For immediate release

April 28, 2010

YAMAHA CORPORATION

Outline of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (FY2010.3) and Outlook for FY2011.3 (Supplementary Information)

Consolidated Performance in FY2010.3

Declines in Net Sales and Operating Income, Net Loss Reported for Second Fiscal Year

Because of worldwide stagnation in demand and the appreciation of the yen, declines in sales were reported in all business segments. As a result, consolidated net sales for the fiscal year under review decreased ¥44.5 billion, or 9.7% from the previous fiscal year to ¥414.8 billion.

Consolidated operating income rose, or net losses were smaller, in all business segments except the musical instruments business, where profitability deteriorated substantially. As a consequence, operating income was down 50.7%, to ¥6.8 billion. Consolidated ordinary income decreased 59.0%, to ¥4.9 billion.

The Company reported a net loss of ¥4.9 billion for the fiscal year under review. This deterioration in profitability was due to losses on the sale of shares of a subsidiary in the lifestyle-related products business, impairment losses owing to the decline in the value of idle property assets accompanying the realignment of certain businesses, and other factors.

In comparison with the forecast announced on March 19, 2010, net sales were slightly above target, while operating income and ordinary income both increased, to ¥0.8 billion and ¥0.9 billion, respectively. The net loss was ¥4.9 billion, virtually the same as the forecast.

Sales and Operating Income (Loss) by Business Segment

(Figures in parentheses are changes from the same period of the previous year, except as indicated.)

Musical Instruments

Sales of ¥276.3 billion (–9.9%) and Operating Income of ¥5.1 billion (–73.3%)

Sales of this business segment as a whole declined because of stagnation in principal markets, including pianos, electronic musical instruments, and wind, string, and percussion instruments. In China, because of increased sales of Yamaha pianos manufactured in that country and other factors, Yamaha reported continued double-digit growth in sales there. However, in the advanced country markets of Japan, Europe, and North America, sales fell because of the economic slowdown. Sales of professional audio equipment also declined due to weakness in the market as customers restrained their capital investment. In the musical entertainment software business, sales decreased as conditions in the online music distribution and music-related publications field were lackluster. Revenues and the number of pupils in English-language schools expanded, as English will become compulsory for primary school students beginning in 2011. Revenues from music schools edged downward as the number of pupils enrolled decreased owing to Japan's declining birthrate, decelerated economic growth, and other factors. Profitability of this segment fell sharply, reflecting the decrease in sales and the severe impact of foreign currency fluctuations.

AV/IT

Sales of ¥54.4 billion (–4.1%) and Operating Income of ¥1.4 billion (compared with an operating loss of ¥0.4 billion in the previous fiscal year)

In the audio business, sales of home theater rack systems and digital surround projectors rose in Japan, accompanying the expansion in demand for flat-panel-display TVs. In Europe and the United States, sales of core AV receivers and other audio products made a comeback in the latter half of the fiscal year, but sales for the full fiscal year decreased because of the impact of the economic slowdown and the effect of foreign currency fluctuations. Sales of commercial online karaoke equipment and conferencing systems rose, but sales of routers declined as a result of shrinkage in the market. Therefore, sales of the segment as a whole decreased. The segment reported a major improvement in operating income, compared with an operating loss in the previous fiscal year, because of an increase in the ratio of in-house production to total production, reduction in manufacturing expenses through the lowering of material costs, and cuts in other expenses.

Electronic Devices

Sales of ¥19.7 billion (–10.2%) and an Operating Loss of ¥0.6 billion (compared with an operating loss of ¥2.5 billion in the previous fiscal year)

In the semiconductor business, sales of digital amplifiers and LSI chips for vehicle use expanded, but sales of sound-generating LSIs for mobile phones continued to decrease due to the ongoing shift to sound-generating software and weakness in the Japanese market. Sales of this segment as a whole declined. The operating loss decreased year on year because of a decline in depreciation charges compared with the previous year, when impairment losses were reported on certain manufacturing facilities.

Lifestyle-Related Products

Sales of ¥36.9 billion (–14.3%) and Operating Income of ¥0.4 billion (compared with an operating loss of ¥0.3 billion in the previous fiscal year)

In the lifestyle-related products business, sales of system kitchens and system baths declined due to the sharp drop in the number of housing starts and the trend toward lower-priced units owing to more-intense competition. Accordingly, sales of the segment as a whole were down from the previous fiscal year. Because of thoroughgoing efforts to reduce expenses and lower manufacturing costs, the segment reported operating income, compared with an operating loss in the previous fiscal year.

Please note that, as of March 31, 2010, Yamaha transferred 85.1% of the shares it held in subsidiary Yamaha Livingtec Corporation, a company in the lifestyle-related products business, to a limited investment partnership managed and operated by Japan Industrial Partners, Inc. As of the same date, Yamaha Livingtec and its two wholly owned subsidiaries were excluded from the scope of consolidation of Yamaha Corporation.

Others

Sales of ¥27.5 billion (–10.9%) and Operating Income of ¥0.5 billion (compared with an operating loss of ¥2.1 billion in the previous fiscal year)

In the golf products business, sales in Japan and overseas declined, owing to the serious weakness in market conditions. Although sales of automobile interior wood components rose, as finished car manufacturers completed their inventory adjustments, sales of magnesium molded parts decreased owing to lower demand for parts used in the production of mobile phones. In the recreation business, sales were down due to the decline in the number of persons using Yamaha resort and golf facilities. As a consequence, sales of the segment as a whole decreased. The segment reported operating income because of a reduction in the breakeven point in its activities, achieved through efforts to reduce expenses and manufacturing costs.

Please note that, as of March 2010, Yamaha had completed its withdrawal from the magnesium molded parts business.

Performance on a Non-Consolidated Basis

Decline in Net Sales and All Indicators of Profitability

On a non-consolidated basis, Yamaha reported net sales of ¥227.9 billion (–17.0%), an operating loss of ¥9.8 billion, and an ordinary loss of ¥8.4 billion. Also, the Company also reported a net loss of ¥16.4 billion owing to extraordinary losses and other factors.

Consolidated Forecast for FY2011.3

Decline in Net Sales, but with an Increase in Operating Income

In FY2011.3, Yamaha will launch a new medium-term management plan entitled “YMP125 (Yamaha Management Plan 125)” and will implement a wide range of measures to attain the objectives of this new plan.

In the musical instruments segment, Yamaha is forecasting increases in sales and operating income as a result of continued realignment of its manufacturing bases and reduction in costs as well as acceleration of its growth in China and other emerging markets. In the AV/IT segment, Yamaha is forecasting increases in sales and operating income driven by the recovery of AV receivers sales, continued growth in sales of TV peripheral equipment, and strengthening of Yamaha’s cost competitiveness. In the electronic devices segment, Yamaha is forecasting an increase in sales and improvement in profitability because of the launching of new products, including graphics LSIs for amusement equipment, as well as reductions in manufacturing costs. In the others segment, although sales will decline because of the withdrawal from the magnesium molded parts business, Yamaha is expecting to maintain the level of profitability because of recovery in sales of the factory automation (FA) business.

As a result of abovementioned performance by segment, in FY2011.3, Yamaha is forecasting net sales of ¥385 billion, operating income of ¥10 billion, ordinary income of ¥7.5 billion, and net income of ¥5.5 billion.

Note: Sales and profit figures in the text above have been rounded to the nearest ¥0.1 billion.

For further information, please contact:

Yamaha Corporation
Public Relations Division, Public Relations Group
Telephone: 81-3-5488-6601