For immediate release

October 29, 2010

YAMAHA CORPORATION

Outline of the Consolidated Financial Results through the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2011 (FY2011.3) and Outlook for Performance for the Full Fiscal Year

■ Consolidated Performance through the Second Quarter (Six Months)

Year-on-Year Decline in Sales, Accompanied by an Increase in Income

Yamaha's accumulated sales through the end of the second quarter of FY2011.3 decreased ¥20.0 billion, or 9.8%, to ¥184.3 billion. This was due to a decline of ¥17.9 billion in sales owing to the transfer of the shares of a lifestyle-related products subsidiary at the end of the previous fiscal year and its exclusion from the scope of consolidation and the adverse impact of foreign currency fluctuations, which amounted to ¥8.1 billion. By business segment, sales increased in the AV/IT, electronic devices, and others businesses, and, after exclusion of the effects of foreign currency fluctuations, real sales in the musical instruments segments exceeded those of the same period of the previous fiscal year.

Consolidated operating income through the end of the second quarter rose to ¥9.3 billion, which was ¥5.1 billion, or 123.9%, higher than in the same period of the previous fiscal year. This increase was the result of a gain of ¥1.5 billion in operating income in the musical instruments business, accompanying the rise in production, and gains in income in business segments other than musical instruments, which occurred along with the increase in sales in those businesses.

Accompanying the rise in consolidated operating income, consolidated ordinary income through the second quarter rose ¥5.5 billion, or 193.5%, to ¥8.4 billion, and net income amounted to ¥5.0 billion (compared with a net loss of ¥0.8 billion through the second quarter of the previous fiscal year.)

■ Sales and Operating Income (Loss) by Business Segment

Note: Because of the transfer of Yamaha's equity holdings in Yamaha Livingtec Corporation (YLT), as of March 31, 2010, YLT and two of its subsidiaries were excluded from the scope of consolidation, and the Company eliminated its lifestyle-related products business segment from the beginning of FY2011.3.

Musical Instruments

<u>Sales of ¥135.0 billion (–3.3%) and Operating Income of ¥6.4 billion (+30.2%)</u>

Sales of pianos in the Chinese market continued to be robust, but sales in Japan remained stagnant. Overall, piano sales through the second quarter declined year on year. Among digital musical instruments, sales of electronic pianos and portable keyboards expanded in North America and in China and other emerging markets. Although sales of wind instruments are on a recovery trend in the North American market, sales of these instruments declined in the Japanese and European markets. The market for professional audio equipment failed to show full recovery in North America and Europe, and the sales, as a whole, remained at about the same level as in the same period of the previous fiscal year.

For the segment as a whole, sales were down ¥4.7 billion, or 3.3%, year on year, in part because of the effect of foreign currency fluctuations, which has a negative impact of ¥6.4 billion.

Profitability rose, as the negative impact of ¥1.7 billion due to foreign currency fluctuations was offset by a rise in production volume, and operating income rose ¥1.5 billion, or 30.2% than in the same period of the previous fiscal year.

AV/IT

<u>Sales of ¥25.4 billion (+3.5%) and Operating Income of ¥0.6 billion (compared with an operating loss of ¥0.03 billion through the second quarter of the previous fiscal year)</u>

In the audio products business, sales in the North American market decreased, but they held firm in the European and Japanese markets as well as in China and other emerging markets. Sales of routers for business use and commercial online karaoke equipment showed steady expansion. For the segment as a whole, foreign currency fluctuations had a negative impact of ¥1.6 billion, but sales rose ¥0.9 billion, or 3.5%.

Profitability took a turn for the better because of the increases in production and sales, and the segment reported an operating income through the second quarter, compared with an operating loss for the same period of the previous fiscal year.

Electronic Devices

Sales of ¥10.3 billion (+6.4%) and Operating Income of ¥0.9 billion (compared with an operating loss of ¥0.8 billion in the same period of the previous fiscal year)

In the semiconductor business, although sales of sound-generators for mobile phones decreased year on year, strong sales of graphic LSIs for amusement equipment, geomagnetic sensors, and certain other products resulted in an overall rise in sales of this segment.

Profitability in this segment improved, and it reported operating income through the second quarter, compared with an operating loss for the same period of the previous fiscal year, as a result of the increase in sales and reductions in production costs and other expenses.

Others

Sales of ¥13.6 billion (+8.1%) and Operating Income of ¥1.3 billion (compared with an operating income of ¥0.2 billion in the same period of the previous fiscal year)

Sales of automobile interior wood components continued solid because of recovery in conditions in the automobile industry, and sales of the factory automation business expanded mainly because of sales of capital goods to the Chinese market. In addition, sales of golf products expanded in Japan and overseas.

Although there was a decrease in sales owing to the Company's withdrawal from the magnesium molded parts business at the end of the previous fiscal year, performance of other businesses held generally steady. As a result, the segment as a whole reported an increase in sales.

Profitability improved, and operating income through the second quarter rose ¥1.1 billion compared with the same period of the previous fiscal year because of the increase in sales and reductions in production costs and other expenses.

■ Consolidated Forecast for FY2011.3

Previous Forecast of July 30 Has Been Revised

Yamaha's previous forecast for consolidated performance for the full fiscal year, which was announced on July 30, 2010, called for net sales of ¥385.0 billion, operating income of ¥10.0 billion, ordinary income of ¥7.5 billion, and net income of ¥4.0 billion. However, in view of performance through the second quarter, future business trends, foreign currency fluctuations, and other factors, Yamaha has issued a revised forecast calling for net sales of ¥374.0 billion, operating income of ¥11.0 billion, ordinary income of ¥8.5 billion, and net income of ¥5.0 billion.

Notes:

1. Sales and income/loss figures in the text above have, in principle, been rounded to the nearest ¥0.1 billion.
2. Figures in parentheses are changes from the same period of the previous fiscal year, except as indicated.

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