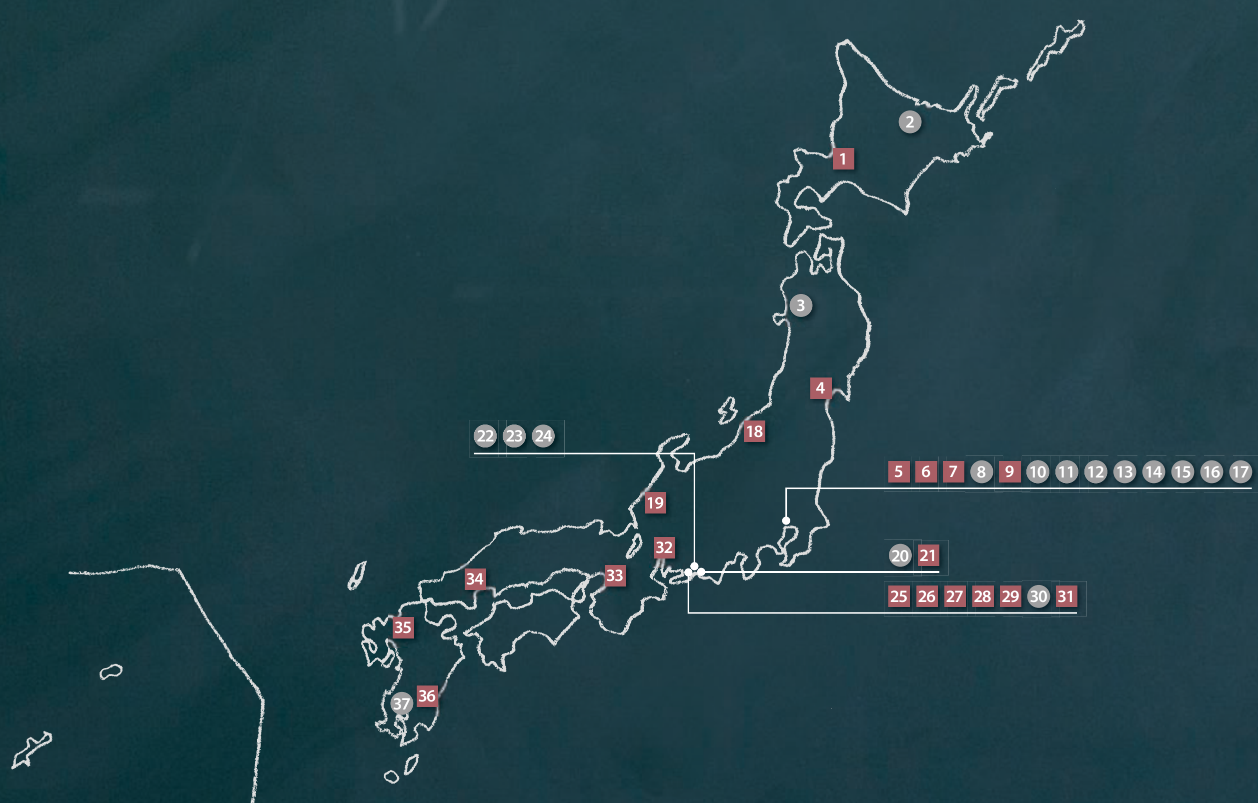
Domestic Network

Company name	Location
1 Yamaha Music Hokkaido Co., Ltd.	Sapporo, Hokkaido, Japan
2 Kitami Mokuzai Co., Ltd.	Mombetsu-gun, Hokkaido, Japan
3 Sakuraba Mokuzai Co., Ltd.	Kitaakita, Akita, Japan
4 Yamaha Music Tohoku Co., Ltd.	Sendai, Miyagi, Japan
5 Yamaha Music Tokyo Co., Ltd.	Chuo, Tokyo, Japan
6 Yamaha Hall Co., Ltd.*2	Chuo, Tokyo, Japan
7 Yamaha Music Trading Corporation	Chuo, Tokyo, Japan
8 Yamaha Sound Systems Inc.	Chuo, Tokyo, Japan
9 Yamaha Electronics Marketing Corporation	Minato, Tokyo, Japan
10 Yamaha Music Entertainment Holdings, Inc.	Shibuya, Tokyo, Japan
11 Yamaha Music Communications Co., Ltd.	Shibuya, Tokyo, Japan
12 Yamaha A&R, Inc.	Shibuya, Tokyo, Japan
13 Yamaha Music Artist, Inc.	Shibuya, Tokyo, Japan
14 Yamaha Music Publishing, Inc.	Shibuya, Tokyo, Japan
15 Yamaha Music and Visuals, Inc.	Shibuya, Tokyo, Japan
16 Yamaha Music Media Corporation	Toshima, Tokyo, Japan
17 Epicurus Corporation	Toshima, Tokyo, Japan
18 Yamaha Music Kanto Co., Ltd.	Niigata, Japan
19 Matsukiya Co., Ltd.	Fukui, Japan

Company name	Location
20 Yamanashi Kogei Co., Ltd.	Kakegawa, Shizuoka, Japan
21 Yamaha Resort Inc.	Kakegawa, Shizuoka, Japan
22 D.S. Corporation	Fukuroi, Shizuoka, Japan
23 Yamaha Music Craft Corporation	Iwata, Shizuoka, Japan
24 Yamaha Hi-Tech Design Corporation	Iwata, Shizuoka, Japan
25 Yamaha Piano Service Co., Ltd.	Hamamatsu, Shizuoka, Japan
26 Yamaha Credit Corporation	Hamamatsu, Shizuoka, Japan
27 Yamaha Music Lease Corporation	Hamamatsu, Shizuoka, Japan
28 Yamaha Business Support Corporation	Hamamatsu, Shizuoka, Japan
29 Yamaha Ai Works Co., Ltd.*2	Hamamatsu, Shizuoka, Japan
30 Yamaha Fine Technologies Co., Ltd.	Hamamatsu, Shizuoka, Japan
31 Yamaha Travel Service Co., Ltd.	Hamamatsu, Shizuoka, Japan
32 Yamaha Music Tokai Co., Ltd.	Nagoya, Aichi, Japan
33 Yamaha Music Osaka Co., Ltd.	Osaka, Japan
34 Yamaha Music Chushikoku Co., Ltd.	Hiroshima, Japan
35 Yamaha Music Kyushu Co., Ltd.	Fukuoka, Japan
36 Nishimuragakki Co., Ltd.	Miyazaki, Japan
37 Yamaha Kagoshima Semiconductor Inc.	Aira-gun, Kagoshima, Japan

*1 Equity-method affiliate
*2 Non-consolidated subsidiaries and affiliates

■ Sales companies, etc.
● Manufacturing/production companies, etc.



Investor Information

(As of March 31, 2012)

✱ Head Office
10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka
430-8650, Japan

✱ Date of Establishment
October 12, 1897

✱ Stated Capital
¥28,534 million

✱ Number of Employees (Consolidated)
28,191 (Includes average number of temporary employees: 8,497)

✱ Number of Consolidated Subsidiaries
72

✱ Account Settlement Date
March 31

✱ Dividends
Year-end: To the shareholders of record on March 31
Interim: To the shareholders of record on September 30

✱ Number of Shares of Common Stock
Authorized: 700,000,000
Issued: 197,255,025

✱ Stock Exchange Listing
Tokyo
First Section, Code No. 7951

✱ Administrator of Shareholders' Registry
The Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Department
3-15-33, Sakae, Naka-ku, Nagoya, Aichi 460-8685, Japan

✱ Depositary for American Depositary Receipt
Deutsche Bank Trust Company Americas
DR Exchange: OTC
Ticker Symbol: YAMCY
Ratio: 1 share of common stock = 1 ADR
U.S. Securities Code: 984627109
Type: Level 1 with sponsor bank

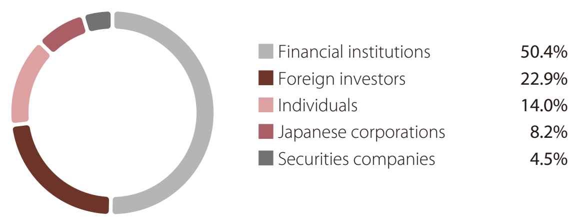
✱ Public Notices
Shall be issued electronically at http://jp.yamaha.com/ (only in Japanese), except when accident or other unavoidable occurrence prevents this, in which case they shall be released in the Nihon Keizai Shimbun business daily released in Tokyo.

✱ Ordinary General Shareholders' Meeting
June

✱ Accounting Auditors
Ernst & Young ShinNihon LLC

✱ Number of Shareholders
28,563

✱ Shareholder Composition (Number of shares)



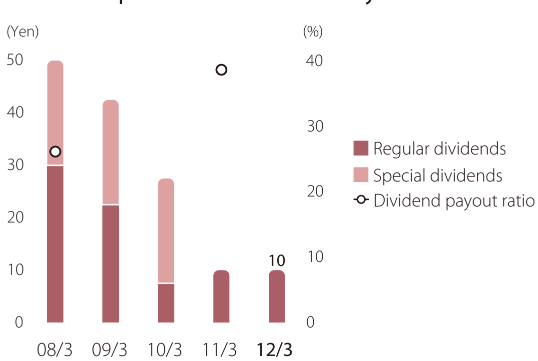
✱ Main Shareholders

	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust a/c)	5.92
The Master Trust Bank of Japan, Ltd. (trust a/c)	5.85
Yamaha Motor Co., Ltd.	5.33
Mizuho Bank, Ltd.	4.53
The Shizuoka Bank, Ltd.	4.31
Mitsui Sumitomo Insurance Co., Ltd.	4.14
Sumitomo Life Insurance Company	3.77
Nippon Life Insurance Company	3.35
Mizuho Corporate Bank, Ltd.	2.98
Japan Trustee Services Bank, Ltd. (trust a/c 9)	2.05

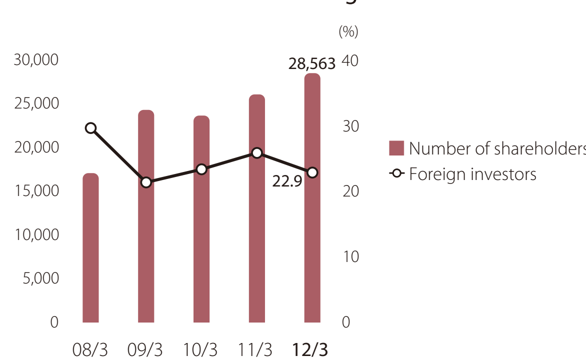
Note: The shareholding ratio is calculated by excluding treasury stock from total outstanding shares.

IR Contact	Corporate Planning Division TEL: +81 3 5488 6602 http://www.yamaha.com/

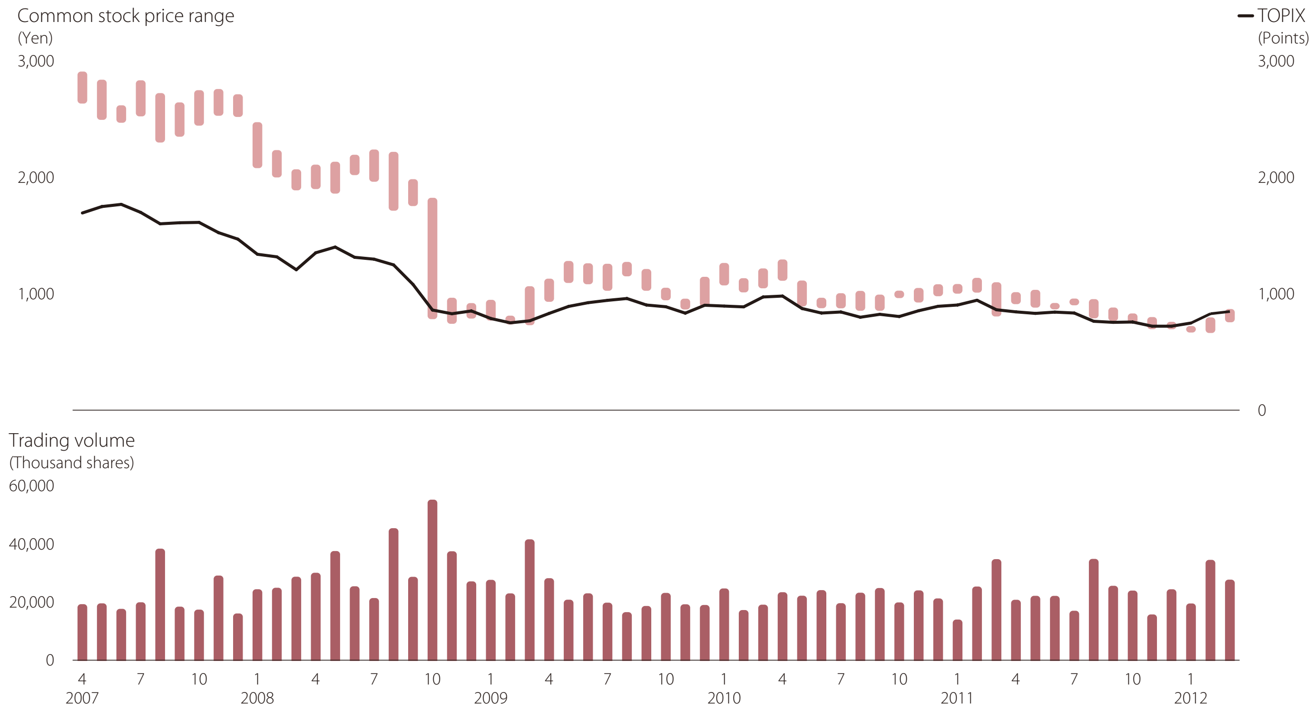
Dividends per Share / Dividend Payout Ratio



Number of Shareholders / Foreign Investors



Common Stock Price Range and Trading Volume

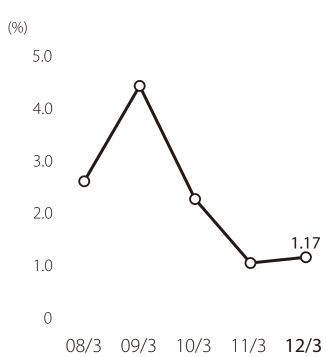


Fiscal year ended	08/3	09/3	10/3	11/3	12/3
Share price at the end of fiscal year (Yen)	1,906	957	1,207	943	**858**
Share price — high (Yen)	2,910	2,240	1,282	1,295	**1,034**
Share price — low (Yen)	1,889	730	865	805	**663**
Trading volume (Million shares)	277	403	252	280	**291**

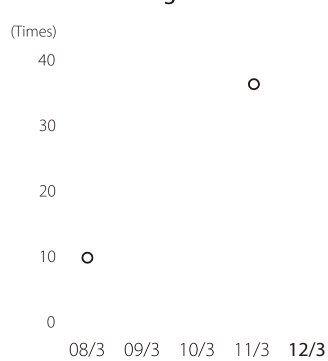
Fiscal year ended	08/3	09/3	10/3	11/3	12/3
Dividend yield (%)	2.62	4.44	2.28	1.06	**1.17**
Price to earnings ratio (Times)	9.9	—	—	36.4	**—**
Price to book value ratio (Times)	1.16	0.76	0.95	0.75	**0.82**
Number of shares issued (Thousand shares)	206,525	197,255	197,255	197,255	**197,255**
Market capitalization at the end of fiscal year (Millions of yen)	393,636	188,773	238,086	186,011	**169,244**
Percentage of shares owned by foreign investors (%)	29.7	21.4	23.4	25.9	**22.9**

A special dividend of ¥20 is included in the dividends per share from the years ended March 31, 2008 to March 31, 2010.

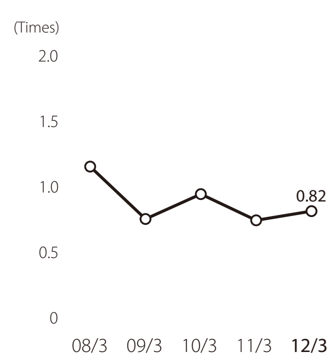
Dividend Yield



Price to Earnings Ratio



Price to Book Value Ratio



Management's Discussion and Analysis

Consolidated Financial Statements

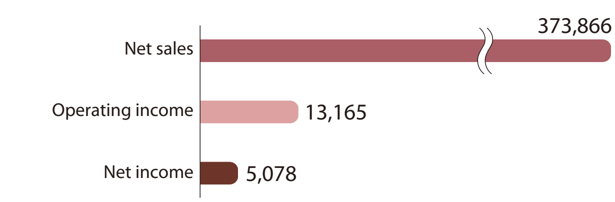
Fiscal 2012 Summary

- Sales and earnings in fiscal 2012 declined year on year
- The yen's sudden and steep appreciation had a major impact
- Operating income declined year on year due to a sluggish semiconductor business and parts procurement problems caused by the Great East Japan Earthquake
- A substantial loss was recorded from the reversal of deferred tax assets

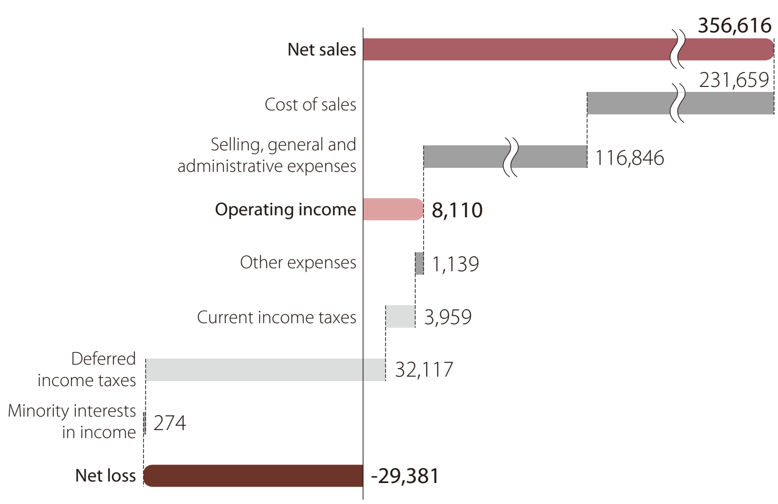
Consolidated Statements of Operations Summary

(Millions of yen)

Fiscal 2011



Fiscal 2012

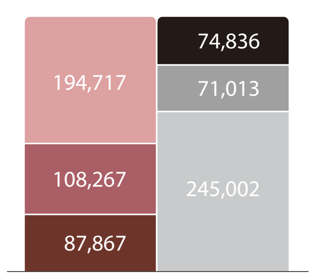


Consolidated Balance Sheets Summary

(Millions of yen)

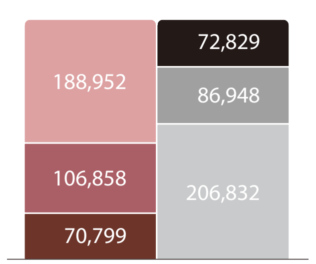
Fiscal 2011

Total assets
390,852



Fiscal 2012

Total assets
366,610



Current assets
Property, plant and equipment
Investments and other assets
Current liabilities
Noncurrent liabilities
Net assets

Eleven-Year Summary

Yamaha Corporation and consolidated subsidiaries

Years ended March 31	2002	2003	2004	2005
For the year:				
Net sales	¥ 504,406	¥ 524,763	¥ 539,506	¥ 534,079
Cost of sales	340,411	338,307	337,813	335,483
Gross profit	163,994	186,456	201,693	198,595
Selling, general and administrative expenses	152,951	154,413	156,637	162,899
Operating income	11,043	32,043	45,056	35,695
Income (loss) before income taxes and minority interests	(5,784)	22,612	47,456	33,516
Net income (loss)	(10,274)	17,947	43,541	19,697
Capital expenditures	16,627	16,883	21,160	22,702
Depreciation expenses	18,767	17,586	17,522	18,958
R&D expenses	22,539	22,441	22,503	22,953
Cash flows from operating activities	29,016	33,052	58,349	39,588
Cash flows from investing activities	(10,437)	(21,645)	(18,775)	(12,896)
Free cash flow	18,579	11,407	39,574	26,692
At year-end:				
Total assets	¥ 509,663	¥ 512,716	¥ 508,731	¥ 505,577
Total current assets	211,140	221,089	201,704	225,581
Total current liabilities	144,498	158,148	123,596	145,820
Interest-bearing liabilities	96,166	90,436	48,871	46,598
Net assets*2	201,965	214,471	259,731	275,200
Per share:				
Net income (loss)	¥ (49.75)	¥ 86.65	¥ 210.63	¥ 95.06
Net assets*2	978.15	1,040.06	1,259.28	1,334.51
Dividends*3	8.00	10.00	15.00	20.00
Key indicators:				
Operating income to net sales	2.2	6.1	8.4	6.7
ROE (Return on equity)*2	(5.2)	8.6	18.4	7.4
ROA (Return on assets)	(2.0)	3.5	8.5	3.9
Equity ratio*2	39.6	41.8	51.1	54.4
D/E ratio (Times)	0.48	0.42	0.19	0.17
Interest coverage (Times)	5.07	19.97	36.51	44.62
Current ratio	146.1	139.8	163.2	154.7
Dividend payout ratio	—	11.5	7.1	21.0

*1. U.S. dollar amounts are translated from yen at the rate of ¥82.19= U.S.$1.00, the approximate rate prevailing on March 31, 2012.

*2. Net assets, ROE (return on equity) and equity ratio were classified as shareholders' equity, ROE (return on shareholders' equity) and shareholders' equity ratio, respectively, until the year ended March 31, 2006.

*3. The dividends per share from the years ended March 2008 to March 2010 include a ¥20 special dividend.

						Millions of yen	%	Thousands of U.S. dollars*1
2006	2007	2008	2009	2010	2011	2012	2011/2012	2012
¥534,084	¥550,361	¥548,754	¥459,284	¥414,811	¥373,866	**¥356,616**	-4.6	$4,338,922
341,816	352,382	343,686	290,381	268,380	237,313	**231,659**	-2.4	2,818,579
192,267	197,980	205,066	168,902	146,431	136,553	**124,957**	-8.5	1,520,343
168,132	170,295	172,220	155,057	139,602	123,387	**116,846**	-5.3	1,421,657
24,135	27,685	32,845	13,845	6,828	13,165	**8,110**	-38.4	98,674
35,842	33,101	62,510	(12,159)	(201)	6,802	**6,971**	2.5	84,816
28,123	27,866	39,558	(20,615)	(4,921)	5,078	**(29,381)**	—	(357,477)
22,882	25,152	24,394	22,581	14,480	10,439	**11,337**	+8.6	137,936
18,944	19,956	20,289	17,912	14,139	12,814	**11,973**	-6.6	145,675
24,055	24,220	24,865	23,218	21,736	22,416	**22,819**	+1.8	277,637
25,510	39,732	37,225	(2,235)	39,870	22,646	**10,880**	-52.0	132,376
(18,104)	(22,427)	41,999	(25,999)	(12,711)	(9,740)	**(9,004)**	+7.6	(109,551)
7,406	17,305	79,225	(28,234)	27,159	12,906	**1,875**	-85.5	22,813

¥519,977	¥559,031	¥540,347	¥408,974	¥402,152	¥390,852	**¥366,610**	-6.2	$4,460,518
209,381	231,033	275,754	202,097	193,260	194,717	**188,952**	-3.0	2,298,966
117,047	136,656	120,174	90,050	75,182	74,836	**72,829**	-2.7	886,105
28,474	25,551	21,036	19,192	15,017	11,838	**11,295**	-4.6	137,425
316,005	351,398	343,028	251,841	254,591	245,002	**206,832**	-15.6	2,516,511

						Yen		U.S. dollars
¥ 136.04	¥ 135.19	¥ 191.76	¥ (103.73)	¥ (24.95)	¥ 25.90	**¥ (151.73)**		$(1.85)
1,532.62	1,680.91	1,646.44	1,262.42	1,276.35	1,250.06	**1,052.01**		12.80
20.00	22.50	50.00	42.50	27.50	10.00	**10.00**		0.12

						%
4.5	5.0	6.0	3.0	1.6	3.5	**2.3**
9.5	8.4	11.5	(7.0)	(2.0)	2.1	**(13.2)**
5.5	5.2	7.2	(4.3)	(1.2)	1.3	**(7.8)**
60.8	62.0	62.9	60.9	62.6	61.9	**55.6**
0.09	0.07	0.06	0.08	0.06	0.05	**0.05**
36.89	47.83	34.56	26.74	16.88	40.38	**31.84**
178.9	169.1	229.5	224.4	257.1	260.2	**259.4**
14.7	16.6	26.1	—	—	38.6	**—**

Overview

Economic Environment

In fiscal 2012, ended March 31, 2012, with slow economic recovery in the United States, an economic downturn triggered by the debt crisis in southern Europe from the summer of 2011, and other factors, developed markets continued to face economic uncertainty. Signs of slower economic growth were seen in some emerging markets including China. Although production and consumer spending, which had declined after the Great East Japan Earthquake, were on track to recovery, the Japanese economy continued to face adverse conditions, as lackluster business performance and the yen's record-high appreciation had a major negative impact on corporate earnings.

Business Environment for the Yamaha Group

In fiscal 2012, parts procurement problems following the Great East Japan Earthquake of March 2011 hindered our ability to supply products, primarily digital musical instruments, to markets. The early autumn floods in Thailand also had a negative impact on AV product sales. In addition to the economic adversity caused by slow economic recovery in North America, the slowdown in European markets, and the yen's record-high appreciation, we continued to face extreme difficulties in the electronic devices market due to flagging demand for sound generator LSIs for mobile phones, a slowly rebounding semiconductor market for amusement equipment, and the slow sales of manufacturing customers.

Business Performance Summary

Faced with a harsh business environment in fiscal 2012, the Yamaha Group took steps to minimize the effects of parts procurement problems on digital musical instruments, professional audio equipment, and on AV products. Despite these problems, the Group made every possible effort to ensure its products reached the market. In emerging markets including China, a growth market for Yamaha, we launched products tailored to local needs and preferences, and aggressively expanded our sales network, and increased the number of Yamaha Music Schools. We implemented manufacturing structural reforms by first completing the integration of our Japan piano manufacturing bases in 2011. After that we finished the integration of our Japan wind instrument manufacturing bases.

As a result, net sales in fiscal 2012 slipped 4.6%, year on year, to ¥356,616 million, due to declining revenue in all segments including musical instruments. Operating income was also down 38.4%, to ¥8,110 million. In addition, a net loss of ¥29,381 million was recorded (compared with net income of ¥5,078 million in fiscal 2011) on an increase in income taxes deferred following the reversal of deferred tax assets. The reason for the reversal of deferred tax assets was that for Yamaha's nonconsolidated retained loss for both fiscal years ended March 31, 2009 and March 31, 2010, the taxable income that could be eliminated within the carry over time limit would not be fully expected. After carefully examining the recoverability of deferred tax assets, Yamaha and its consolidated subsidiaries, which apply consolidated tax accounting, reversed a total of ¥32,057 million in deferred tax assets.

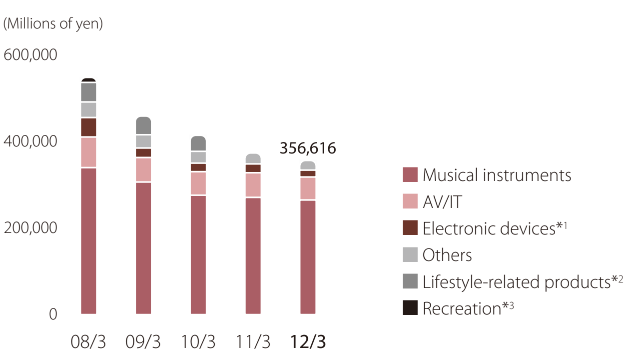
Analysis of Management Performance

Net Sales

¥356,616 million **-4.6%**

Net sales in fiscal 2012 decreased by ¥17,249 million, or 4.6%, to ¥356,616 million. Net sales came in approximately ¥12,800 million below our initial target. This was attributable to a number of factors including a sales decline of ¥10,300 million caused by foreign currency effects, parts procurement difficulties, mainly for digital musical instruments, stemming from the Great East Japan Earthquake, product supply delays, production cutbacks by customers that manufacture electronic parts and interior wood components for automobiles, and the effects of flooding in Thailand on AV product sales.

Sales by Segment



*1. Following the handover of the electronic metal products business, the electronic equipment and metal products segment was renamed the electronic devices segment starting from the year ended March 31, 2009.

*2. Following the handover of the lifestyle-related products business on March 31, 2010, this segment has been excluded from consolidation from the year ended March 31, 2011.

*3. Following the handover of a portion of the resort facilities, figures of the others segment from the year ended March 31, 2009 include that of the recreation segment. The magnesium molded parts business was terminated as of March 31, 2010.

Sales by Region

Fiscal 2012 sales in Japan declined ¥12,468 million, or 6.9%, year on year, to ¥167,105 million. Piano and wind instruments sales were firm, but AV products and commercial online karaoke equipment sales were down due to the Great East Japan Earthquake's effects. Sales in the electronic devices segment declined sharply owing to a late pick up of graphics controller LSIs used in amusement equipment.

Outside of Japan, sales decreased by ¥4,781 million, or 2.5%, year on year, to ¥189,511 million. The Chinese market maintained its high growth rate, while sales in other areas, especially emerging markets, were also strong. Nevertheless, sales declined on the back of the late recovery of the North American market and Europe's economic downturn triggered by the sovereign debt crisis in southern Europe. Another factor contributing to the sales decrease was the yen's rapid and drastic appreciation. The ratio of overseas sales to net sales was 1.1 percentage points higher than in fiscal 2011, rising from 52.0% to 53.1%.

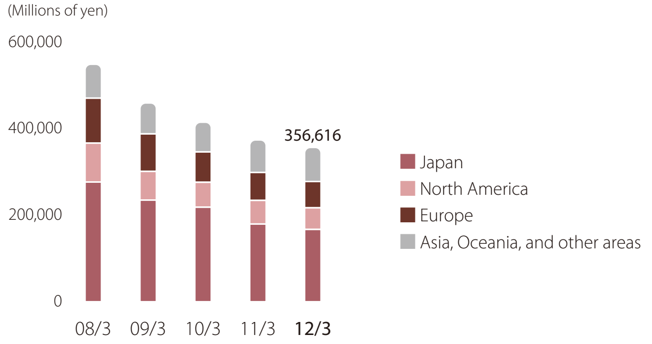
By region, sales in North America were down ¥4,712 million, or 8.6%, year on year, to ¥49,922 million. The decline in sales of AV and other products due to intense competition, along with the almost ¥4,000 million decrease from foreign currency translation effects, resulted in a sales decrease of only ¥700 million, or 1.4%, if we exclude foreign currency effects.

In Europe, sales declined ¥3,855 million, or 6.0%, to ¥60,822 million. Nearly ¥2,300 million of this decrease was caused by foreign currency translation effects. Although piano sales were brisk, even under the adverse economic conditions, sales of digital musical instruments, especially portable keyboards, as well as professional audio equipment declined, resulting in a sales decrease of ¥1,600 million, or 2.5%, in real terms.

Sales in Asia, Oceania and other areas increased by ¥3,787 million, or 5.1%, year on year, to ¥78,766 million. China maintained double-digit growth, especially in pianos, with sales in other areas also strong. Excluding the approximately ¥4,000 million decline from foreign currency effects, sales increased in real terms by roughly ¥7,800 million, or 10.9%, year on year.

Sales by Region

(Millions of yen)



Cost of Sales and Selling, General and Administrative Expenses

The cost of sales in fiscal 2012 decreased ¥5,654 million, or 2.4%, to ¥231,659 million. The cost of sales decrease was attributable to declining production and shipments, the appreciating yen, and other factors. The cost of sales ratio increased by 1.5 percentage points compared to the previous fiscal year, from 63.5% to 65.0%.

Gross profit decreased by ¥11,595 million, or 8.5%, year on year, to ¥124,957 million. The gross profit ratio declined by 1.5 percentage points compared to the previous fiscal year, from 36.5% to 35.0%.

Selling, general and administrative (SG&A) expenses decreased by ¥6,540 million, or 5.3%, to ¥116,846 million. Advertising expenses and sales promotion expenses declined ¥1,347 million, or 8.4%, from ¥16,063 million to ¥14,716 million. Personnel expenses also declined ¥2,549 million, or ¥4.4%, from ¥57,927 million to ¥55,378 million. The ratio of SG&A expenses to net sales decreased by 0.2 of a percentage point, to 32.8%. Excluding the approximately ¥2,200 million in foreign currency translation effects due to the strong yen, SG&A expenses were down by about ¥4,400 million in real terms.

Major Items Included in Selling, General and Administrative Expenses

	Millions of yen		%
	11/3	12/3	Change
Sales commissions	1,358	1,263	–7.0
Transport expenses	10,705	10,934	+2.1
Advertising expenses and sales promotion expenses	16,063	14,716	–8.4
Allowance for doubtful accounts	106	53	–50.0
Provision for product warranties	1,656	734	–55.7
Provision for retirement benefits	5,299	4,916	–7.2
Salaries and benefits	52,628	50,462	–4.1
Rent	3,469	3,395	–2.1
Depreciation and amortization	3,744	3,270	–12.7

Operating Income

¥8,110 million **-38.4%**

Operating income in fiscal 2012 dropped ¥5,055 million, or 38.4%, year on year, to ¥8,110 million. The decrease was largely due to substantially lower earnings, mainly of digital musical instruments, in the mainstay musical instruments segment in the aftermath of the Great East Japan Earthquake, as well as the recording of an operating loss in the electronic devices segment, compared with last year's operating income. Positive factors included lower SG&A expenses, restructuring effects (approx. ¥500 million) resulting from piano manufacturing base integration, and an interest gain (approx. ¥600 million) on retirement benefit obligations. However, these were outweighed by such negatives as currency translation effects due to the strong yen (approx. ¥2,700 million), rising raw material prices (approx. ¥1,700 million), expense increases (approx. ¥600 million) owing to domestic wind instrument manufacturing base integration, which resulted in a substantial operating income decline.

Non-Operating Income and Expenses

Non-operating income in fiscal 2012 was ¥2,710 million, an increase of ¥271 million compared with ¥2,439 million in the previous fiscal year. Of this amount, interest and dividend income increased ¥587 million, or 58.2%, to ¥1,598 million, compared with ¥1,010 million in the previous fiscal year, due largely to dividend income received from Yamaha Motor Co., Ltd. Other non-operating income decreased ¥316 million, or 22.1%, year on year, from ¥1,428 million to ¥1,112 million. This amount includes an expense of ¥438 million in compensation for the transfer of stores of the domestic musical instrument sales subsidiary.

Non-operating expenses were down ¥1,067 million, or 23.0%, year on year, to ¥3,566 million, compared with ¥4,633 million in the previous fiscal year. Of this amount, interest expenses decreased ¥46 million, or 13.3%, year on year, from ¥351 million to ¥304 million. Sales discounts given for early payment declined from ¥2,349 million to ¥2,153 million, a decrease of ¥195 million, or 8.3%, year on year.

Other non-operating expenses were down from ¥1,932 million to ¥1,107 million, a decrease of ¥824 million, or 42.7%. Of these, foreign exchange losses decreased ¥545 million, or 45.1%, year on year, from ¥1,207 million to ¥662 million.

Extraordinary Income and Loss

Extraordinary income in fiscal 2012 dropped ¥347 million, or 35.1%, year on year, from ¥988 million to ¥640 million. Of this amount, gain on sales of property, plant and equipment decreased ¥40 million, or 17.6%, from ¥231 million to ¥190 million. Gain on liquidation of subsidiaries increased ¥427 million, from ¥21 million to ¥448 million.

Extraordinary loss was down ¥4,231 million, or 82.1%, from ¥5,157 million, to ¥925 million. Fiscal 2011's extraordinary loss was due to the recording of a loss on impairment of fixed assets of ¥2,687 million and a loss on valuation of investment securities of ¥1,563 million. Loss on retirement of property, plant and equipment amounted to ¥298 million, a decrease of ¥140 million, or 32.0%, compared with ¥438 million in fiscal 2011.

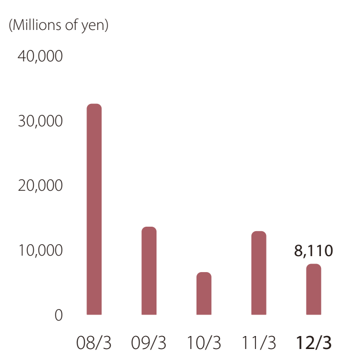
Income before Income Taxes and Minority Interests

Income before income taxes and minority interests in fiscal 2012 came to ¥6,971 million, an improvement of ¥168 million, or 2.5%, year on year, from ¥6,802 million in the previous fiscal year. The ratio of income before income taxes and minority interests to net sales increased from 1.8% to 2.0%, a year-on-year improvement of 0.2 of a percentage point.

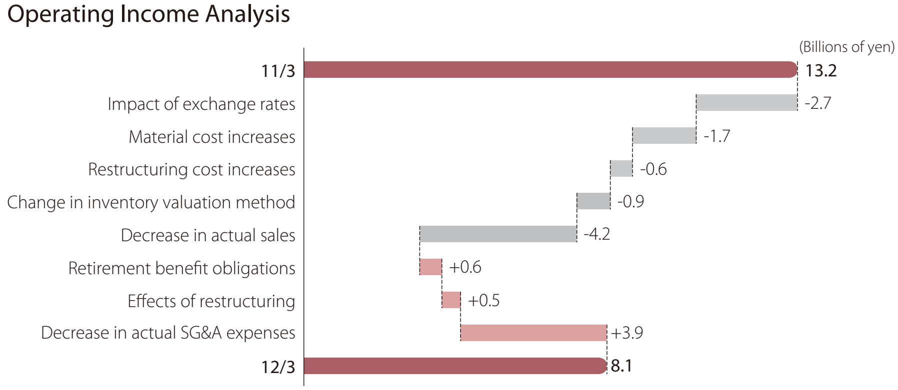
Current Income Taxes and Deferred Income Taxes

Current income taxes and deferred income taxes in fiscal 2012 increased ¥34,717 million year on year, to ¥36,077 million, compared with ¥1,359 million in the previous fiscal year. This was primarily due to an increase in income taxes deferred following the reversal of deferred tax assets.

Operating Income



Operating Income Analysis



Minority Interests in Income

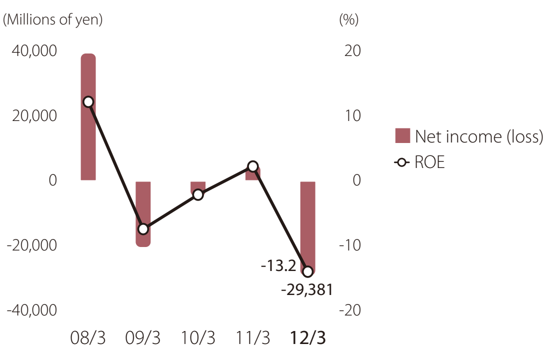
In fiscal 2012, minority interests in income dropped ¥89 million, or 24.7%, year on year, from ¥364 million to ¥274 million.

Net Loss

–¥29,381 million —

As a result of the foregoing, the Company recorded a net loss in fiscal 2012 of ¥29,381 million, a ¥34,460 million reversal from the net income of ¥5,078 million in the previous fiscal year. The net loss per share was ¥151.73, compared with a net income per share of ¥25.90 in fiscal 2011.

Net Income (Loss) / ROE



Fluctuation in Foreign Exchange Rates and Risk Hedging

Yamaha conducts business operations on a global scale with a focus on musical instruments. As such, the Company's business structure is relatively vulnerable to the effects of fluctuations in foreign currency exchange rates. The Company's consolidated financial statements are affected by foreign currency translation effects stemming from the risks associated with currency translations and transactions denominated in those currencies, including the U.S. dollar, the euro, the Canadian dollar, the Australian dollar, and the Chinese yuan. Of these risks, currency translation risks are only incurred when consolidated subsidiaries translate their financial statements for a specified period or on a specified date into Japanese yen. Transaction-related risks are incurred when earnings and expenses and/or assets and liabilities are denominated in different currencies. For this reason, only transaction related risks are subject to risk hedges. Specifically, U.S. dollar-related currency fluctuation risks are hedged by marrying risk associated with dollar receipts from export sales with risk associated with dollar payments for imported products. The Company hedges the value of risks associated with the euro and the Canadian and Australian dollars by projecting related export revenues and purchasing relevant three-month currency forwards.

Sales at overseas consolidated subsidiaries are calculated using the average exchange rates recorded during the year. On this basis, in fiscal 2012, the yen appreciated ¥7 against the U.S. dollar compared with the previous year, to ¥79 per U.S.$1. The year-on-year effect of this change was a decrease of approximately ¥5,400 million in sales. The yen appreciated ¥4 against the euro year on year, for an average exchange rate of ¥109 to €1, resulting in a decrease of roughly ¥2,300 million in sales. Overall, the net effect on sales of foreign exchange rate movements, including the downward effect of approximately ¥2,500 million in fluctuations of the yen against such other currencies as the Canadian and Australian dollars, was a decline of around ¥10,300 million compared with fiscal 2011.

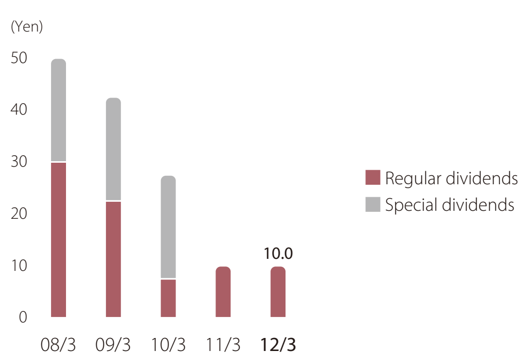
In operating income, for the U.S. dollar, benefits from the aforementioned marriage of risks related to the currency enabled the Company to largely hedge the effects of currency exchange rates stemming from fluctuations in settlement rates. However, the translation of operating income figures by overseas subsidiaries caused income to decline by approximately ¥700 million. The average settlement rate against the euro was ¥112 to €1, an appreciation of ¥3, resulting in an approximately ¥1,200 million decline in operating income. Including the approximately ¥800 million currency translation effects of currencies other than the U.S. dollar and the euro against the yen, the net effect on operating income of exchange rate movements was a decline of roughly ¥2,700 million compared with the previous fiscal year.

Dividends

¥10.0

In fiscal 2012, a regular dividend of ¥10 was paid, the same as in fiscal 2011.

Dividends per Share



Review of Operations

Musical Instruments

Sales

¥265,089 million -2.2%

Operating Income

¥7,713 million -10.5%

Fiscal 2012 Performance Overview

Sales in fiscal 2012 decreased ¥6,035 million, or 2.2%, year on year, to ¥265,089 million. Excluding declines resulting from foreign currency effects (approximately ¥8,000 million), net sales increased in real terms by roughly ¥2,000 million, or 0.8%, year on year.

Operating income was down ¥902 million, or 10.5%, year on year, from ¥8,616 million to ¥7,713 million.

Review by Major Products

Piano sales in Japan were largely in line with those of the previous fiscal year, due to the smaller-than-expected market impact of the earthquake disaster, and brisk sales of overseas-built upright pianos launched in Japan for the first time in fiscal 2011. In North America, sales of moderately-priced pianos were slow, but high value-added products such as grand pianos were strong. In Europe, sales in the key market of Germany and in surrounding countries increased, resulting in overall growth for the market. Sales in China were up 20% on a local currency basis, while sales in other regions were also strong, growing in double digits.

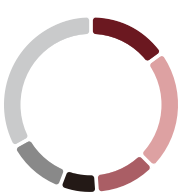
Digital musical instrument sales were down, especially in North America and Europe, as parts procurement problems caused by the earthquake disaster hindered our ability to supply products to markets. The disaster also affected the manufacture of key models. Still, Yamaha was able to surmount this problem by changing specifications to accommodate replacement parts. As a result, sales of digital musical instruments as a whole were largely unchanged from the previous fiscal year on a local currency basis.

Wind instrument sales were up in real terms in all markets excluding Europe. Sales of string and percussion instruments, especially electric acoustic guitars and guitar amplifiers, were up in China and other regions.

Sales of professional audio equipment were on track to recovery from last year's slump and exceeded fiscal 2011 sales on a local currency basis, though the adverse effects of budget cuts on facilities continues in some regions.

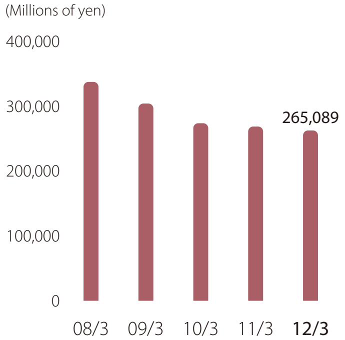
In the music entertainment business, sales were down on lackluster performance in music distribution and publishing. Revenue from music and English language schools were largely unchanged from the previous fiscal year.

Fiscal 2012 Sales by Product Category

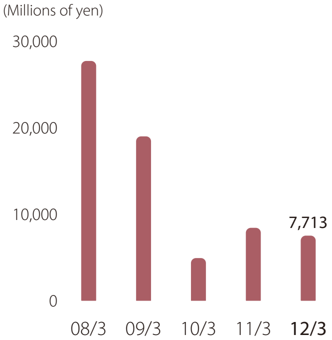


Pianos	15.2%
Digital musical instruments	22.3%
Wind instruments	11.4%
String and percussion instruments	7.2%
Professional audio equipment	10.9%
Music schools, etc.	33.0%

Sales

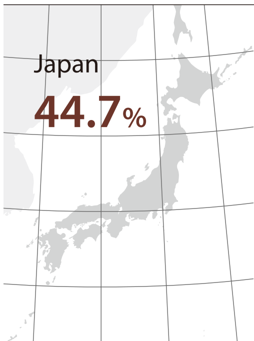


Operating Income



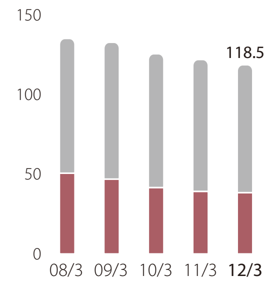
Review by Region

Percentage of Sales by Region | Market Trends and Fiscal 2012 Performance | Sales by Region (Billions of yen)



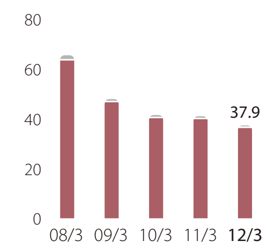
Japan
44.7%

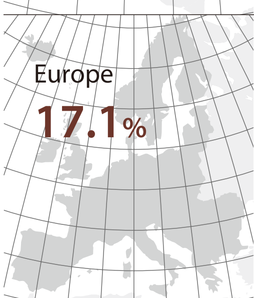
* Demand for musical instruments in Japan has been declining steadily. An example of this trend is the drastic reduction in the market for acoustic pianos over the past three decades. The high piano ownership rate and low birthrate are both responsible for this trend.
* Due to the economic slowdown, on the whole, consumers continued to show both a reluctance to buy and a preference for lower-priced products. Relatively unaffected by the earthquake disaster, piano sales as a whole were largely unchanged thanks in part to brisk sales of offshore manufactured upright pianos launched in the second half. Digital musical instrument sales surpassed those of the previous fiscal year, despite the earthquake disaster's lingering effects. Amid fears of lower consumption in the earthquake's aftermath, wind instrument sales were up on the back of reconstruction demand and other factors, but Electone™ and content business sales were down. As a result, domestic sales declined overall.



North America
14.3%

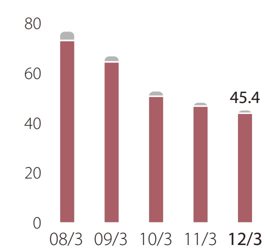
* Guitars and drums account for one-third of the U.S. musical instrument market, making this a market clearly oriented toward hobbies and entertainment. The market rebounded modestly and sales, which were under adverse conditions through the third quarter, turned around in the fourth quarter and increased over the same period of the previous year.
* Overall, piano sales declined year on year, but sales of grand pianos and other products increased thanks to effective marketing efforts at music institutions. Wind instrument sales fared well on steady demand for instrument rentals and professional audio equipment sales were firm in the second half following the release of new professional audio equipment. Nevertheless, digital musical instrument sales were down due to the earthquake disaster's negative effect on product supply, resulting in a decrease in overall sales in North America.





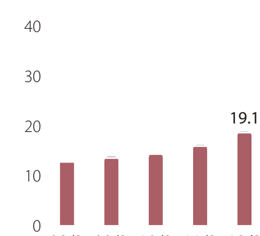
Europe
17.1%

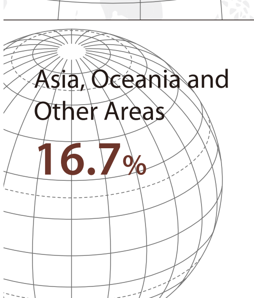
* In Europe, while each country has its own musical tastes and demand trends vary from country to country, the musical instruments market grew increasingly uncertain as a whole due to the economic slowdown triggered by the debt crisis in southern Europe from the summer of 2011.
* By country and region, demand was strong in Germany and surrounding countries, but the United Kingdom and southern Europe continued to face difficulties. Despite the adverse market environment, unit sales of pianos in Germany and surrounding countries grew, as revenue increased in real terms year on year. However, digital musical instrument revenue declined year on year, reflecting the economic slowdown, product supply delays, and other factors. Sales also declined in Europe as a whole.



China
7.2%

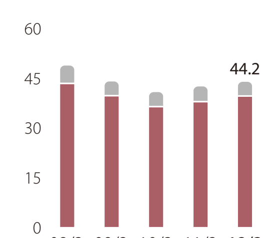
* China's musical instrument's market is distinctive, with acoustic piano sales accounting for more than half of its market. Sales of digital musical instruments and wind, string and percussion instruments also grew substantially, despite their still limited market size.
* Sales of pianos, digital pianos and portable keyboards increased, with piano growth 20% in real terms. While the expansion of our sales network in second- and third-tier cities is going well, in large cities in coastal regions, we expanded our in-store displays for middle- to high-end products, and signed contracts with multiple distributors in those regions. These efforts have had a positive effect and sales have increased in China.





Asia, Oceania and Other Areas
16.7%

* The musical instrument markets in key emerging countries continued to grow, with double-digit growth of digital musical instruments, pianos, and guitars in Russia and India, and steady growth in Indonesia, Thailand, and South America including Brazil.
* Pianos, portable keyboards and string and percussion instruments, especially guitars, also sustained high growth in double digits. Professional audio equipment also fared well, as sales increased in emerging markets overall.



■ Yamaha musical instruments hardware products
■ Music schools, etc.

AV/IT

Sales

¥53,165 million -6.8%

Operating Income

¥2,872 million +12.7%

Fiscal 2012 Performance Overview

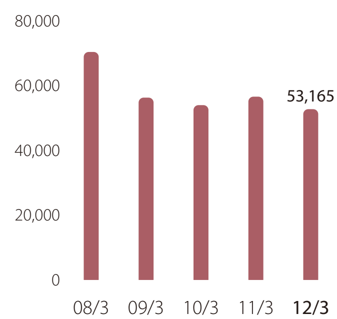
Sales in fiscal 2012 decreased ¥3,858 million, or 6.8%, to ¥53,165 million. Excluding declines resulting from foreign currency translation effects (approximately ¥1,900 million), sales decreased in real terms by roughly ¥1,900 million, or 3.5%, year on year.

AV products sales were down in Japan due to lower flat panel TV sales, as well as in the key markets of North America. Although sales were up in other regions, they were down year on year overall. Strong initial sales of commercial online karaoke equipment, launched in the second half of fiscal 2011, have faded and sales have decreased on inventory adjustments following the earthquake disaster. Router sales increased on the back of large project orders from companies and public institutions.

Operating income climbed ¥324 million, or 12.7%, from ¥2,547 million to ¥2,872 million, thanks to higher gross sales margins and lower SG&A expenses.

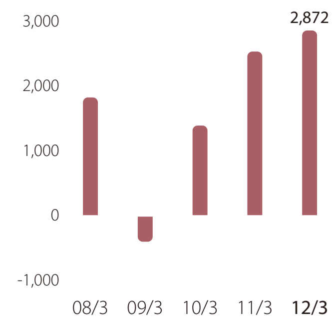
Sales

(Millions of yen)



Operating Income (Loss)

(Millions of yen)



Electronic Devices

Sales

¥16,233 million -21.2%

Operating Loss

–¥2,913 million —

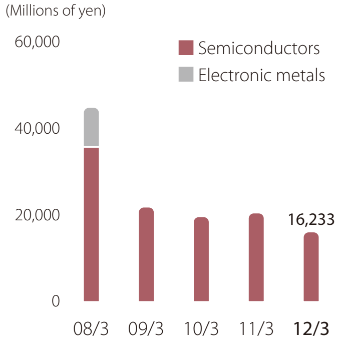
Fiscal 2012 Performance Overview

Sales in fiscal 2012 decreased ¥4,377 million, or 21.2%, year on year, to ¥16,233 million. Sales of sound generator LSIs for mobile phones continued to lose ground and the accelerating shift to smart phones led to a major sales decline. Though improvement had been expected, sales of graphic controller LSIs used in amusement equipment were also down due to late recovery. Moreover, even though unit sales of geomagnetic sensors, which are increasingly in demand for use in smart phones, have increased, revenue was down due to declining unit sales prices. As a result, sales for nearly every application declined.

The electronic devices segment posted an operating loss of ¥2,913 million, a reversal of ¥3,424 million from the operating income of ¥510 million in the previous fiscal year.

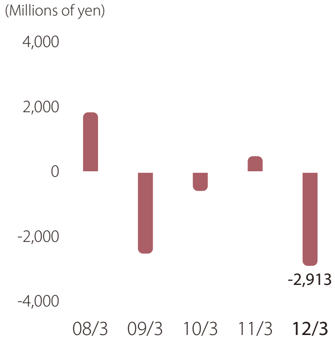
Sales

(Millions of yen)



Operating Income (Loss)

(Millions of yen)



Others

Sales

¥22,128 million **-11.9%**

Operating Income

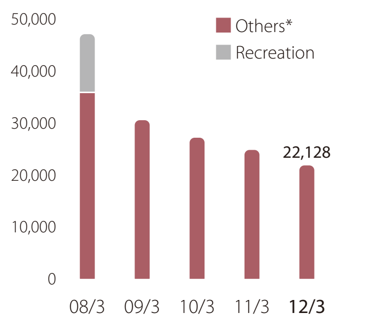
¥437 million **-70.6%**

Fiscal 2012 Performance Overview

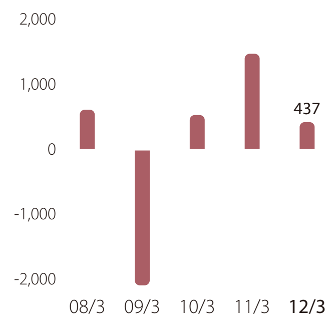
Sales in fiscal 2012 decreased ¥2,979 million, or 11.9%, year on year, to ¥22,128 million. As the dominant market players continued to assume greater market control, golf product sales in Japan were down year on year, despite the launching of new products. Sales in overseas markets decreased on lower sales in the key market of South Korea, currency translation effects, and other factors, leading to a decline in overall sales.

Sales in the automobile interior wood components business were down due to automaker production cutbacks following the Great East Japan Earthquake. Despite brisk sales of printed circuit board-related devices from smart phone and tablet PC growth, sales in the factory automation (FA) business declined overall as manufacturers delayed their investment decisions about our leak tester. In the recreation business, sales were down due to the effects of the earthquake disaster in the first half.

Operating income dropped ¥1,052 million, or 70.6%, year on year, from ¥1,490 million to ¥437 million.



* Following the handover of a portion of the resort facilities, figures of the others segment from the year ended March 31, 2009 include that of the recreation segment. The magnesium molded parts business was terminated as of March 31, 2010.



Key Business Indicators

Years ended March 31	2008	2009	2010	2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Sales						
Musical instruments	¥340,021	¥306,630	¥276,252	¥271,124	**¥265,089**	$3,225,319
AV/IT	70,814	56,722	54,409	57,023	**53,165**	646,855
Electronic devices	45,000	21,975	19,745	20,610	**16,233**	197,506
Others	47,397	30,833	27,461	25,108	**22,128**	269,230
Operating income (loss)						
Musical instruments	¥ 27,924	¥ 19,198	¥ 5,117	¥ 8,616	**¥ 7,713**	$ 93,844
AV/IT	1,839	(410)	1,405	2,547	**2,872**	34,943
Electronic devices	1,863	(2,536)	(606)	510	**(2,913)**	(35,442)
Others	628	(2,100)	546	1,490	**437**	5,317
Capital expenditures						
Musical instruments	¥ 16,472	¥ 14,793	¥ 11,663	¥ 8,008	**¥ 8,251**	$ 100,389
AV/IT	2,009	1,451	1,348	1,044	**1,059**	12,885
Electronic devices	2,435	3,247	659	921	**736**	8,955
Others	2,828	2,082	284	464	**1,290**	15,695
Depreciation expenses						
Musical instruments	¥ 10,156	¥ 10,042	¥ 9,511	¥ 9,678	**¥ 9,065**	$ 110,293
AV/IT	1,794	1,631	1,436	1,361	**1,248**	15,184
Electronic devices	4,618	3,326	981	900	**976**	11,875
Others	2,656	1,889	1,323	873	**684**	8,322
R&D expenses						
Musical instruments	¥ 11,597	¥ 10,780	¥ 9,910	¥ 11,557	**¥ 12,704**	$ 154,569
AV/IT	5,087	5,257	5,605	5,752	**4,898**	59,594
Electronic devices	5,387	4,474	3,630	3,931	**3,979**	48,412
Others	1,440	1,809	1,661	1,174	**1,237**	15,050

For more detailed information, please refer to Financial Data 2012.

Analysis of Financial Position

Financing Policy

The Yamaha Group obtains working capital to fund its business activities and finances its business expansion primarily from cash-on-hand, operating cash flows and bank loans.

Yamaha's basic financing policy is to procure stable, low-cost funding while preserving sufficient liquidity.

The Company tries to ensure that liquidity on hand is equivalent to approximately one month of consolidated net sales, a figure covered by the ¥52,103 million in cash and deposits recorded as of March 31, 2012.

In principle, each subsidiary has been responsible for meeting its own requirements with respect to fund procurement. When necessary, however, Yamaha Corporation takes part in bank negotiations on a subsidiary's behalf. Should surplus funds become available at subsidiaries in Japan, these funds are loaned to Yamaha Corporation in an effort to promote efficient fund utilization for the entire Group. Moreover, a cash management system has been adopted for certain subsidiaries. Beginning from the fiscal year ending March 31, 2013, efficient fund utilization is carried out for the entire Group.

Furthermore, the Company commissions long-term preferred debt rating assessments from credit rating agencies each year to facilitate smooth fund procurement from capital markets. The latest published ratings are shown below.

Ratings

Rating agency	Long-term preferred debt rating
Rating and Investment Information, Inc. (R&I)	A (stable)
Japan Credit Rating Agency, Ltd. (JCR)	A+ (stable)

* As of March 31, 2012

Total Assets

¥366,610 million **-6.2%**

Total assets as of March 31, 2012 amounted to ¥366,610 million, a decrease of ¥24,241 million, or 6.2%, from the previous fiscal year-end figure of ¥390,852 million. Of this amount, current assets totaled ¥188,952 million, down ¥5,764 million, or 3.0%, from the previous year-end figure of ¥194,717 million. Property, plant and equipment came to ¥177,658 million, a decrease of ¥18,476 million, or 9.4%, from the previous fiscal year-end figure of ¥196,134 million.

Current Assets

Current assets as of March 31, 2012 totaled ¥188,952 million, down ¥5,764 million, or 3.0%, from the end of the previous fiscal year. This was attributable to increases in inventories and short-term investment securities, which were outweighed by decreases in cash and deposits, notes and accounts receivable–trade, deferred tax assets, and other items.

Cash and deposits decreased ¥5,107 million, or 8.9%, year on year, to ¥52,103 million. Notes and accounts receivable–trade (after deduction of allowance for doubtful accounts) declined by ¥620 million, or 1.4%, to ¥44,468 million. Short-term investment securities jumped ¥2,739 million, or 139.8%, to ¥4,699 million, due mainly to the increase of negotiable certificates of deposit. Inventories increased ¥5,486 million, or 7.7%, to ¥77,146 million. This figure includes a decrease of roughly ¥1,400 million due to currency translation effects. Excluding this factor, inventories increased by about ¥6,900 million, or 9.6%, in real terms. Musical instrument inventories in particular increased mainly due to higher digital musical instrument inventories caused by production delays after the Great East Japan Earthquake and the stockpiling of inventories for the beginning of the next fiscal period. Deferred tax assets declined by ¥6,537 million, or 77.9% from the previous fiscal year-end, to ¥1,855 million due to their reversal, and other factors. Other current assets declined by ¥1,725 million, or 16.6%, to ¥8,678 million. The ratio of current assets to current liabilities at fiscal 2012 year-end was 259%, compared with 260% from a year earlier, sustaining liquidity at a high level during fiscal 2012.

Property, Plant and Equipment

Property, plant and equipment as of March 31, 2012 were ¥106,858 million, down ¥1,409 million, or 1.3%, year on year. Construction in progress came to ¥1,757 million, an increase of ¥868 million, due to molds needed to produce automobile interior wood components for new model cars.

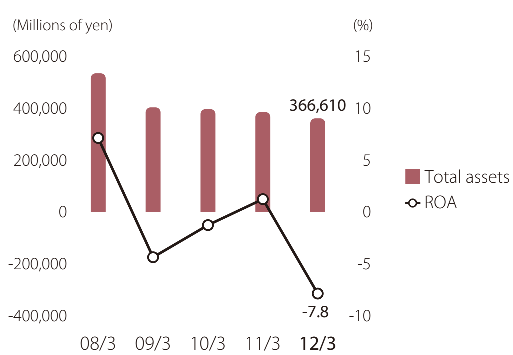
Investments and Other Assets

Investments and other assets excluding intangible assets as of March 31, 2012 amounted to ¥68,114 million, a year-on-year decrease of ¥16,895 million, or 19.9%.

Investment securities amounted to ¥61,690 million, down ¥13,786 million, or 18.3%.This was mainly due to decreases in the value of Yamaha Motor Co., Ltd. stock and other listed stocks held. Deferred tax assets declined by ¥2,608 million, or 71.4%, to ¥1,045 million due to their reversal, and other factors.

Intangible assets as of March 31, 2012 decreased by ¥172 million, or 6.0%, year on year, to ¥2,685 million.

Total Assets / ROA



Total Liabilities

¥159,778 million +9.6%

Total liabilities as of March 31, 2012 came to ¥159,778 million, an increase of ¥13,928 million, or 9.6%, from the previous fiscal year-end figure of ¥145,849 million. Current liabilities decreased by ¥2,006 million, or 2.7%, to ¥72,829 million from ¥74,836 million. Noncurrent liabilities increased by ¥15,934 million, or 22.4%, to ¥86,948 million from ¥71,013 million.

Current Liabilities

Current liabilities as of March 31, 2012 came to ¥72,829 million, a decrease of ¥2,006 million, or 2.7%, year on year. This was due to decreases in notes and accounts payable–trade and current portion of long-term loans payable, which outweighed increases in short-term loans payable, accounts payable–other and accrued expenses.

Notes and accounts payable–trade were ¥22,263 million, a decrease of ¥1,935 million, or 8.0%, from the previous fiscal year-end figure. Short-term loans payable increased ¥3,285 million, or 49.8%, to ¥9,883 million, but the current portion of long-term loans payable decreased ¥2,951 million, or 76.4%, to ¥912 million. Accounts payable–other and accrued expenses amounted to ¥29,407 million, up by ¥750 million, or 2.6%, year on year. Income taxes payable declined ¥372 million, or 16.2%, to ¥1,931 million.

Noncurrent Liabilities

Noncurrent liabilities as of March 31, 2012 increased by ¥15,934 million, or 22.4% year on year, to ¥86,948 million. This was due to decreases in long-term loans payable, deferred tax liabilities for land revaluation, and long-term deposits received, which were outweighed by increases in deferred tax liabilities and provision for retirement benefits.

Long-term loans payable amounted to ¥499 million, down ¥877 million, or 63.7%. Deferred tax liabilities came to ¥15,348 million, an increase of ¥15,149 million. This was because deferred tax liabilities, which had been offset, increased along with the reversal of deferred tax assets, and other factors. Deferred tax liabilities for land revaluation decreased by ¥1,891 million, to ¥12,595 million as a result of changes in income tax rates. Provision for retirement benefits rose ¥3,880 million, or 10.3%, to ¥41,479 million. Long-term deposits received decreased by ¥337 million, or 2.1%, to ¥15,516 million following the refund of deposits received from membership in the recreation business.

Net Interest-Bearing Liabilities

As of March 31, 2012, long- and short-term loans payable, which are interest-bearing liabilities, totaled ¥11,295 million. Cash and cash equivalents were ¥55,919 million, resulting in net cash and cash equivalents, less long- and short-term loans payable, of ¥44,623 million, a ¥1,983 million decrease compared with ¥46,607 million at the previous fiscal year-end.

Net Assets

¥206,832 million -15.6%

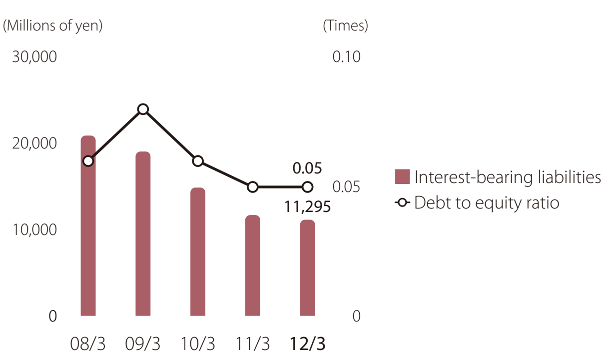
Total net assets as of March 31, 2012 amounted to ¥206,832 million, a decrease of ¥38,170 million, or 15.6%, from the previous fiscal year-end figure of ¥245,002 million. This was the result of a decrease in retained earnings from the posting of a net loss, a decrease in the valuation difference on available-for-sale securities and changes in foreign currency translation adjustments. The loss recorded under foreign currency translation adjustments increased ¥2,028 million year on year. Retained earnings declined ¥31,741 million, or 18.7%, to ¥138,152 million, reflecting a net loss of ¥29,381 million, dividend payments of ¥1,936 million, and other factors. Valuation difference on available-for-sale securities decreased ¥6,221 million, or ¥18.5%, to ¥27,337 million, reflecting a drop in the value of securities held, despite an increase from changes in income tax rates.

Revaluation reserve for land increased by ¥1,754 million, or 11.3%, to ¥17,304 million, due mainly to changes in income tax rates.

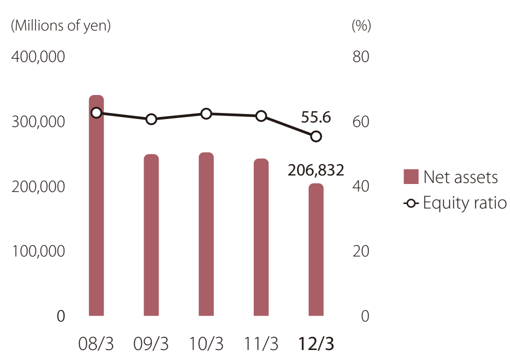
Minority interests increased by ¥181 million, or 6.2%, year on year, to ¥3,118 million.

The equity ratio was 55.6% as of March 31, 2012, a 6.3 percentage point decrease, from 61.9% at the previous fiscal year-end. Return on equity (ROE) was -13.2%.

Interest-Bearing Liabilities / Debt to Equity Ratio



Net Assets / Equity Ratio



Cash Flows

Net cash provided by operating activities in fiscal 2012 was ¥10,880 million, in contrast to net cash of ¥22,646 million provided in the previous fiscal year. This represented a ¥11,766 million decrease in cash provided.

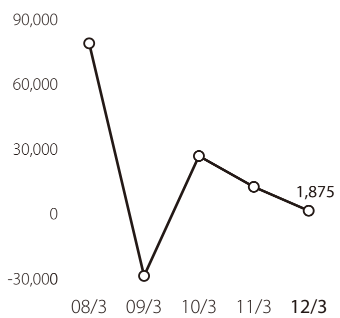
Net cash used in investing activities was ¥9,004 million, in contrast to net cash of ¥9,740 million used in the previous fiscal year. This represented a ¥735 million decrease in cash used, reflecting lower payments for purchases of property, plant and equipment.

Net cash used in financing activities was ¥3,247 million, in contrast to net cash of ¥10,080 million used in the previous fiscal year. This represented a ¥6,833 million decrease in cash used, reflecting lower expenditures for share buybacks and dividend payments.

As a result, with currency translation effects and other factors also taken into account, the fiscal 2012 year-end balance of cash and cash equivalents amounted to ¥55,919 million, representing a year-on-year decrease of ¥2,527 million.

Free Cash Flow

(Millions of yen)



Capital Expenditures/Depreciation and Amortization

Capital expenditures in fiscal 2012 came to ¥11,337 million, an increase of ¥898 million, or 8.6%, from ¥10,439 million in the previous fiscal year.

Capital expenditures in the musical instruments segment increased ¥243 million, or 3.0%, year on year, from ¥8,008 million to ¥8,251 million. In the AV/IT segment, capital expenditures were up ¥15 million, or 1.4%, from ¥1,044 million to ¥1,059 million. In the electronic devices segment, capital expenditures were down ¥185 million, or ¥20.2%, year on year, from ¥921 million to ¥736 million. Capital expenditures increased significantly in the others segment, jumping ¥825 million, or 177.6%, from ¥464 million to ¥1,290 million.

Depreciation and amortization amounted to ¥11,973 million, a decrease of ¥840 million, or 6.6%, from ¥12,814 million in fiscal 2011.

R&D Expenses

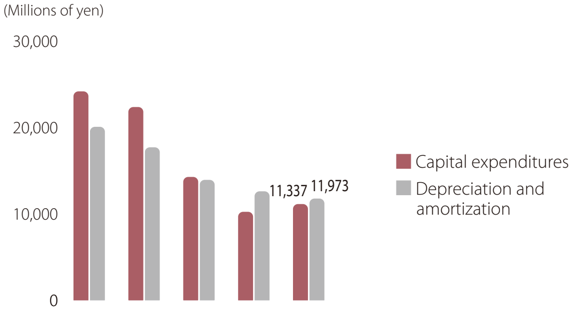
R&D expenses in fiscal 2012 increased by ¥402 million, or 1.8%, from ¥22,416 million to ¥22,819 million. The ratio of R&D expenses to net sales was 0.4 of a percentage point higher than in fiscal 2011, rising from 6.0%, to 6.4%.

Most of this spending was directed at product development primarily in digital musical instruments, and in the AV/IT and semiconductor businesses. Specifically, the spending supported elemental technology research and product development for hybrid pianos that blend acoustic and digital technologies, various developments to make digital musical instruments more competitive, development of new professional audio equipment for the commercial audio equipment market leveraging digital network technology, development of products to expand the AV products category, and new product development for commercial online karaoke equipment, routers, and other products. In semiconductors, spending was used for development of high value-added analog and hybrid semiconductors and development of new products for mobile phones, amusement equipment and geomagnetic sensors for smartphones.

R&D budgets also funded programs to research and develop basic sound- and music-related technologies (sound sources, voice synthesis, architectural acoustics, etc.), and new devices such as speakers and sensors, and to research interfaces and research and develop acoustic materials.

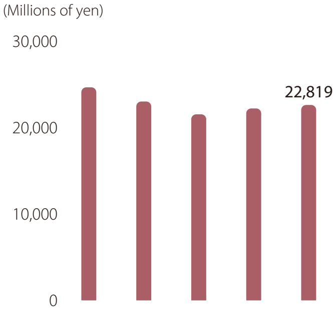
Capital Expenditures / Depreciation and Amortization

(Millions of yen)



R&D Expenses

(Millions of yen)



Forecast for Fiscal 2013

Performance Forecast

Net Sales

¥378,000 million +6.0%

Operating Income

¥14,500 million +78.8%

Net Income

¥9,000 million —

In fiscal 2013, with the looming uncertainty of a financial crisis in Europe, a smooth recovery is not expected, despite an anticipated economic rebound in North America. Despite a slowdown in China's growth rate, high growth is expected to continue, and emerging markets should remain strong. Nevertheless, while the yen's record-high appreciation is showing signs of settling down, it is expected to remain strong against other currencies. Further, in fiscal 2013, we will likely be recovering from the effects of natural disasters that struck in fiscal 2012, such as the parts procurement problems triggered by the Great East Japan Earthquake, as well as the flooding in Thailand.

By business segment, in the musical instruments segment, we will aggressively expand sales in emerging markets including China by upgrading our sales network and thereby accelerate growth. In developed markets, particularly North America, Yamaha intends to increase sales on the back of a gradual market recovery, new product launches, and other means. As a result, we expect year-on-year increases in both sales and earnings in the musical instruments segment.

In the AV/IT segment, our goal is to achieve growth by releasing new AV products that meet market demand trends. In the commercial online karaoke equipment business, although shipment volumes declined due to the earthquake disaster, we will make every effort to increase product supply over the previous fiscal year. In the router market, we will increase sales by highlighting our product's advantages and expanding into overseas markets.

In the electronic devices segment, we expect higher revenue from sales growth in graphics controller LSIs by steadily recapturing demand for amusement equipment and offering a more extensive product lineup of geomagnetic sensors.

In the others segment, we will take steps to regain our share of the domestic golf products market, especially of new products launched last autumn. We will also open up markets for golf products in emerging markets including China, where growth is expected. In the automobile interior wood component business, we will raise manufacturing capabilities by reducing lead time and increase sales over those of the previous fiscal year, which were affected by automaker production cutbacks in the aftermath of the earthquake disaster. In the FA equipment business, we will further strengthen our marketing capabilities. In the recreation business, we will build a stronger sales force and gain the benefits of greater operational efficiency through the integration of operating companies, which was completed in fiscal 2012. In the others segment, sales are expected to increase overall.

Exchange rate assumptions for full fiscal 2013 are: JP¥75 per US$1, JP¥105 per €1, JP¥75 per AU$1, JP¥75 per CA$1, and US$6.10 per CN¥1. In fiscal 2013 as previously stated, we forecast increases in both sales and earnings over fiscal 2012.

Capital Expenditures Forecast

In fiscal 2013, capital expenditures are expected to rise. Major planned items include regular investment in molds for production of new products, investment for facility upgrade and refurbishment, investment related to sales and marketing, R&D investment, and plant rationalization-related expenses. We also anticipate higher depreciation and amortization expenses.

Profit Distribution Policy (Dividend Forecast)

With the aim of boosting consolidated return on equity (ROE), Yamaha's basic policy is to distribute profits in line with consolidated performance, while also setting aside an appropriate amount of retained earnings to strengthen the Company's business foundation through investments in R&D, sales and capital expenditures to drive corporate growth, based on prospective levels of medium-term consolidated earnings. Specifically, Yamaha has set a goal of 40% for its consolidated dividend payout ratio based on continuous and stable dividend payments. Under this policy, Yamaha plans to pay a total dividend of ¥10 per share for fiscal 2013, including an interim dividend payment of ¥5 per share.

Consolidated Balance Sheets

Yamaha Corporation and consolidated subsidiaries At March 31, 2012 and 2011	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Assets			
Current assets:			
Cash and deposits (Notes 18 and 20)	¥ 52,103	¥ 57,210	$ 633,934
Notes and accounts receivable — trade (Notes 20 and 28)	45,634	46,486	555,226
Short-term investment securities (Notes 20, 21 and 27)	4,699	1,960	57,172
Inventories (Note 8)	77,146	71,659	938,630
Deferred tax assets (Note 24)	1,855	8,393	22,570
Other	8,678	10,404	105,585
Allowance for doubtful accounts	(1,165)	(1,397)	(14,174)
Total current assets	188,952	194,717	2,298,966
Property, plant and equipment, net of accumulated depreciation (Notes 4 and 13):			
Buildings and structures, net	36,695	38,106	446,466
Machinery and equipment, net	19,301	19,651	234,834
Land (Note 7)	48,853	49,347	594,391
Leased assets, net	250	272	3,042
Construction in progress	1,757	888	21,377
Total property, plant and equipment, net of accumulated depreciation	106,858	108,267	1,300,134
Investments and other assets:			
Investment securities (Notes 5, 20, 21 and 27)	61,690	75,477	750,578
Long-term loans receivable	353	368	4,295
Deferred tax assets (Note 24)	1,045	3,654	12,714
Lease and guarantee deposits	4,792	4,732	58,304
Goodwill	54	202	657
Other	3,601	4,106	43,813
Allowance for doubtful accounts	(739)	(675)	(8,991)
Total investments and other assets	70,799	87,867	861,406
Total assets	¥366,610	¥390,852	$4,460,518

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Liabilities			
Current liabilities:			
Notes and accounts payable — trade (Notes 20 and 28)	¥ 22,263	¥ 24,198	$ 270,872
Short-term loans payable (Notes 20 and 27)	9,883	6,597	120,246
Current portion of long-term loans payable (Note 27)	912	3,863	11,096
Accounts payable — other and accrued expenses (Note 20)	29,407	28,657	357,793
Income taxes payable	1,931	2,303	23,494
Advances received (Note 27)	234	617	2,847
Deferred tax liabilities (Note 24)	262	1	3,188
Provision for product warranties	2,769	2,850	33,690
Other	5,165	5,746	62,842
Total current liabilities	72,829	74,836	886,105
Noncurrent liabilities:			
Long-term loans payable (Notes 20 and 27)	499	1,376	6,071
Deferred tax liabilities (Note 24)	15,348	199	186,738
Deferred tax liabilities for land revaluation (Note 7)	12,595	14,486	153,242
Provision for retirement benefits (Note 23)	41,479	37,599	504,672
Long-term deposits received (Note 20)	15,516	15,854	188,782
Other	1,508	1,496	18,348
Total noncurrent liabilities	86,948	71,013	1,057,890
Contingent liabilities (Note 6)			
Net Assets			
Shareholders' equity (Note 17):			
Capital stock:			
Authorized — 700,000,000 shares;			
Issued 2012 — 197,255,025 shares	28,534	—	347,171
2011 — 197,255,025 shares	—	28,534	—
Capital surplus	40,054	40,054	487,334
Retained earnings	138,152	169,894	1,680,886
Treasury stock	(3,690)	(3,690)	(44,896)
Total shareholders' equity	203,050	234,793	2,470,495
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	27,337	33,559	332,607
Deferred losses on hedges	(367)	(252)	(4,465)
Revaluation reserve for land (Note 7)	17,304	15,549	210,537
Foreign currency translation adjustment	(43,611)	(41,583)	(530,612)
Total accumulated other comprehensive income	662	7,272	8,055
Minority interests	3,118	2,937	37,936
Total net assets	206,832	245,002	2,516,511
Total liabilities and net assets	¥366,610	¥390,852	$4,460,518

Consolidated Statements of Operations

Yamaha Corporation and consolidated subsidiaries	Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31, 2012 and 2011	2012	2011	2012
Net sales	¥356,616	¥373,866	$4,338,922
Cost of sales (Notes 8, 9, and 11)	231,659	237,313	2,818,579
Gross profit	124,957	136,553	1,520,343
Selling, general and administrative expenses (Notes 10 and 11)	116,846	123,387	1,421,657
Operating income	8,110	13,165	98,674
Other income (expenses):			
Interest and dividend income	1,598	1,010	19,443
Interest expenses	(304)	(351)	(3,699)
Sales discounts	(2,153)	(2,349)	(26,195)
Loss on sales or disposal of property, plant and equipment, net (Note 12)	(107)	(207)	(1,302)
Gain (loss) on sales of investment securities	(5)	138	(61)
Loss on impairment of fixed assets (Note 13)	(169)	(2,687)	(2,056)
Other, net (Note 14)	2	(1,916)	24
	(1,139)	(6,362)	(13,858)
Income before income taxes and minority interests	6,971	6,802	84,816
Income taxes (Note 24):			
Current	3,959	4,349	48,169
Deferred	32,117	(2,990)	390,765
	36,077	1,359	438,946
Income (loss) before minority interests	(29,106)	5,443	(354,131)
Minority interests in income	274	364	3,334
Net income (loss)	¥ (29,381)	¥ 5,078	$ (357,477)

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Yamaha Corporation and consolidated subsidiaries	Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31, 2012 and 2011	2012	2011	2012
Income (loss) before minority interests	¥(29,106)	¥ 5,443	$(354,131)
Other comprehensive income:			
Valuation difference on available-for-sale securities	(6,221)	(441)	(75,690)
Deferred losses on hedges	(114)	(86)	(1,387)
Revaluation reserve for land	1,802	—	21,925
Foreign currency translation adjustment	(1,966)	(7,292)	(23,920)
Share of other comprehensive income of associates accounted for using the equity method	(0)	0	(0)
Total other comprehensive income	(6,500)	(7,820)	(79,085)
Comprehensive income	¥(35,606)	¥(2,376)	$(433,216)
(Composition)			
Comprehensive income attributable to owners of the parent	¥(35,941)	¥(2,566)	$(437,292)
Comprehensive income attributable to minority interests	¥ 334	¥ 189	$ 4,064

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Yamaha Corporation and consolidated subsidiaries Years ended March 31, 2012 and 2011	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock (Note 16)	Capital surplus	Retained earnings (Note 16)	Treasury stock (Note 16)	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of the year ended March 31, 2011	¥28,534	¥40,054	¥167,614	¥ (34)	¥236,169	¥34,000	¥(166)	¥16,201	¥(34,466)	¥15,569	¥2,852	¥254,591
Changes of items during the period:												
Dividends from retained earnings (Note 16)			(3,451)		(3,451)							(3,451)
Net income			5,078		5,078							5,078
Reversal of revaluation reserve for land			652		652							652
Purchase of treasury stock				(3,655)	(3,655)							(3,655)
Net changes of items other than shareholders' equity						(441)	(86)	(652)	(7,117)	(8,297)	84	(8,212)
Total changes of items during the period	—	—	2,279	(3,655)	(1,375)	(441)	(86)	(652)	(7,117)	(8,297)	84	(9,588)
Balance at the beginning of the year ended March 31, 2012	¥28,534	¥40,054	¥169,894	¥(3,690)	¥234,793	¥33,559	¥(252)	¥15,549	¥(41,583)	¥ 7,272	¥2,937	¥245,002
Changes of items during the period:												
Dividends from retained earnings (Note 16)			(1,936)		(1,936)							(1,936)
Net loss			(29,381)		(29,381)							(29,381)
Change of scope of consolidation			(454)		(454)							(454)
Change resulting from merger with unconsolidated subsidiaries			(17)		(17)							(17)
Reversal of revaluation reserve for land			47		47							47
Purchase of treasury stock				(0)	(0)							(0)
Net changes of items other than shareholders' equity						(6,221)	(114)	1,754	(2,028)	(6,609)	181	(6,428)
Total changes of items during the period	—	—	(31,741)	(0)	(31,742)	(6,221)	(114)	1,754	(2,028)	(6,609)	181	(38,170)
Balance at the end of the year ended March 31, 2012	**¥28,534**	**¥40,054**	**¥138,152**	**¥(3,690)**	**¥203,050**	**¥27,337**	**¥(367)**	**¥17,304**	**¥(43,611)**	**¥ 662**	**¥3,118**	**¥206,832**

	Thousands of U.S. dollars (Note 3)											
	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock (Note 16)	Capital surplus	Retained earnings (Note 16)	Treasury stock (Note 16)	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at the beginning of the year ended March 31, 2012	$347,171	$487,334	$2,067,088	$(44,896)	$2,856,710	$408,310	$(3,066)	$189,184	$(505,937)	$88,478	$35,734	$2,980,922
Changes of items during the period:												
Dividends from retained earnings (Note 16)			(23,555)		(23,555)							(23,555)
Net loss			(357,477)		(357,477)							(357,477)
Change of scope of consolidation			(5,524)		(5,524)							(5,524)
Change resulting from merger with unconsolidated subsidiaries			(207)		(207)							(207)
Reversal of revaluation reserve for land			572		572							572
Purchase of treasury stock				(0)	(0)							(0)
Net changes of items other than shareholders' equity						(75,690)	(1,387)	21,341	(24,675)	(80,411)	2,202	(78,209)
Total changes of items during the period	—	—	(386,191)	(0)	(386,203)	(75,690)	(1,387)	21,341	(24,675)	(80,411)	2,202	(464,412)
Balance at the end of the year ended March 31, 2012	$347,171	$487,334	$1,680,886	$(44,896)	$2,470,495	$332,607	$(4,465)	$210,537	$(530,612)	$ 8,055	$37,936	$2,516,511

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Yamaha Corporation and consolidated subsidiaries	Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31, 2012 and 2011	2012	2011	2012
Net cash provided by operating activities:			
Income before income taxes and minority interests	¥ 6,971	¥ 6,802	$ 84,816
Depreciation and amortization	11,973	12,814	145,675
Loss on impairment of fixed assets	169	2,687	2,056
Amortization of goodwill	145	145	1,764
Increase (decrease) in allowance for doubtful accounts	(136)	(158)	(1,655)
Loss on valuation of stocks of subsidiaries and affiliates	—	183	—
Loss (gain) on valuation of investment in capital of subsidiaries and affiliates	374	—	4,550
Loss (gain) on liquidation of subsidiaries	(443)	(21)	(5,390)
Loss on valuation of investment securities	19	1,563	231
Loss (gain) on sales of investment securities	5	(138)	61
Loss (gain) on liquidation of investment securities	7	—	85
Increase (decrease) in provision for retirement benefits	3,884	4,030	47,256
Interest and dividend income	(1,598)	(1,010)	(19,443)
Interest expenses	304	351	3,699
Foreign exchange losses (gains)	48	678	584
Equity in (earnings) losses of affiliates	(0)	0	(0)
Loss (gain) on sales or disposal of property, plant and equipment, net	107	207	1,302
Gain on reversal of provision for business restructuring expenses	—	(321)	—
Loss on disaster	44	79	535
Loss on adjustment for changes in accounting standard for asset retirement obligations	—	79	—
Decrease (increase) in notes and accounts receivable — trade	(13)	406	(158)
Decrease (increase) in inventories	(6,451)	(5,072)	(78,489)
Increase (decrease) in notes and accounts payable — trade	(1,578)	3,549	(19,199)
Other, net	471	(644)	5,731
Subtotal	14,305	26,212	174,048
Interest and dividend income received	1,583	986	19,260
Interest expenses paid	(310)	(357)	(3,772)
Income taxes (paid) refunded	(4,698)	(4,194)	(57,160)
Net cash provided by operating activities	10,880	22,646	132,376
Net cash used in investing activities:			
Net decrease (increase) in time deposits	(397)	(107)	(4,830)
Payments for purchase of property, plant and equipment	(9,696)	(13,316)	(117,971)
Proceeds from sales of property, plant and equipment	931	1,223	11,327
Payments for purchase of investment securities	(394)	—	(4,794)
Proceeds from sales and redemption of investment securities	6	1,371	73
Proceeds from liquidation of investment securities	42	—	511
Payments for purchase of stocks of subsidiaries and affiliates	(26)	(35)	(316)
Proceeds from liquidation of subsidiaries and affiliates	576	910	7,008
Other, net	(45)	214	(548)
Net cash used in investing activities	(9,004)	(9,740)	(109,551)
Net cash used in financing activities:			
Net increase (decrease) in short-term loans payable	3,060	(2,010)	37,231
Proceeds from long-term loans payable	—	450	—
Repayment of long-term loans payable	(3,857)	(972)	(46,928)
Proceeds from deposits received from membership	3	2	37
Repayments for deposits received from membership	(369)	(300)	(4,490)
Purchase of treasury stock	(0)	(3,655)	0
Cash dividends paid	(1,936)	(3,451)	(23,555)
Cash dividends paid to minority shareholders	(124)	(104)	(1,509)
Other, net	(22)	(37)	(268)
Net cash used in financing activities	(3,247)	(10,080)	(39,506)
Effect of exchange rate change on cash and cash equivalents	(724)	(3,615)	(8,809)
Net decrease in cash and cash equivalents	(2,096)	(788)	(25,502)
Cash and cash equivalents at beginning of period	58,446	59,235	711,108
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	53	—	645
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(484)	—	(5,889)
Cash and cash equivalents at end of period (Note 18)	¥55,919	¥58,446	$680,363

See notes to consolidated financial statements.

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 generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile. However, in accordance with "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No.18), the accompanying consolidated financial statements have been prepared by using the accounts of overseas consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. The Company and all consolidated subsidiaries are referred to herein as the "Yamaha Group."

The consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. 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 sums of the individual amounts.

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

The accompanying consolidated financial statements include the accounts of the parent company and all subsidiaries over which it exerts substantial control either through 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 for the year ended March 31, 2012, and 78 consolidated subsidiaries for the year ended March 31, 2011. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates (other than subsidiaries as defined above) whose decision-making and control over their own operations are significantly affected in various ways by the Yamaha Group are accounted for by the equity method. Investments in one affiliate were accounted for by the equity method for the years ended March 31, 2012 and 2011. Investments in nonconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Certain overseas subsidiaries have a financial closing date as of December 31, which differs from the financial closing date of the Company; however, a financial closing as of March 31 has been made and reported by these overseas subsidiaries for consolidation purposes. All assets and liabilities of subsidiaries are revalued at fair value on acquisition and, if applicable, the excess of cost over the underlying net assets at the respective dates of acquisition is presented as goodwill and amortized over a period of five years on a straight-line basis.

(c) Securities

Securities owned by the Yamaha Group have been classified into two categories, held-to-maturity and available-for-sale, in accordance with the accounting standard for financial instruments. Under this standard, held-to-maturity debt securities are either amortized or accumulated to face value by the straight-line method. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Nonmarketable securities classified as available-for-sale securities are carried at cost. If the market value of marketable securities classified as available-for-sale securities declines significantly, such securities are written down to their respective fair value, thus establishing a new cost basis. The amount of each write-down is charged to income as a loss on valuation of investment securities unless the fair value is deemed recoverable. The Company has established a policy for the recognition of loss on valuation of investment securities if the market value at the year-end has declined more than 30% and a recovery to fair value is not anticipated. Cost of securities sold is determined by the weighted-average method.

(d) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the cost method (method of reducing book value when the contribution of inventories to profitability declines), cost being determined by the periodic average method. Inventories of the Company's overseas consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(e) Depreciation

Depreciation of property, plant and equipment (excluding leased assets) is calculated principally by the declining-balance method, except for certain consolidated subsidiaries applying the straight-line method, at rates based on the estimated useful lives of the respective assets.

Estimated useful lives:

Buildings: 31 – 50 years (leasehold improvement: 15 years)
Structures: 10 – 30 years
Machinery and equipment: 4 – 9 years
Tools, furniture and fixtures: 5 – 6 years (molds: 2 years)

Depreciation of leased assets under finance leases, other than those for which the ownership transfers to the lessee, is calculated by the straight-line method over the lease period with the residual value at zero.

(f) Allowance for doubtful accounts

To properly evaluate accounts receivable, the allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the provision is based on the historical experience with write-offs plus an estimate of specific probable doubtful accounts determined by a review of the collectability of individual receivables.

(g) Provision for product warranties

Provision for product warranties is provided to cover the cost of customers' claims relating to after-sales service and repairs. The amount of this provision is estimated based on a percentage of the amount or volume of sales after considering the historical experience with repairs of products under warranty.

(h) Provision for retirement benefits

Provision for employees' retirement benefits is provided based on the projected retirement benefit obligation and the pension fund assets.

Prior service cost is amortized as incurred by the straight-line method over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

(i) Construction contracts

For the construction work in progress, if the outcome of the construction activity during the course of the construction is deemed certain, the percentage-of-completion method is applied.

When the above condition is not met, the completed-contract method is applied.

The method for estimating the amount recognized by the percentage of completion is based on the ratio of costs incurred to the estimated total cost.

(j) Criteria for presentation of finance leases (as Lessor)

For finance lease transactions where the Company or a consolidated subsidiary is the lessor, in which ownership is not transferred to the lessee, the leased assets are recorded as lease investment assets which are included in the item "Other" under "Current assets." Sales and cost of sales related to these finance lease transactions are recognized at the time the lease fees are received.

(k) Foreign currency translation

Monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the exchange rates in effect at each balance sheet date. The resulting exchange gain or loss is recognized as other income or expense. Assets and liabilities of the overseas consolidated subsidiaries are translated at the exchange rates in effect at each balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from translation are presented as translation adjustments and minority interests in the accompanying consolidated balance sheets.

(l) Derivative financial instruments

The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risk arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets.

(Hedge accounting)

For the purpose of hedging the fluctuation of foreign exchange risk in normal export and import transactions, the Company and its consolidated subsidiaries manage their forward foreign exchange contracts and currency options, within amounts necessary, in accordance with internal rules of each company.

Hedging instruments are forward foreign exchange contracts, purchased options with foreign currency-denominated put and yen-denominated call options. Hedged items are primarily forecast sales denominated in foreign currencies, and receivables and payables denominated in foreign currencies.

Forecast sales denominated in foreign currencies designated as hedged items are accounted for by benchmark method. Translation differences arising from forward foreign exchange contracts of receivables and payables denominated in foreign currencies are accounted for by allocation method.

Hedge effectiveness is not assessed if the anticipated cash flows are fixed by hedging activities and the risk of changes in cash flows are completely avoided. See Note **20**.

(m) Cash and cash equivalents

Cash on hand and in banks, and 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 are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash and cash equivalents.

(n) Income taxes

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases 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.

Effective the year ended March 31, 2012, the Company and certain of its subsidiaries have adopted the consolidated taxation system.

(o) Consumption tax

Income and expenses are recorded net of consumption tax.

2. Changes in Methods of Accounting and Presentation

Accounting standards for accounting changes and error corrections

For accounting changes and error corrections, etc. made on and after the beginning of the year ended March 31, 2012, the Company has applied the following accounting standard and guidance: "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued on December 4, 2009).

3. U.S. Dollar Amounts

Solely for the convenience of the reader, the accompanying consolidated financial statements for the year ended March 31, 2012 have been presented in U.S. dollars by translating all yen amounts at ¥82.19 = U.S.$1.00, the exchange rate prevailing on March 31, 2012. 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.

4. Accumulated Depreciation

Accumulated depreciation of property, plant and equipment at March 31, 2012 and 2011 amounted to ¥201,573 million ($2,452,525 thousand) and ¥198,857 million respectively.

5. Investment Securities

Investment securities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Investments in unconsolidated subsidiaries and affiliates	¥ 792	¥ 831	$ 9,636
Other	60,897	74,646	740,930
Investment securities	¥61,690	¥75,477	$750,578

6. Contingent Liabilities

Contingent liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Export bills discounted with banks	¥570	¥356	$6,935
Guarantees of indebtedness of Hamamatsu CATV*	358	455	4,356

* The amount guaranteed substantially by the Company is ¥28 million ($341 thousand) at March 31, 2012, and ¥36 million at March 31, 2011.

7. Land Revaluation

For the year ended March 31, 2012, the Company has carried over the revaluation of their landholdings at the date of revaluation in accordance with the "Law Concerning the Revaluation of Land" (Law No.34 published on March 31, 1998). The date of revaluation was March 31, 2002.

For the years ended March 31, 2012 and 2011, the Company determined the value of its land based on the respective value registered in the land tax list or the supplementary land tax list as specified in No.10 or No.11 of Article 341 of the Local Tax Law governed by Item 3 of Article 2 of the Enforcement Order for the "Law Concerning the Revaluation of Land" (Cabinet Order No.119 published on March 31, 1998).

The excess of the revalued carrying amount of such land over its market value at March 31, 2012 and 2011 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Excess of revalued carrying amount of land over market value	¥(7,036)	¥(4,385)	$(85,607)

8. Inventories

Inventories at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Merchandise and finished goods	¥51,452	¥47,361	$626,013
Work in process	13,771	13,620	167,551
Raw materials and supplies	11,922	10,678	145,054
	¥77,146	¥71,659	$938,630

Write-downs of inventories for the years ended March 31, 2012 and 2011 were recognized in the following account:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Cost of sales	¥429	¥300	$5,220

9. Provision for Loss on Construction Contracts

Provision for loss on construction contracts was included in the following account for the years ended March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Cost of sales	¥39	¥12	$475

10. Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Sales commissions	¥ 1,263	¥ 1,358	$ 15,367
Transport expenses	10,934	10,705	133,033
Advertising expenses and sales promotion expenses	14,716	16,063	179,049
Allowance for doubtful accounts	53	106	645
Provision for product warranties	734	1,656	8,931
Provision for retirement benefits	4,916	5,299	59,813
Salaries and benefits	50,462	52,628	613,968
Rent	3,395	3,469	41,307
Depreciation and amortization	3,270	3,744	39,786

11. R&D Expenses

R&D expenses, included in selling, general and administrative expenses and cost of sales for the years ended March 31, 2012 and 2011, amounted to ¥22,819 million ($277,637 thousand) and ¥22,416 million, respectively.

12. Sales or Disposal of Property, Plant and Equipment

For the years ended March 31, 2012 and 2011

Gains on sale of property, plant and equipment principally result from sales of land, machinery and equipment. Disposal of property, plant and equipment principally result from disposal of buildings and structures, machinery and equipment.

13. Loss on Impairment of Fixed Assets

The following table summarizes loss on impairment of fixed assets for the year ended March 31, 2011 (The table for the year ended March 31, 2012 has been omitted, since the amounts are not material);

			Millions of yen
Group of fixed assets	Location	Impaired assets	2011
Assets in the musical instruments business	Chuo-ku, Tokyo, etc.	Buildings and structures	¥ 968
		Machinery and equipment	133
		Total	1,102
Idle assets, etc.	Fujimino-shi, Saitama Prefecture, etc.	Buildings and structures	394
		Machinery and equipment	59
		Land	1,132
		Total	1,585
Total		Buildings and structures	1,363
		Machinery and equipment	192
		Land	1,132
		Total	¥2,687

Method of grouping assets

The Company and its consolidated subsidiaries group fixed assets based on business groups, which are regarded as the smallest units independently generating cash flows.

Background on the recognition of impairment losses

In the case of assets in the musical instrument business, the Company recognized impairment losses for those asset groups where the businesses were running losses in their operating activities on a continuing basis and when the outlook was for losses to continue.

In the case of idle assets, etc., impairment losses were recognized on those assets that were not expected to be put to use in the future, assets that were expected to become idle assets, and those assets for which disposal was expected.

Method for computing the recoverable amount

The recoverable value of assets in the musical instruments business was calculated using estimates of the value of the assets in use, and future cash flows from these assets were discounted to the present using a discount rate of 5.4%.

The recoverable value of idle assets, etc. was calculated using estimates of the net sale value; the price indicators were the expected sale value, the appraised value, and the assessed value for tax purposes of noncurrent assets.

14. Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Compensation for transfer	¥438	¥ 513	$5,329
Foreign exchange losses	(662)	(1,207)	(8,055)
Gain on liquidation of subsidiaries	448	21	5,451
Reversal of provision for business restructuring expenses	—	321	—
Loss on valuation of investment securities	(19)	(1,563)	(231)
Loss on valuation of stocks of subsidiaries and affiliates	—	(183)	—
Loss on sales of stocks of subsidiaries and affiliates	(374)	—	(4,550)
Loss on disaster*	(44)	(79)	(535)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(79)	—
Other, net	216	340	2,628
	¥ 2	¥(1,916)	$ 24

* Loss in the wake of the Great East Japan Earthquake that occurred on March 11, 2011.

15. Information on Consolidated Statements of Comprehensive Income

Years ending March 31, 2012	Millions of yen	Thousands of U.S. dollars (Note 3)
Other consolidated comprehensive income for the year ended March 31, 2012		
Valuation difference on available-for-sale securities		
Amount arising during the year	¥(14,144)	$(172,089)
Reclassification adjustments for gains and losses recognized in the income statement	22	268
Amount before tax effect adjustment	(14,122)	(171,821)
Tax effect	7,900	96,119
Total	(6,221)	(75,690)
Deferred losses on hedges		
Amount arising during the year	48	584
Tax effect	(163)	(1,983)
Total	(114)	(1,387)
Revaluation reserve for land		
Tax effect	1,802	21,925
Foreign currency translation adjustment		
Amount arising during the year	(1,966)	(23,920)
Share of other comprehensive income of associates accounted for using the equity method		
Amount arising during the year	(0)	(0)
Total	¥ (6,500)	$ (79,085)

16. Information for Consolidated Statements of Changes in Net Assets

The following tables present information related to the accompanying consolidated statements of changes in net assets for the years ended March 31, 2012 and 2011:

(a) Common stock

Number of shares	2012	2011
Beginning of the year	197,255,025	197,255,025
Increase	—	—
Decrease	—	—
End of the year	197,255,025	197,255,025

(b) Treasury stock

Number of shares	2012	2011
Beginning of the year	3,611,429	21,774
Increase	909*1	3,589,655*2
Decrease	—	—
End of the year	3,612,338	3,611,429

*1. Increase owing to purchase of outstanding fractional shares of less than one trading unit: 909 shares

*2. Increase owing to purchase of treasury stock based on the resolution of the Board of Directors: 3,584,900 shares
Increase owing to purchase of outstanding fractional shares of less than one trading unit: 4,755 shares

(c) Subscription right to shares

None issued

(d) Cash dividends

(1) Amount of dividend payments

2012

Date of approval	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 3)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 3)	Record date	Effective date
Jun. 24, 2011 (Annual General Meeting of Shareholders)	Common stock	¥968	$11,778	¥5.00	$0.06	Mar. 31, 2011	Jun. 27, 2011
Nov. 1, 2011 (Board of Directors)	Common stock	¥968	$11,778	¥5.00	$0.06	Sept. 30, 2011	Dec. 5, 2011

Note: Dividends per share of ¥5.0 ($0.06) approved on June 24, 2011 consisted of regular dividends of ¥5.00 ($0.06)
Dividends per share of ¥5.0 ($0.06) approved on November 1, 2011 consisted of regular dividends of ¥5.00 ($0.06)

2011

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Jun. 25, 2010 (Annual General Meeting of Shareholders)	Common stock	¥2,465	¥12.50	Mar. 31, 2010	Jun. 28, 2010
Oct. 29, 2010 (Board of Directors)	Common stock	¥ 986	¥ 5.00	Sept. 30, 2010	Dec. 6, 2010

Note: Dividends per share of ¥12.50 approved on June 25, 2010 consisted of regular dividends of ¥2.50 and special dividends of ¥10.00
Dividends per share of ¥5.00 approved on October 29, 2010 consisted of regular dividends of ¥5.00

(2) Dividends whose effective date is in the year subsequent to that in which the record date falls

2012

Date of approval	Type of shares	Source of dividends	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 3)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 3)	Record date	Effective date
Jun. 27, 2012 (Annual General Meeting of Shareholders)	Common stock	Retained earnings	**¥968**	$11,778	**¥5.00**	$0.06	Mar. 31, 2012	Jun. 28, 2012

Note: Dividends per share of ¥5.00 ($0.06) approved on June 27, 2012 consisted of regular dividends of ¥5.00 ($0.06)

17. Legal Reserve and Additional Paid-in Capital

The Corporation Law of Japan (the Law) provides that amounts from capital surplus and retained earnings may be distributed to the shareholders at any time by resolution of the shareholders or by the Board of Directors if certain provisions are met subject to the extent of the applicable sources of such distributions. The Law further provides that amounts equal to 10% of such distributions be transferred to additional paid-in capital included in capital surplus or the legal reserve based on the applicable sources of such distributions until the sum of additional paid-in capital and the legal reserve equals 25% of the capital stock account.

18. Supplementary Cash Flow Information

The following table represents a reconciliation of "Cash and deposits" and "Cash and cash equivalents" at March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Cash and deposits	**¥52,103**	¥57,210	$633,934
Time deposits with a maturity of more than three months	**(684)**	(264)	(8,322)
Short-term (securities) investments with maturities of three months or less when purchased	**4,500**	1,500	54,751
Cash and cash equivalents	**¥55,919**	¥58,446	$680,363

19. Leases

2012

Lessees' accounting

Operating Lease Transactions

Future minimum lease payments subsequent to March 31, 2012 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2013	¥ 558	$ 6,789
2014 and thereafter	1,481	18,019
Total	¥2,040	$24,821

Finance Lease Transactions in which Ownership is not Transferred to the Lessee Commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen			Thousands of U.S. dollars (Note 3)		
As of March 31, 2012	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥ 943	¥341	¥601	$11,473	$4,149	$7,312
Machinery and equipment	58	53	5	706	645	61
Other	27	25	1	329	304	12
Total	¥1,028	¥420	¥608	$12,508	$5,110	$7,397

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2012

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2013	¥ 63	$ 767
2014 and thereafter	544	6,619
Total	¥608	$7,397

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ending March 31, 2012	Millions of yen	Thousands of U.S. dollars (Note 3)
Lease payments	¥79	$961
Depreciation	79	961

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating Lease Transactions

Future minimum lease amounts receivable subsequent to March 31, 2012 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2013	¥ 480	$ 5,840
2014 and thereafter	586	7,130
Total	¥1,067	$12,982

2011

Lessees' accounting

Operating Lease Transactions

Future minimum lease payments subsequent to March 31, 2011 on noncancellable leases are as follows:

Years ended March 31	Millions of yen
2012	¥ 526
2013 and thereafter	1,320
Total	¥1,847

Finance Lease Transactions in which Ownership is not Transferred to the Lessee Commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen		
As of March 31, 2011	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥ 993	¥332	¥660
Machinery and equipment	129	104	24
Other	37	31	6
Total	¥1,160	¥468	¥692

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2011

Years ended March 31	Millions of yen
2012	¥ 83
2013 and thereafter	608
Total	¥692

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ended March 31, 2011	Millions of yen
Lease payments	¥109
Depreciation	109

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating Lease Transactions

Future minimum lease amounts receivable subsequent to March 31, 2011 on noncancellable leases are as follows:

Years ended March 31	Millions of yen
2012	¥436
2013 and thereafter	480
Total	¥916

20. Financial Instruments

(a) Overview

(1) Policy for financial instruments

The Yamaha Group (the Group), in principle, limits its cash management to deposits for which their principals are safety and interest rates are fixed. In addition, the Group raises funds mainly through bank borrowings. Further, the Group uses derivatives for the purpose of reducing risk, and limits derivative transactions to actual exposure. The Group does not enter into derivative transactions for speculative purposes.

(2) Types of financial instruments and related risk

Trade notes and accounts receivable are exposed to credit risk of its customers. In addition, the Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Short-term investment securities and investment securities are exposed to market risk. Those securities are composed of mainly held-to-maturity debt securities and the stock of Yamaha Motor Co., Ltd., a formerly affiliated company which shares Yamaha brand in common, and the share of common stock of other companies with which it has business relationships.

Trade notes and accounts payable, other accounts payable and accrued expenses have payment due date within one year. In addition, trade accounts payable that are denominated in foreign currencies are exposed to foreign currency exchange risk.

Short-term loans payable are raised mainly in connection with business activities, and long-term loans payable are taken out principally for the purpose of making capital investments. The repayment dates of long-term loans payable extend up to five years and nine months from March 31, 2012, up to three years from March 31, 2011, respectively. Long-term deposits received are membership deposits received from customers in the Group's recreation business. The Group is exposed to liquidity risk from its trade notes and accounts payable, other accounts payable, accrued expenses, short-term loans payable and long-term loans payable.

Regarding derivatives, the Group enters into foreign exchange forward contracts with netting arrangements and currency options (foreign currency puts and yen call options) to reduce foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies in normal export and import transactions.

Foreign exchange forward contracts are exposed to foreign currency exchange risk. Since the Group only used foreign currency puts and yen call options for currency options, their risk is only the fees for these options and they are not exposed to foreign currency risk.

Derivative transactions are accounted for by hedge accounting. The method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities are described in Note **1(l)** Derivative financial instruments (Hedge accounting).

(b) Risk management for financial instruments

The Group has established a Group financial risk management policy, and the Company and its consolidated subsidiaries have prepared rules based on this policy for the following risk:

(1) Credit risk (the risk that customers may default)

The Group has prepared policy for managing its credit exposure and trade receivables. In accordance with the rules, the Group monitors credit exposure limits of each customer and organizes all trade receivables by customer, and confirms the outstanding balances by customers regularly. For receivables that become past due, rules require taking steps to understand the causes and preparing a schedule for the recovery of this exposure.

When the Group acquires held-to-maturity debt securities, in accordance with the policies for assets management, the Company and its subsidiaries confer in advance and only acquire debt securities with high credit ratings. Accordingly, credit risk deriving from such debt securities is insignificant.

To minimize the credit risk of the counterparty in derivative transactions, the Group enters into transactions only with financial institutions that have a sound credit profile.

(2) Market risk (the risks arising from fluctuations in exchange rates, interest rates, and other indicators)

For trade receivables denominated in foreign currencies, the Group minimizes the foreign exchange risk by entering into forward foreign exchange contracts and arranging for currency options, to the receivable position after netting by the payables denominated in foreign currencies, within the limits of actual transactions. Also, the trade accounts payable denominated in foreign currencies are maintained within the amount of accounts receivable denominated in foreign currencies at all times.

For short-term investment securities and investment securities, the Group periodically reviews the market value and the financial position of the issuer with which the company has business relationship. In addition, the Group continuously evaluates whether debt securities other than those classified as held-to-maturity should be maintained.

In conducting derivative transactions, based on the policy stated in (1) above, the Company and its consolidated subsidiaries hold discussions, establish internal rules for the management of derivatives, and then conduct and manage such transactions in accordance with the rules.

Derivative transactions of the Company and its subsidiaries are concentrated in each accounting and finance department of these companies. Internal rules set forth the roles of each accounting and finance department, reports to be submitted to top management, communications to be sent to related departments, and maximum upper limit on position.

Monthly reports including the outstanding balance of derivative transactions and quantitative information such as market trends of foreign exchange rate are submitted to top management.

(3) Liquidity risk (the risk that the Group may not be able to meet its obligations on the scheduled dates)

Based on the cash flow plans by the Company and its consolidated subsidiaries, the Group manages liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The estimated fair value of financial instruments is their quoted market price if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

In addition, the notional amounts of derivatives in Note 22 are not indicative of the actual market risk involved in derivative transactions.

(c) Estimated fair value of financial instruments

Carrying value on the consolidated balance sheets as of March 31, 2012 and 2011, and difference between carrying value and estimated fair value, are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. See Note (ii) below:

	Millions of yen			Thousands of U.S. dollars (Note 3)		
As of March 31, 2012	Carrying value*1	Estimated fair value*1	Difference	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	¥52,103	¥52,103	¥—	$633,934	$633,934	$—
Notes and accounts receivable — trade	45,634	45,634	—	555,226	555,226	—
Short-term investment securities						
Held-to-maturity securities	199	200	0	2,421	2,433	0
Others (Negotiable deposits)	4,500	4,500	—	54,751	54,751	—
Investment securities						
Held-to-maturity securities	250	250	0	3,042	3,042	0
Available-for-sale securities	57,344	57,344	—	697,700	697,700	—
Notes and accounts payable — trade	(22,263)	(22,263)	—	(270,872)	(270,872)	—
Accounts payable — other and accrued expenses	(29,407)	(29,407)	—	(357,793)	(357,793)	—
Derivatives*2	(367)	(367)	—	(4,465)	(4,465)	—

	Millions of yen		
As of March 31, 2011	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	¥57,210	¥57,210	¥—
Notes and accounts receivable — trade	46,486	46,486	—
Short-term investment securities			
Held-to-maturity securities	460	460	0
Others (Negotiable deposits)	1,500	1,500	—
Investment securities			
Held-to-maturity securities	200	199	(0)
Available-for-sale securities	71,470	71,470	—
Notes and accounts payable — trade	(24,198)	(24,198)	—
Accounts payable — other and accrued expenses	(28,657)	(28,657)	—
Derivatives*2	(413)	(413)	—

*1. Figures shown in parentheses are liability items.

*2. The value of assets and liabilities arising from derivatives is shown at net value, with net liability position shown in parentheses.

Notes:

(i) Methods for computing the estimated fair value of financial instruments, securities and derivative transactions

Cash and deposits and notes and accounts receivable — trade

Since these items are settled in a short period of time, the carrying value approximates fair value.

Short-term investment securities and investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market price or prices provided by the financial institutions making markets in these securities. Regarding negotiable deposits, since they are settled in a short period of time, the carrying value approximates fair value. Information on securities classified by holding purpose is contained in Note **21**.

Notes and accounts payable — trade and accounts payable — other and accrued expenses

Since these items are settled in a short period of time, the carrying value approximates fair value.

Derivatives Transactions

See Note **22**.

(ii) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31	2012	2011	2012
Carrying value			
Unlisted stocks	¥ 4,096	¥ 3,806	$ 49,836
Long-term deposits received	15,516	15,854	188,782

Because no quoted market price is available and estimating their future cash flows is deemed to be prohibitively expensive, the estimated fair value of these financial instruments was extremely difficult to determine, and has not been disclosed.

(iii) The redemption schedule for receivables and securities with maturities as of March 31, 2012 and 2011

	Millions of yen				Thousands of U.S. dollars (Note 3)			
As of March 31, 2012	Within one year	Between one and five years	Between five and ten years	Over ten years	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	¥ 52,103	¥ —	¥—	¥—	$ 633,934	$ —	$—	$—
Notes and accounts receivable — trade	45,634	—	—	—	555,226	—	—	—
Short-term investment securities and investment securities								
Held-to-maturity securities								
Government and municipal bonds	199	250	—	—	2,421	3,042	—	—
Corporate bonds	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Other investment securities								
Negotiable deposits	4,500	—	—	—	54,751	—	—	—
Total	¥102,437	¥250	¥—	¥—	$1,246,344	$3,042	$—	$—

	Millions of yen			
As of March 31, 2011	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	¥ 57,210	¥ —	¥—	¥—
Notes and accounts receivable — trade	46,486	—	—	—
Short-term investment securities and investment securities				
Held-to-maturity securities				
Government and municipal bonds	460	200	—	—
Corporate bonds	—	—	—	—
Others	—	—	—	—
Other investment securities				
Negotiable deposits	1,500	—	—	—
Total	¥105,657	¥200	¥—	¥—

(iv) The redemption schedule for long-term debt with maturities as of March 31, 2012 and 2011

	Millions of yen				
As of March 31, 2012	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Long-term loans payable	¥470	¥ 9	¥ 6	¥ 6	¥ 5
Lease obligations	17	16	16	16	165

	Thousands of U.S. dollars (Note 3)				
As of March 31, 2012	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Long-term loans payable	$5,718	$110	$ 73	$ 73	$ 61
Lease obligations	207	195	195	195	2,008

	Millions of yen				
As of March 31, 2011	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Long-term loans payable	¥864	¥512	¥—	¥—	¥ —
Lease obligations	26	16	15	15	180

21. Securities

(a) Held-to-maturity securities with fair market value

	Millions of yen			Thousands of U.S. dollars (Note 3)		
As of March 31, 2012	Carrying value	Estimated fair value	Unrealized gain (loss)	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose estimated fair value exceeds their carrying value:						
Government and municipal bonds	¥350	¥350	¥ 0	$4,258	$4,258	$ 0
Corporate bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
	350	350	0	4,258	4,258	0
Securities whose estimated fair value does not exceed their carrying value:						
Government and municipal bonds	99	99	(0)	1,205	1,205	(0)
Corporate bonds	—	—	—	—	—	—
Other	—	—	—	—	—	—
	99	99	(0)	1,205	1,205	(0)
Total	¥450	¥450	¥ 0	$5,475	$5,475	$ 0

	Millions of yen		
As of March 31, 2011	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose estimated fair value exceeds their carrying value:			
Government and municipal bonds	¥460	¥460	¥ 0
Corporate bonds	—	—	—
Other	—	—	—
	460	460	0
Securities whose estimated fair value does not exceed their carrying value:			
Government and municipal bonds	200	199	(0)
Corporate bonds	—	—	—
Other	—	—	—
	200	199	(0)
Total	¥660	¥660	¥ 0

(b) Available-for-sale securities with fair market value

As of March 31, 2012	Millions of yen Carrying value	Acquisition costs	Unrealized gain (loss)	Thousands of U.S. dollars (Note 3) Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Stock	¥54,280	¥12,640	¥41,639	$660,421	$153,790	$506,619
Other	—	—	—	—	—	—
	54,280	12,640	41,639	660,421	153,790	506,619
Securities whose carrying value does not exceed their acquisition costs:						
Stock	3,064	3,138	(74)	37,279	38,180	(900)
Other	4,500	4,500	—	54,751	54,751	—
	7,564	7,638	(74)	92,031	92,931	(900)
Total	¥61,844	¥20,279	¥41,565	$752,452	$246,733	$505,718

As of March 31, 2011	Millions of yen Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Stock	¥68,984	¥12,640	¥56,343
Other	—	—	—
	68,984	12,640	56,343
Securities whose carrying value does not exceed their acquisition costs:			
Stock	2,486	3,138	(652)
Other	1,500	1,500	—
	3,986	4,638	(652)
Total	¥72,970	¥17,279	¥55,691

(c) Available-for-sale securities sold during the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Sales of available-for-sale securities	¥6	¥1,309	$73
Gain on sales	1	264	12
Loss on sales	6	125	73

22. Derivatives and Hedging Activities

As of March 31, 2012 and 2011, there were no derivative transactions outstanding for which hedge accounting has not been applied.

The notional amounts and the estimated fair value of the derivative instruments outstanding as of March 31, 2012 and 2011, for which hedge accounting has been applied are summarized as follows:

		Millions of yen			
		Notional amount			
As of March 31, 2012	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 986	¥—	¥ 990	
Canadian dollars		1,276	—	1,322	
Euros		8,363	—	8,680	
Foreign exchange forward contracts accounted for by allocated method:					Market prices
Sell:	Accounts receivable				
Australian dollars		143	—	*1	
Canadian dollars		28	—		
Euros		833	—		
Total		¥11,631	¥—	¥ —	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocated method in hedge accounting.

*2. The estimated fair value is the fair value of the notional amount, and the net value of assets and liabilities arising from derivatives was ¥367 million.

		Thousands of U.S. dollars (Note 3)			
		Notional amount			
As of March 31, 2012	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		$ 11,997	$—	$ 12,045	
Canadian dollars		15,525	—	16,085	
Euros		101,752	—	105,609	
Foreign exchange forward contracts accounted for by allocated method:					Market prices
Sell:	Accounts receivable				
Australian dollars		1,740	—	*1	
Canadian dollars		341	—		
Euros		10,135	—		
Total		$141,514	$—	$ —	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocated method in hedge accounting.

*2. The estimated fair value is the fair value of the notional amount, and the net value of assets and liabilities arising from derivatives was $4,465 thousand.

As of March 31, 2011	Hedged items	Millions of yen Notional amount Total	 Over one year	 Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 1,258	¥—	¥ 1,305	
Canadian dollars		1,604	—	1,636	
Euros		9,756	—	10,090	
Buy:	Accounts payable				
U.S. dollars		31	—	31	
British pounds		1	—	1	
Euros		2	—	2	
Foreign exchange forward contracts accounted for by allocated method:					Market prices
Sell:	Accounts receivable				
Australian dollars		141	—	*1	
Canadian dollars		80	—		
Euros		950	—		
Total		¥13,826	¥—	¥ —	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocated method in hedge accounting.

*2. The estimated fair value is the fair value of the notional amount, and the net value of assets and liabilities arising from derivatives was ¥413 million.

23. Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit pension plans, such as welfare pension plans and lump-sum payment plans.

In certain cases, the Company pays employees who are retiring, etc., additional retirement benefits that are not considered to be retirement benefit obligations as calculated under actuarial methods according to retirement benefit accounting principles.

Certain overseas consolidated subsidiaries have either defined benefit plans or defined contribution pension plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2012 and 2011 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Retirement benefit obligation	**¥(128,246)**	¥(131,788)	$(1,560,360)
Plan assets at fair value	**68,965**	73,917	839,092
Unfunded retirement benefit obligation	**(59,281)**	(57,871)	(721,268)
Unrecognized actuarial gain or loss	**19,878**	22,541	241,854
Unrecognized prior service cost	**(2,076)**	(2,269)	(25,259)
Net retirement benefit obligation at transition	**(41,479)**	(37,599)	(504,672)
Prepaid pension expenses	**—**	—	—
Provision for retirement benefits	**¥ (41,479)**	¥ (37,599)	$ (504,672)

The components of retirement benefit expenses for the years ended March 31, 2012 and 2011 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Service cost	**¥4,324**	¥ 4,433	$ 52,610
Interest cost	**2,521**	2,600	30,673
Expected return on plan assets	**(2,548)**	(2,745)	(31,001)
Amortization of prior service cost	**(193)**	(194)	(2,348)
Amortization of actuarial gain or loss	**5,235**	5,672	63,694
Additional retirement benefit expenses	**629**	606	7,653
Total	**¥9,968**	¥10,373	$121,280

The assumptions used in accounting for the above plans are summarized as follows:

	2012	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.5%	3.5%
Amortization of prior service cost	10 years (straight-line method)	10 years (straight-line method)
Amortization of actuarial gain or loss	10 years (straight-line method)	10 years (straight-line method)

24. Income Taxes

The "Act for Partial Revision of Income Tax Law, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No.114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No.117 of 2011) were promulgated on December 2, 2011. Under these laws, the corporate income tax rates will be changed from the years beginning on or after April 1, 2012. In addition, for the years beginning April 1, 2012, through March 31, 2015, a special reconstruction corporate tax will be levied. Accompanying these changes, the effective statutory tax rate applicable to the calculation of deferred tax assets and deferred tax liabilities will be changed as follows according to the time of full amortization of temporary differences are expected to be realized:

From the year ending March 31, 2013 through the year ending March 31, 2015: 36.99%

From the year ending March 31, 2016 and thereafter: 34.61%

As a result of these changes, deferred tax assets in noncurrent assets, deferred tax liabilities in noncurrent liabilities, and deferred tax liabilities for land revaluation decreased by ¥24 million ($292 thousand), ¥2,153 million ($26,195 thousand), and ¥1,794 million ($21,827 thousand), respectively, valuation difference on available-for-sale securities and revaluation reserve for land increased by ¥2,025 million ($24,638 thousand) and ¥1,794 million ($21,827 thousand), respectively, as of March 31, 2012. Also, income taxes—deferred decreased by ¥102 million ($1,241 thousand) for the year ended March 31, 2012.

For the years ended March 31, 2012 and 2011, income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which in the aggregate resulted in a statutory tax rate of approximately 39.5%. Income taxes of the overseas consolidated subsidiaries are, in general, based on the tax rates applicable in their respective countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Deferred tax assets:			
Write-downs of inventories	¥ 2,063	¥ 2,113	$ 25,100
Unrealized gain on inventories and property, plant and equipment	400	402	4,867
Allowance for doubtful accounts	591	615	7,191
Depreciation	8,396	9,161	102,154
Loss on impairment of fixed assets	9,301	11,666	113,165
Loss on valuation of investment securities	3,190	3,812	38,813
Accrued employees' bonuses	2,186	2,579	26,597
Provision for product warranties	781	856	9,502
Provision for retirement benefits	14,795	14,613	180,010
Tax loss carryforwards	13,565	13,888	165,044
Other	3,987	4,503	48,510
Gross deferred tax assets	59,259	64,213	721,000
Valuation allowance	(56,188)	(28,476)	(683,635)
Total deferred tax assets	¥ 3,070	¥35,737	$ 37,352
Deferred tax liabilities:			
Reserve for deferred gain on property, plant and equipment	¥ (1,158)	¥ (1,357)	$ (14,089)
Reserve for special depreciation	(31)	(43)	(377)
Valuation difference on available-for-sale securities	(14,227)	(22,128)	(173,099)
Other	(362)	(361)	(4,404)
Total deferred tax liabilities	(15,780)	(23,890)	(191,994)
Net deferred tax assets (liabilities)	¥(12,710)	¥11,846	$(154,642)

A reconciliation between the statutory tax rate and the effective tax rate for the years ended March 31, 2012 and 2011 are as follows:

	2012	2011
Statutory tax rate	39.5%	39.5%
Adjustments:		
Differences in tax rates of overseas consolidated subsidiaries	(13.1)	(19.8)
Non-temporary differences not deductible for tax purposes	(0.8)	(1.7)
Per capita inhabitants' taxes	2.5	2.5
Effect of the change in the statutory tax rates on the deferred tax assets and liabilities	(1.5)	—
Allowances for changes in valuation	487.5	(2.0)
Other	3.4	1.5
Effective tax rate after adjustments for tax-effect accounting	517.5%	20.0%

25. Segment Information

For the year ended March 31, 2012 and 2011

(a) Summary of reporting segments

Business segments are composed of business units that provide separate financial information, are regularly reviewed by the Board of Directors of the Company for the purpose of business performance evaluation and management resource allocation decisions, and that have been grouped to consolidate products and services with similar economic characteristics and contents.

The Company has established business divisions by product and service in its head office and formulates comprehensive strategies for implementation in Japan and overseas in its respective business domains.

Therefore, the Company's business segments, based on its business domains, comprise its three principal reporting segments, which are "Musical instruments," "AV/IT," and "Electronic devices." Other businesses have been grouped together in "Others."

The "Musical instruments" segment includes manufacturing and sales of pianos, digital musical instruments, wind, string, and percussion instruments and professional audio equipment as well as other music-related activities. The "AV/IT" segment includes manufacturing and sales of audio products, IT equipment and certain other products. The "Electronic devices" segment includes manufacturing and sales of semiconductors. The "Others" includes automobile interior wood components, factory automation (FA) equipment, and golf products, recreation, and certain other lines of business.

(b) Method for calculating the sales, income (loss), assets, and other items for reporting segments

The accounting treatment for reporting business segments is carried out through principles and procedures set forth in Note 1 "Summary of Significant Accounting Policies."

Figures for segment income in reporting segments are on an operating income basis.

Intersegment sales and transfers are based on prevailing market prices.

(c) Information by product and service

	Millions of yen						
Year ended March 31, 2012	Musical instruments	AV/IT	Electronic devices	Others	Total	Adjustments	Consolidated
Sales							
Sales to external customers	¥265,089	¥53,165	¥16,233	¥22,128	¥356,616	¥ —	¥356,616
Intersegment sales or transfers			768		768	(768)	
Total	265,089	53,165	17,001	22,128	357,385	(768)	356,616
Segment income (loss)	¥ 7,713	¥ 2,872	¥ (2,913)	¥ 437	¥ 8,110	¥ —	¥ 8,110
Segment assets	¥247,968	¥33,734	¥13,843	¥71,064	¥366,610	¥ —	¥366,610
Other items							
Depreciation and amortization	¥ 9,065	¥ 1,248	¥ 976	¥ 684	¥ 11,973	¥ —	¥ 11,973
Loss on impairment of fixed assets	¥ —	¥ —	¥ —	¥ 169	¥ 169	¥ —	¥ 169
Increase in property, plant and equipment and intangible assets	¥ 8,480	¥ 1,072	¥ 736	¥ 1,290	¥ 11,579	¥ —	¥ 11,579

Year ended March 31, 2012	Musical instruments	AV/IT	Electronic devices	Others	Total	Adjustments	Consolidated
	Thousands of U.S. dollars (Note 3)						
Sales							
Sales to external customers	$3,225,319	$646,855	$197,506	$269,230	$4,338,922	$ —	$4,338,922
Intersegment sales or transfers			9,344		9,344	(9,344)	
Total	3,225,319	646,855	206,850	269,230	4,348,278	(9,344)	4,338,922
Segment income (loss)	$ 93,844	$ 34,943	$ (35,442)	$ 5,317	$ 98,674	$ —	$ 98,674
Segment assets	$3,017,009	$410,439	$168,427	$864,631	$4,460,518	$ —	$4,460,518
Other items							
Depreciation and amortization	$ 110,293	$ 15,184	$ 11,875	$ 8,322	$ 145,675	$ —	$ 145,675
Loss on impairment of fixed assets	$ —	$ —	$ —	$ 2,056	$ 2,056	$ —	$ 2,056
Increase in property, plant and equipment and intangible assets	$ 103,176	$ 13,043	$ 8,955	$ 15,695	$ 140,881	$ —	$ 140,881

Notes: 1. The item "Adjustments" for the year ended March 31, 2012 contains the following:
The sales adjustment item of ¥(768) million ($(9,344) thousand), which comprises eliminations of transactions among the Company's business segments.

2. "Segment income (loss)" for the year ended March 31, 2012 means the operating income (loss) of the segment as presented in the Consolidated Statements of Operations.

3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheets) were ¥47,290 million ($575,374 thousand).

Year ended March 31, 2011	Musical instruments	AV/IT	Electronic devices	Others	Total	Adjustments	Consolidated
	Millions of yen						
Sales							
Sales to external customers	¥271,124	¥57,023	¥20,610	¥25,108	¥373,866	¥ —	¥373,866
Intersegment sales or transfers			1,080		1,080	(1,080)	
Total	271,124	57,023	21,690	25,108	374,946	(1,080)	373,866
Segment income	¥ 8,616	¥ 2,547	¥ 510	¥ 1,490	¥ 13,165	¥ —	¥ 13,165
Segment assets	¥253,036	¥36,617	¥14,983	¥86,215	¥390,852	¥ —	¥390,852
Other items							
Depreciation and amortization	¥ 9,678	¥ 1,361	¥ 900	¥ 873	¥ 12,814	¥ —	¥ 12,814
Loss on impairment of fixed assets	¥ 2,575	¥ —	¥ —	¥ 112	¥ 2,687	¥ —	¥ 2,687
Increase in property, plant and equipment and intangible assets	¥ 8,224	¥ 1,044	¥ 921	¥ 464	¥ 10,655	¥ —	¥ 10,655

Notes: 1. The item "Adjustments" for the year ended March 31, 2011 contains the following:
The sales adjustment item of ¥(1,080) million, which comprises eliminations of transactions among the Company's business segments.

2. "Segment income" for the year ended March 31, 2011 means the operating income of the segment as presented in the Consolidated Statements of Operations.

3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheets) were ¥61,917 million.

(d) Information by geographical segment

(i) Sales information based on the geographical location of the customers

	Millions of yen					
		Overseas				
Year ended March 31, 2012	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Net sales	¥167,105	¥49,922	¥60,822	¥78,766	¥189,511	¥356,616
Sales as a percentage of consolidated net sales	46.9%	14.0%	17.0%	22.1%	53.1%	100.0%

	Thousands of U.S. dollars (Note 3)					
		Overseas				
Year ended March 31, 2012	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Net sales	$2,033,155	$607,397	$740,017	$958,340	$2,305,767	$4,338,922
Sales as a percentage of consolidated net sales	46.9%	14.0%	17.0%	22.1%	53.1%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.

2. Main country and regional divisions other than Japan:
(a) North America: U.S.A., Canada
(b) Europe: Germany, France, U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

Year ended March 31, 2011	Millions of yen					
		Overseas				
	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Sales	¥179,574	¥54,635	¥64,678	¥74,978	¥194,292	¥373,866
Sales as a percentage of consolidated net sales	48.0%	14.6%	17.3%	20.1%	52.0%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
(a) North America: U.S.A., Canada
(b) Europe: Germany, France, U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

(ii) Sales information based on group locations where sales take place

Year ended March 31, 2012	Millions of yen						
	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	¥178,404	¥49,580	¥60,817	¥ 67,814	¥356,616	¥ —	¥356,616
Intersegment sales or transfers	122,042	724	1,311	64,102	188,181	(188,181)	—
Total	300,447	50,305	62,128	131,917	544,798	(188,181)	356,616
Segment income (loss)	¥ (3,478)	¥ 1,874	¥ 2,288	¥ 7,876	¥ 8,560	¥ (449)	¥ 8,110
Total assets	¥251,549	¥23,728	¥30,708	¥ 78,508	¥384,495	¥ (17,884)	¥366,610
Property, plant and equipment	¥ 85,725	¥ 1,094	¥ 3,249	¥ 16,788	¥106,858	¥ —	¥106,858

Year ended March 31, 2012	Thousands of U.S. dollars (Note 3)						
	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	$2,170,629	$603,236	$739,956	$ 825,088	$4,338,922	$ —	$4,338,922
Intersegment sales or transfers	1,484,877	8,809	15,951	779,925	2,289,585	(2,289,585)	—
Total	3,655,518	612,057	755,907	1,605,025	6,628,519	(2,289,585)	4,338,922
Segment income (loss)	$ (42,317)	$ 22,801	$ 27,838	$ 95,827	$ 104,149	$ (5,463)	$ 98,674
Total assets	$3,060,579	$288,697	$373,622	$ 955,201	$4,678,124	$ (217,593)	$4,460,518
Property, plant and equipment	$1,043,010	$ 13,311	$ 39,530	$ 204,258	$1,300,134	$ —	$1,300,134

Notes: 1. Sales information is based on Group locations where sales take place, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(188,181) million ($(2,289,585) thousand), which comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income (loss) corresponds to operating income presented in the Consolidated Statements of Operations.

Year ended March 31, 2011	Millions of yen						
	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	¥190,915	¥54,084	¥64,863	¥ 64,003	¥373,866	¥ —	¥373,866
Intersegment sales or transfers	123,943	874	1,453	60,221	186,492	(186,492)	—
Total	314,858	54,958	66,316	124,225	560,359	(186,492)	373,866
Segment income	¥ 1,688	¥ 1,449	¥ 1,668	¥ 8,372	¥ 13,178	¥ (12)	¥ 13,165
Total assets	¥277,595	¥23,820	¥33,469	¥ 74,694	¥409,580	¥ (18,727)	¥390,852
Property, plant and equipment	¥ 87,515	¥ 1,335	¥ 3,582	¥ 15,834	¥108,267	¥ —	¥108,267

Notes: 1. Sales information is based on Group locations where sales take place, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(186,492) million, which comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income corresponds to operating income presented in the Consolidated Statements of Operations.

(e) Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment

Since the amounts are not material, this information has been omitted.

(f) Information on profit arising from negative goodwill by reporting segment

None

26. Amounts per Share

	Yen		U.S. dollars (Note 3)
Years ended March 31	2012	2011	2012
Net income (loss) per share:			
Basic	¥(151.73)	¥25.90	$(1.85)
Diluted	—	—	—

	Yen		U.S. dollars (Note 3)
At March 31	2012	2011	2012
Net assets per share	¥1,052.01	¥1,250.06	$12.80

Basic net income (loss) per share is computed based on the net income (loss) and the weighted-average number of shares of common stock outstanding during each year. Diluted net income (loss) per share for the years ended March 31, 2012 and 2011 has not been presented because there were no potentially dilutive securities at March 31, 2012 and 2011, and because a net loss was reported for the year ended March 21, 2012.

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

The calculation of basic net income (loss) per share was determined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Years ended March 31	2012	2011	2012
Basic net income (loss) per share:			
Net income (loss)	¥ (29,381)	¥ 5,078	$(357,477)
Amounts not attributable to shareholders of common stock	—	—	—
Net income (loss) attributable to shareholders of common stock	(29,381)	5,078	(357,477)
Weighted-average number of shares outstanding (thousands of shares)	193,643	196,062	—

27. Short-Term Loans Payable and Long-Term Debt

Short-term and long-term loans payable, lease obligations, and guarantee deposit as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands U.S. dollars (Note 3)
	2012	2011	2012
Short-term loans payable	¥ 9,883	¥ 6,597	$120,246
Current portion of long-term loans payable	912	3,863	11,096
Current portion of lease obligations	28	30	341
Long-term loans payable	499	1,376	6,071
Lease obligations	233	254	2,835
Guarantee deposits	57	64	694
Total	¥11,615	¥12,188	$141,319

The annual weighted-average interest rates applicable to above short-term loans payable and long-term debt at March 31, 2012 and 2011 were as follows:

	2012	2011
Short-term loans payable	1.0%	1.7%
Current portion of long-term loans payable	2.8%	2.6%
Long-term loans payable	1.4%	2.3%
Guarantee deposits	3.0%	3.0%

Note: The average interest rate shown above is the weighted average of the interest rates on loans calculated by using the balance of such obligations outstanding at the end of the year. For lease obligations, no average interest rate is shown because the amounts in the consolidated balance sheets include the amounts corresponding to interest paid from total lease payments.

The assets pledged as collateral for long-term loans payable and certain other current liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands U.S. dollars (Note 3)
	2012	2011	2012
Short-term investment securities	¥199	¥450	$2,421
Investment securities	250	200	3,042
	¥450	¥650	$5,475

The above assets were pledged as collateral for "Advances received" of ¥234 million ($2,847 thousand) at March 31, 2012, and for "Advances received" of ¥617 million at March 31, 2011.

28. Notes Receivable and Payable Maturing on the Balance Sheet Date

Notes receivable and payable are settled on the date of clearance. As March 31, 2012 was bank holiday, notes receivable and payable maturing on that date could not be settled and were settled on the following business day and included in the ending balances of notes and accounts receivable–trade, and notes and accounts payable–trade as follows:

	Millions of yen		Thousands U.S. dollars (Note 3)
	2012	2011	2012
Notes receivable	¥763	¥—	$9,283
Notes payable	1	—	12

29. Related Parties

None

30. Subsequent Events

None

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Independent Auditor's Report

The Board of Directors
YAMAHA CORPORATION

We have audited the accompanying consolidated financial statements of YAMAHA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YAMAHA CORPORATION and consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

June 28, 2012

Hamamatsu, Japan

Ernst & Young ShinNihon LLC

History of the Yamaha Group

Founder,
Torakusu Yamaha

- **1887** Torakusu Yamaha builds his first reed organ
- **1897** Nippon Gakki Co., Ltd. (currently Yamaha Corporation) is established with capital of ¥100,000
- **1900** Production of upright pianos begins
- **1949** Listed on Tokyo Stock Exchange
- **1954** Establishes Yamaha Music School and holds pilot classes
- Produces its first HiFi player (audio product)

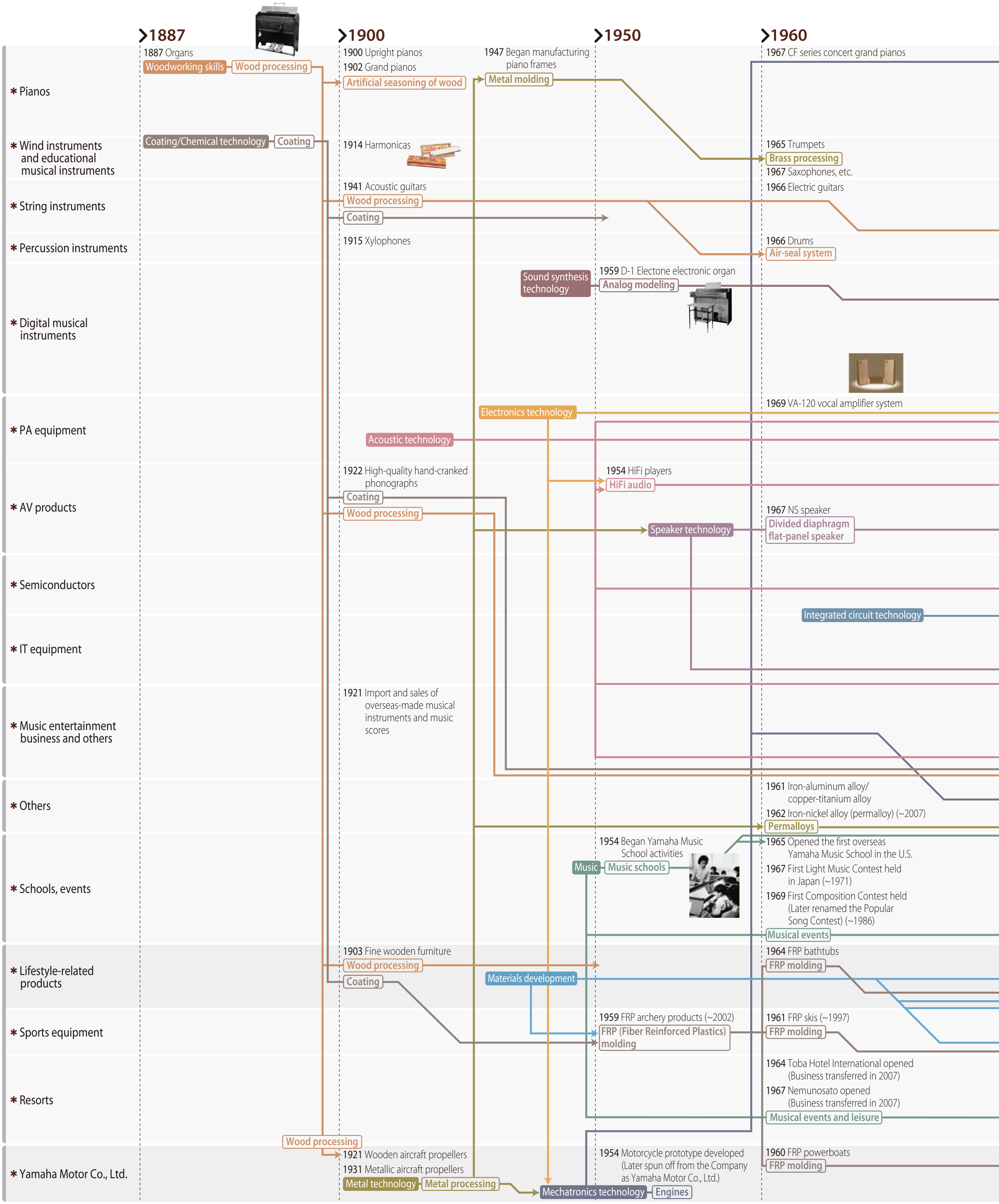
- **1955** Establishes Yamaha Motor Co., Ltd. (Splits off the motorcycle division)
- **1958** Begins production of sports equipment
- Establishes first overseas subsidiary in Mexico
- **1960** Establishes Yamaha International Corporation (currently Yamaha Corporation of America)

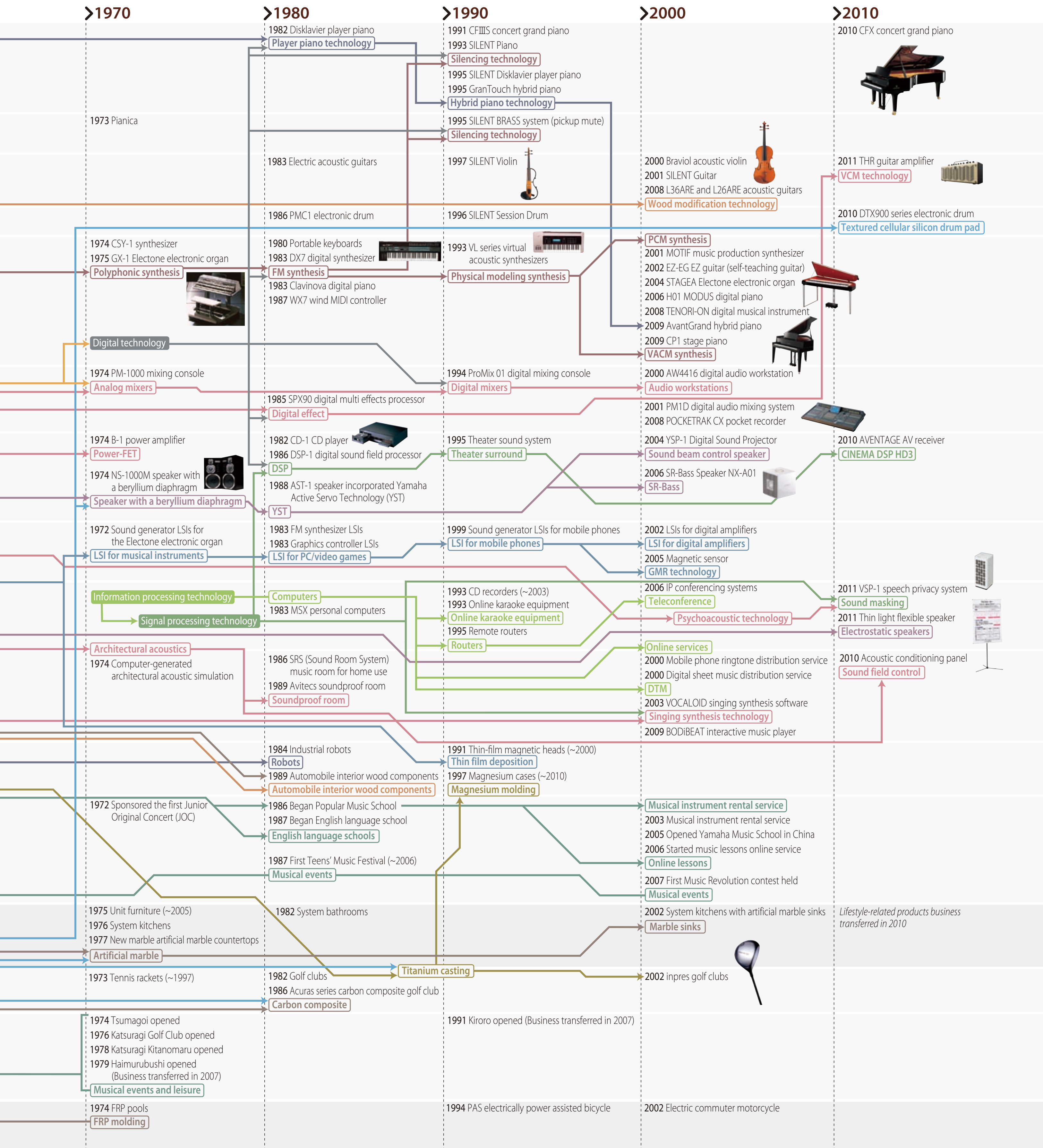
- **1962** Begins recreation business
- **1965** Production of wind instruments begins
- **1968** Issues shares at market price for the first time in Japan
- **1971** Production of semiconductors begins
- **1987** Changes company name to Yamaha Corporation
- **2002** Establishes Yamaha Music & Electronics (China) Co., Ltd.
- Establishes Yamaha Music Holding Europe GmbH (currently Yamaha Music Europe GmbH)

- **2005** Acquires Steinberg Media Technologies GmbH
- **2007** Establishes music entertainment business holding company
- **2008** Acquires L. Bösendorfer Klavierfabrik GmbH
- Acquires NEXO S.A.

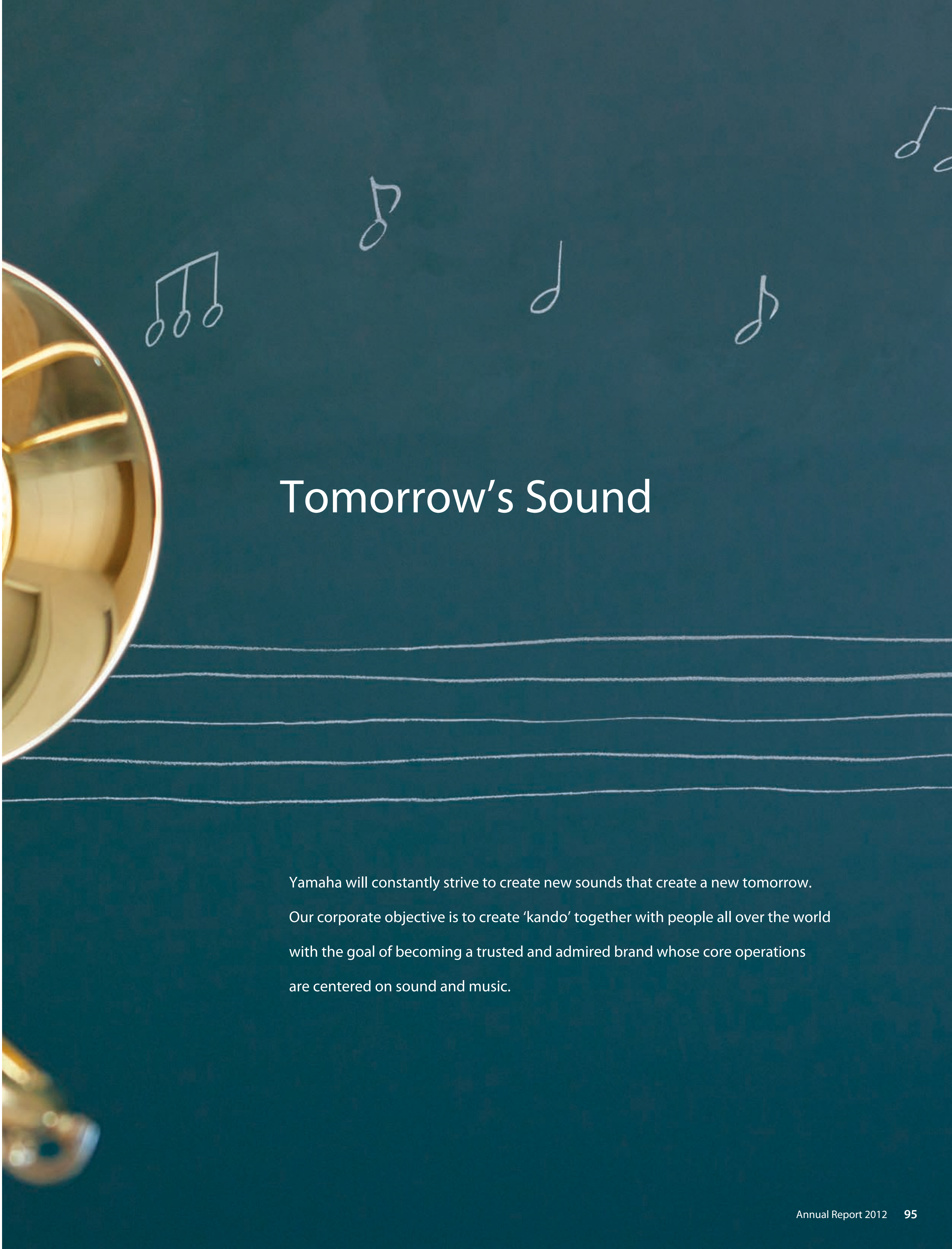
- **2010** Transfers shares of the lifestyle-related products subsidiary
- Completes integration of Japanese piano factories to Kakegawa
- **2012** Completes integration of Japanese wind instrument factories to Toyooka

Yamaha Product History





1970
1980
1990
2000
2010
1982 Disklavier player piano
Player piano technology
1991 CFIIIS concert grand piano
1993 SILENT Piano
Silencing technology
1995 SILENT Disklavier player piano
1995 GranTouch hybrid piano
Hybrid piano technology
2010 CFX concert grand piano
1973 Pianica
1995 SILENT BRASS system (pickup mute)
Silencing technology
1983 Electric acoustic guitars
1997 SILENT Violin
2000 Braviol acoustic violin
2001 SILENT Guitar
2008 L36ARE and L26ARE acoustic guitars
Wood modification technology
2011 THR guitar amplifier
VCM technology
1986 PMC1 electronic drum
1996 SILENT Session Drum
2010 DTX900 series electronic drum
Textured cellular silicon drum pad
1974 CSY-1 synthesizer
1975 GX-1 Electone electronic organ
Polyphonic synthesis
1980 Portable keyboards
1983 DX7 digital synthesizer
FM synthesis
1983 Clavinova digital piano
1987 WX7 wind MIDI controller
1993 VL series virtual acoustic synthesizers
Physical modeling synthesis
PCM synthesis
2001 MOTIF music production synthesizer
2002 EZ-EG EZ guitar (self-teaching guitar)
2004 STAGEA Electone electronic organ
2006 H01 MODUS digital piano
2008 TENORI-ON digital musical instrument
2009 AvantGrand hybrid piano
2009 CP1 stage piano
VACM synthesis
Digital technology
1974 PM-1000 mixing console
Analog mixers
1994 ProMix 01 digital mixing console
Digital mixers
2000 AW4416 digital audio workstation
Audio workstations
1985 SPX90 digital multi effects processor
Digital effect
2001 PM1D digital audio mixing system
2008 POCKETRAK CX pocket recorder
1974 B-1 power amplifier
Power-FET
1982 CD-1 CD player
1986 DSP-1 digital sound field processor
DSP
1995 Theater sound system
Theater surround
2004 YSP-1 Digital Sound Projector
Sound beam control speaker
2010 AVENTAGE AV receiver
CINEMA DSP HD3
1974 NS-1000M speaker with a beryllium diaphragm
Speaker with a beryllium diaphragm
1988 AST-1 speaker incorporated Yamaha Active Servo Technology (YST)
YST
2006 SR-Bass Speaker NX-A01
SR-Bass
1972 Sound generator LSIs for the Electone electronic organ
LSI for musical instruments
1983 FM synthesizer LSIs
1983 Graphics controller LSIs
LSI for PC/video games
1999 Sound generator LSIs for mobile phones
LSI for mobile phones
2002 LSIs for digital amplifiers
LSI for digital amplifiers
2005 Magnetic sensor
GMR technology
Information processing technology
Signal processing technology
Computers
1983 MSX personal computers
1993 CD recorders (~2003)
1993 Online karaoke equipment
Online karaoke equipment
1995 Remote routers
Routers
2006 IP conferencing systems
Teleconference
Psychoacoustic technology
2011 VSP-1 speech privacy system
Sound masking
2011 Thin light flexible speaker
Electrostatic speakers
Architectural acoustics
1974 Computer-generated architectural acoustic simulation
1986 SRS (Sound Room System) music room for home use
1989 Avitecs soundproof room
Soundproof room
Online services
2000 Mobile phone ringtone distribution service
2000 Digital sheet music distribution service
DTM
2003 VOCALOID singing synthesis software
Singing synthesis technology
2009 BODiBEAT interactive music player
2010 Acoustic conditioning panel
Sound field control
1984 Industrial robots
Robots
1989 Automobile interior wood components
Automobile interior wood components
1991 Thin-film magnetic heads (~2000)
Thin film deposition
1997 Magnesium cases (~2010)
Magnesium molding
1972 Sponsored the first Junior Original Concert (JOC)
1986 Began Popular Music School
1987 Began English language school
English language schools
1987 First Teens' Music Festival (~2006)
Musical events
Musical instrument rental service
2003 Musical instrument rental service
2005 Opened Yamaha Music School in China
2006 Started music lessons online service
Online lessons
2007 First Music Revolution contest held
Musical events
1975 Unit furniture (~2005)
1976 System kitchens
1977 New marble artificial marble countertops
Artificial marble
1982 System bathrooms
2002 System kitchens with artificial marble sinks
Marble sinks
Lifestyle-related products business transferred in 2010
1973 Tennis rackets (~1997)
1982 Golf clubs
1986 Acuras series carbon composite golf club
Carbon composite
Titanium casting
2002 inpres golf clubs
1974 Tsumagoi opened
1976 Katsuragi Golf Club opened
1978 Katsuragi Kitanomaru opened
1979 Haimurubushi opened (Business transferred in 2007)
Musical events and leisure
1991 Kiroro opened (Business transferred in 2007)
1974 FRP pools
FRP molding
1994 PAS electrically power assisted bicycle
2002 Electric commuter motorcycle



Tomorrow's Sound

Yamaha will constantly strive to create new sounds that create a new tomorrow. Our corporate objective is to create 'kando' together with people all over the world with the goal of becoming a trusted and admired brand whose core operations are centered on sound and music.

CREATING 'KANDO' TOGETHER

YAMAHA CORPORATION
Corporate Planning Division
URL: http://www.yamaha.com/

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