For immediate release

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YAMAHA CORPORATION

Outline of Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 (FY2011.3) and the Outlook for FY2012.3

■ Consolidated Performance in FY2011.3

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

Yamaha's consolidated net sales in FY2011.3 decreased ¥40.9 billion, or 9.9% year on year, to ¥373.9 billion. This was due to a decline of ¥36.9 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, combined with the adverse impact of foreign currency fluctuations, which amounted to ¥17.5 billion. By business segment, sales increased in the AV/IT and electronic devices businesses, and, after the exclusion of the effects of foreign currency fluctuations, actual sales in the musical instruments segment also increased.

Consolidated operating income increased in all business segments and amounted to ¥13.2 billion, representing an increase of ¥6.3 billion, or 92.8%. This rise in operating income offset the adverse impact of foreign currency fluctuations, which totaled ¥5.4 billion. Along with the increase in consolidated operating income, consolidated ordinary income expanded ¥6.1 billion (+123.4%), to ¥11.0 billion, and net income climbed to ¥5.1 billion (compared with a net loss of ¥4.9 billion in the previous fiscal year).

Please note that compared with the Company's previous forecast for the full fiscal year, announced on February 3, 2011, consolidated net sales were ¥0.9 billion higher than the forecast, while operating income was ¥0.7 billion higher and ordinary income was ¥1.0 billion above the forecast. However, because of the reporting of impairment losses on noncurrent assets, a factor that was not taken into account in the forecast, the Company reported extraordinary losses, and actual consolidated net income for FY2011.3 was ¥1.4 billion lower than the forecast level.

■ 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 FY2011.3.

Musical Instruments

Sales of ¥271.1 billion (–1.9%) and Operating Income of ¥8.6 billion (+68.4%)

Sales of pianos in the Chinese and other emerging markets continued to be robust, and signs of recovery emerged in the European and North American markets. However, because of the delayed recovery of sales in Japan as well as the impact of foreign currency fluctuations, overall piano sales decreased. In the digital musical instruments business, overall sales increased as portable keyboard sales rose as a result of the positive impact of the launching of new products. Although wind, string, and percussion instruments are generally on a recovery trend, tough operating conditions for wind instruments continued in the Japanese market. In the professional audio equipment business, sales grew in Japan and emerging markets, but in North America and Europe, the markets have not shown full recovery. As a consequence, sales in the professional audio equipment business were approximately the same as in the previous fiscal year. In the music software business, sales declined because of weakness in the music distribution and music publication businesses. Revenues from the music and English-language schools were approximately level with the previous fiscal year. For the segment as a whole, sales were down ¥5.1 billion (–1.9%) year on year, in part because of the effect of foreign currency fluctuations, which had a negative impact of ¥13.7 billion.

Profitability rose, as the negative impact of ¥4.3 billion due to foreign currency fluctuations was absorbed mainly by the rise in real sales and production volume. As a result, operating income expanded ¥3.5 billion (+68.4%).

AV/IT

Sales of ¥57.0 billion (+4.8%) and Operating Income of ¥2.5 billion (+81.3%)

In the audio products business, sales of AV receivers declined in the North American market because of more-intense price competition, but sales in Japan, primarily of front surround system products, rose. In addition, sales of desktop audio systems and other products in China and other emerging markets continued to be robust. A major increase was recorded in sales of commercial online karaoke equipment, as the launching of new models stimulated replacement demand. Sales of routers for business use and conferencing systems continued to grow as a result of expansion in marketing channels. For the segment as a whole, foreign currency fluctuations had a negative impact of ¥3.6 billion, but sales increased ¥2.6 billion (+4.8%).

Operating income expanded ¥1.1 billion (+81.3%) because of the increase in production and higher sales.

Electronic Devices

Sales of ¥20.6 billion (+4.4%) and Operating Income of ¥0.5 billion (compared with an operating loss of ¥0.6 billion in the previous fiscal year)

In the semiconductor business, although sales of sound generators for mobile phones declined year on year because of the ongoing shift to sound-generating software, sales of graphics controllers used in amusement equipment, geomagnetic sensors, and certain other products resulted in an overall rise in sales of this segment of ¥0.9 billion (+4.4%).

Profitwise, operating income rose to ¥0.5 billion (compared with an operating loss of ¥0.6 billion in the previous fiscal year) as a consequence of the increase in sales, reductions in manufacturing costs, and other factors.

Others

Sales of ¥25.1 billion (–8.6%) and Operating Income of ¥1.5 billion (+172.6%)

Sales of golf products were favorable in Japan and overseas. In addition, sales of the factory automation business expanded mainly because of sales of capital goods to the Chinese market. Sales of automobile interior wood components were at approximately the same level as in the previous fiscal year. The segment as a whole reported a decline in sales of ¥2.4 billion (–8.6%), in part because of the influence of the Company's withdrawal from the magnesium molded parts business at the end of the previous fiscal year, which resulted in a drop in sales of ¥5.0 billion.

Operating income, however, rose ¥0.9 billion (+172.6%) from the prior fiscal year owing to reduction in manufacturing costs and other factors.

■ Outline of Nonconsolidated Performance in FY2011.3

Year-on-Year Increases in Sales and Operating Income

Sales of the parent company, Yamaha Corporation, in FY2011.3 amounted to ¥248.3 billion (+8.9%). Profitwise, the parent company moved into the black. Operating income was ¥0.1 billion (compared with an operating loss of ¥9.8 billion in the previous fiscal year), ordinary income amounted to ¥7.9 billion (compared with an ordinary loss of ¥8.4 billion in the prior fiscal year), and net income was ¥3.9 billion (versus a net loss of ¥16.4 billion in the previous fiscal year).

■ Consolidated Forecast for FY2012.3

<u>Year-on-Year Decreases in Sales and Operating Income</u>

During FY2012.3, the markets of China and other emerging countries are forecast to continue to expand, and the North American and European markets are expected to recover. However, as a result of the impact of the Great East Japan Earthquake which occurred in March 2011, the drive to consume in Japan may weaken, and demand may decline owing to cutbacks in production by customers in the electronic devices business and other factors. In addition, the production of certain products is expected to stagnate as a consequence of difficulties in procuring electronic components.

As a result of the effects of these various factors, the performance outlook for FY2012.3 is for a decline in net sales of ¥17.0 billion and a decrease in operating income of ¥6.0 billion, mainly in the first half of the fiscal year. Taking this into account, the forecast for the full year ending March 31, 2012, is for ¥370.0 billion in net sales (–1.0%), operating income of ¥10.0 billion (–24.0%), ordinary income of ¥8.0 billion (–27.1%), and net income of ¥5.0 billion (–1.6%).

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 change from the previous fiscal year, except as indicated.

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