

**Analyst and Investor Briefing on the
First Half of the Fiscal Year Ending
March 31, 2008
(FY2008.3)**

**November 1, 2007
YAMAHA CORPORATION**

Overview of Performance in the First Half

First Half Results

- Sales and operating income exceeded previous projections (made on August 1) and were higher than the same period of the previous year.
- Net sales were generally in line with previous projections. They increased by 6.1% (¥16.2 billion) compared to the same period of the previous year, chiefly due to the focus on musical instrument sales. Discounting the impact of exchange rates, actual sales rose by 2.7% (¥7.2 billion).
- Operating income exceeded previous projections by 21.7% (¥3.8 billion) and increased by 53.9% (¥7.5 billion) year-on-year. The impact of exchange rates was +¥1.2 billion compared to previous projections and +¥5.1 billion compared to the same period of the previous year.
- Net income was higher year-on-year due to gain on sale of shares in Yamaha Motor Co., Ltd.
- Excluding the impact of exchange rates and inventory increases resulting from postponement of the handover of electronic metal products business originally scheduled for September 30, inventories at the end of the first half were broadly in line with previous projections. Inventories increased slightly year-on-year.

2Q Results

- Second quarter sales and income exceeded previous projections and were higher than the same period of the previous year. In the musical instruments and metallic molds and components businesses, sales and operating income exceeded both last year's results and previous projections. In the electronic equipment and metal products business, operating income was up year-on-year and against previous projections.
- Handover of four resort facilities was completed on October 1. Electronic metal products business is scheduled for handover on November 30, two months later than initially planned (the delay will have no impact on consolidated financial results).

Performance in the First Half of FY2008.3



➤ Net sales and operating income were higher than the same period of the previous year and exceeded previous projections

(Billions of yen)

	FY2007.3 (1H)	FY2008.3 (1H)	Change from same period of previous year	FY2008.3 (1H) previous projections	Change from projections	2Q Results
Net sales	264.5	280.7	+6.1%	280.5	+0.1%	145.5
Operating income (Operating income ratio)	13.8	21.3 (7.6%)	+53.9%	17.5	+21.7%	14.0
Recurring profit (Recurring profit ratio)	22.9	21.6 (7.7%)	-5.8%	17.0	+27.1%	14.1
Net income (Net income ratio)	17.5	30.8 (11.0%)	+76.3%	30.0	+2.7%	7.6
Equity Method Income	10.2	0.1		0		0.1

Currency Exchange Rates

Net sales	US\$	115	119	118	118
	EUR	146	162	159	162
Operating income	US\$	115	120	117	119
	EUR	140	158	155	160

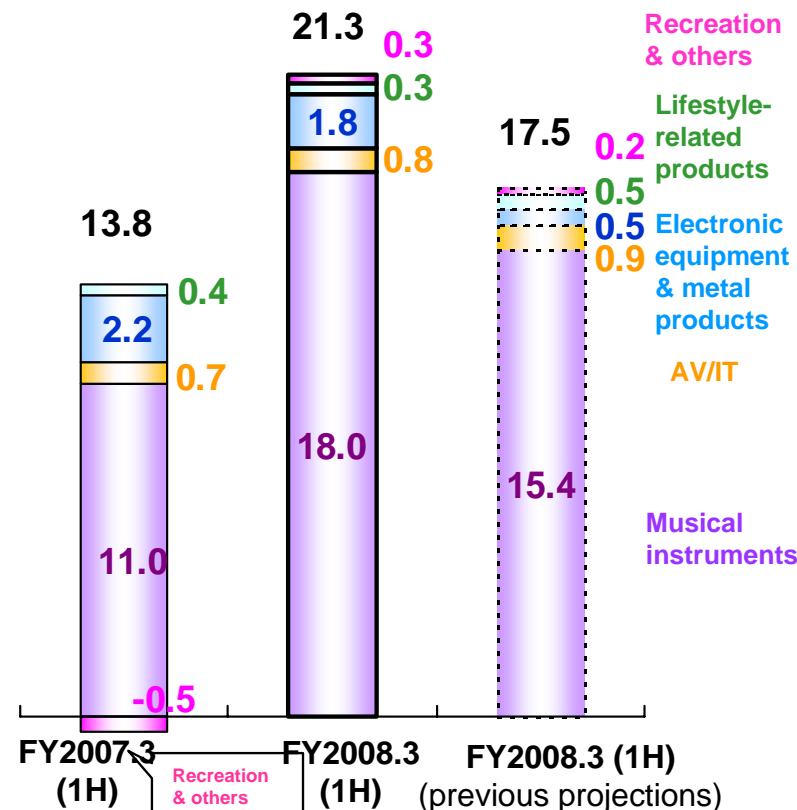
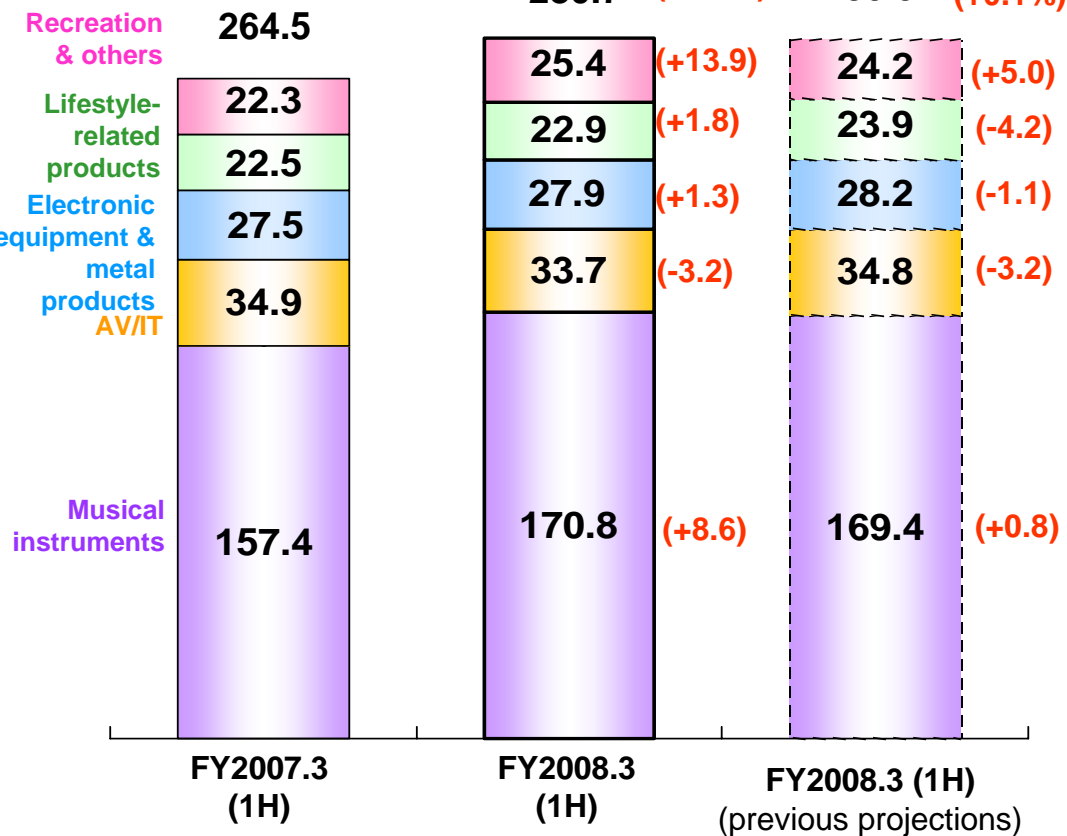
Performance by Business Segment in First Half of FY2008.3



Net Sales

Operating Income

(Billions of yen)



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

Impact of exchange rates

Year-on-year: + ¥9.0 billion (musical instruments + ¥7.0 billion, AV/IT + ¥2.0 billion)

Versus previous projections: + ¥2.5 billion (musical instruments + ¥1.9 billion, AV/IT + ¥0.6 billion)

Impact of exchange rates

Year-on-year: + ¥5.1 billion (musical instruments + ¥4.5 billion, AV/IT + ¥0.7 billion)

Versus previous projections: + ¥1.2 billion (musical instruments + ¥1.1 billion, AV/IT + ¥0.1 billion)

Forecast for Performance in FY2008.3 (Full Year) YAMAHA

➤ Full year net sales and income projections revised upward

(Billions of yen)

	FY2007.3 Actual			FY2008.3 New Projections			Change from previous fiscal year	(Previous projections)
	1H	2H	Total	1H	2H	Total		
Net sales	264.5	285.9	550.4	280.7	277.3	558.0	+1.4%	(557.0)
Operating income (Operating income ratio)	13.8	13.9	27.7 (5.0%)	21.3	12.2	33.5 (6.0%)	+20.9%	(32.0)
Recurring profit (Recurring profit ratio)	22.9	19.7	42.6 (7.7%)	21.6	10.4	32.0 (5.7%)	-24.9%	(30.0)
Net income (Net income ratio)	17.5	10.4	27.9 (5.1%)	30.8	7.2	38.0 (6.8%)	+36.2%	(35.5)
Equity Method Income	10.2	7.6	17.8	0.1		0.1		

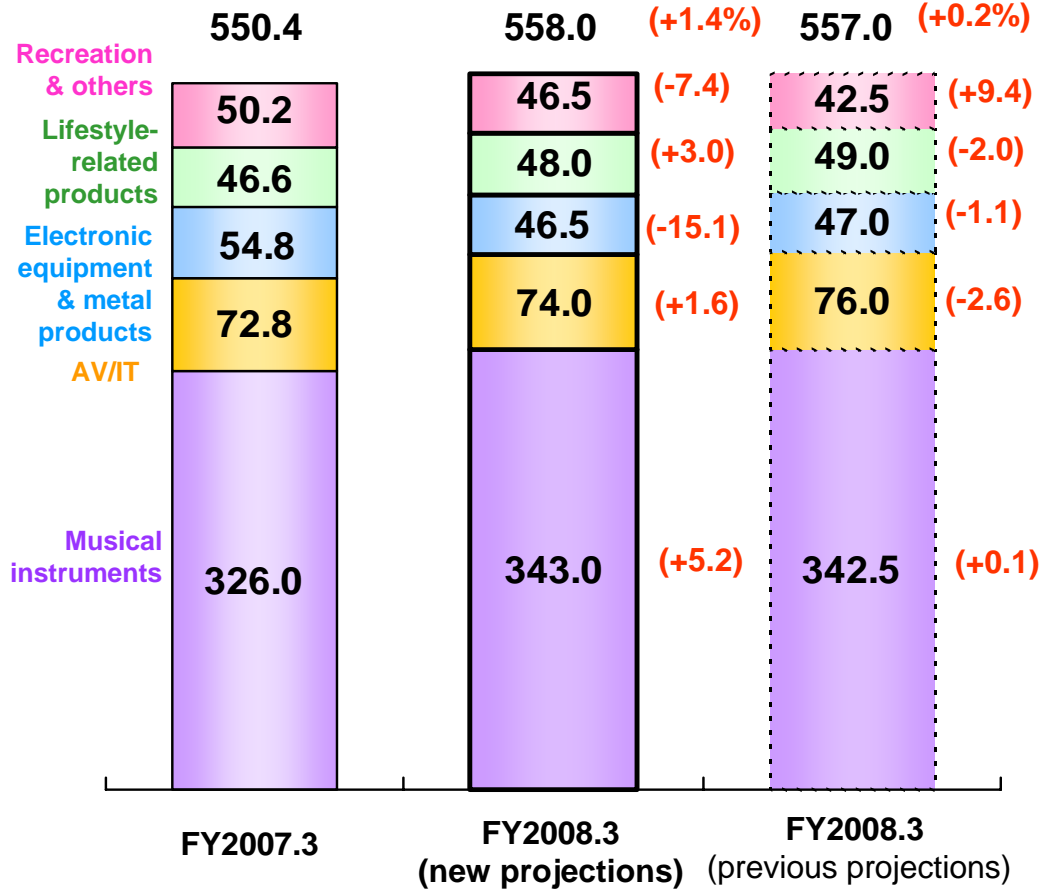
Currency Exchange Rates

Net sales	US\$	115	119	117	119	115	117	116
	EUR	146	154	150	162	155	159	157
Operating income	US\$	115	118	117	120	115	117	116
	EUR	140	148	144	158	155	157	155

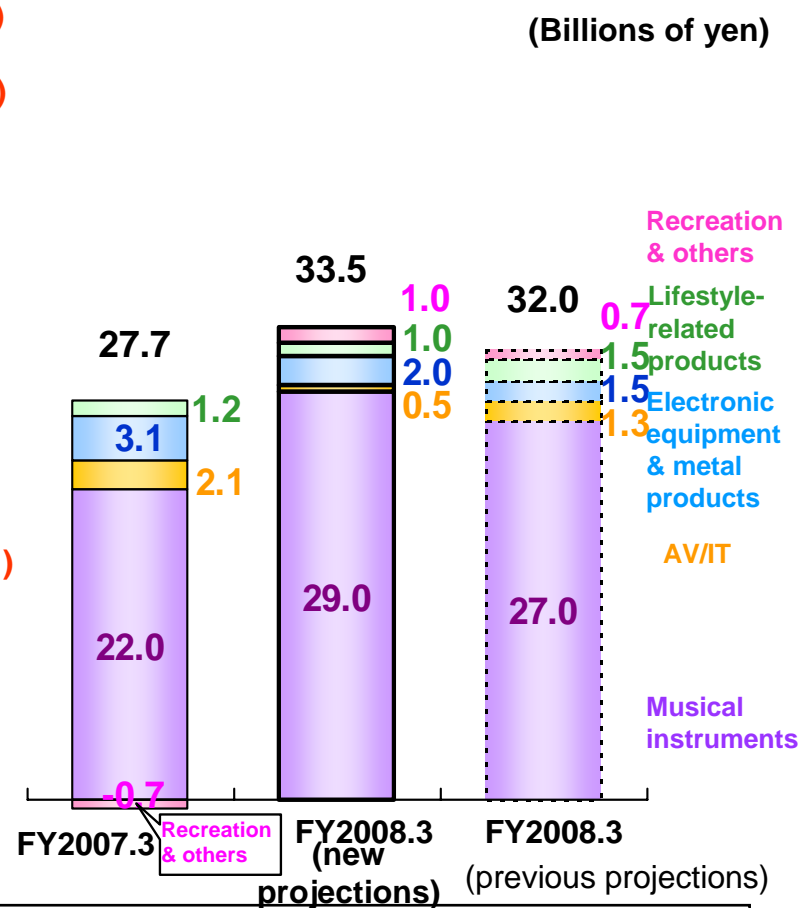
Forecast for Performance by Segment in FY2008.3 (Full Year)



Net Sales



Operating Income



(Billions of yen)

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

Impact of exchange rates

Year-on-year: + ¥8.3 billion (musical instruments + ¥6.2 billion, AV/IT + ¥2.0 billion)

Versus previous projections: + ¥3.1 billion (musical instruments + ¥2.3 billion, AV/IT + ¥0.8 billion)

Impact of exchange rates

Year-on-year: + ¥6.5 billion (musical instruments + ¥5.3 billion, AV/IT + ¥1.2 billion)

Versus previous projections: + ¥1.4 billion (musical instruments + ¥1.2 billion, AV/IT + ¥0.2 billion)

Musical Instruments

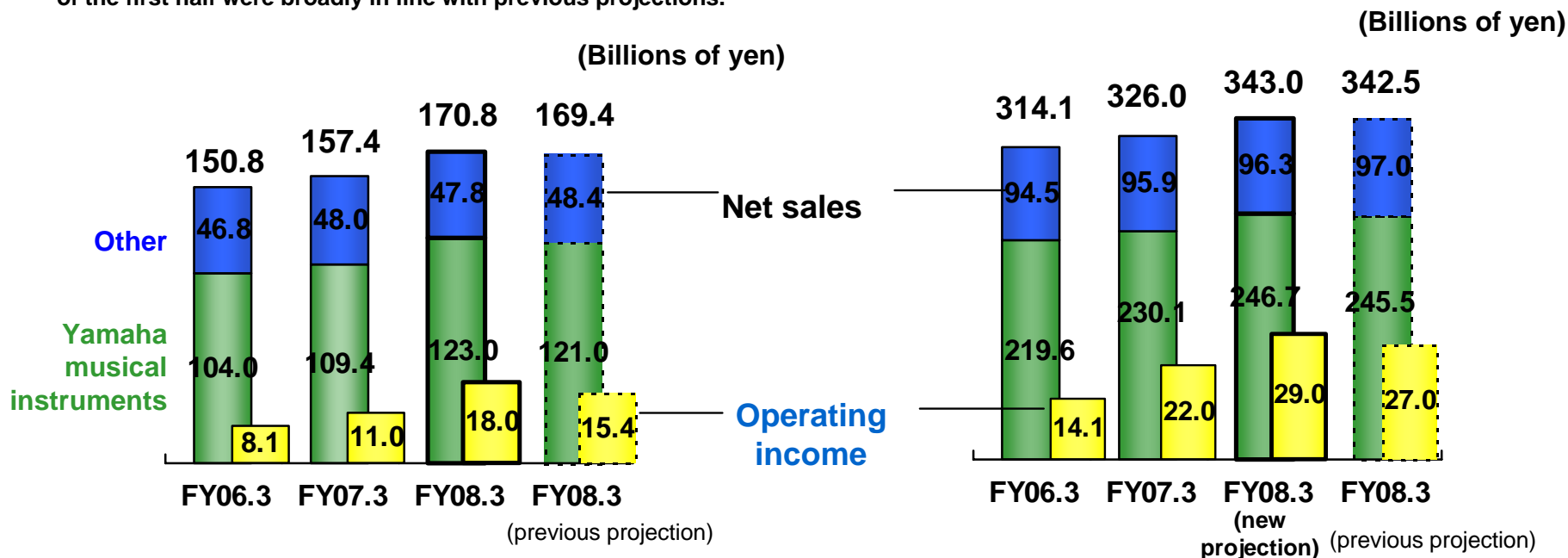


1H Overview

- Sales and income exceeded previous projections and were higher than the same period of the previous year.
- Discounting the impact of exchange rates, actual sales were 4.1% up on the same period of the previous year. Strong sales continued in emerging markets such as China, and Europe. Sales in North America and Japan remained level year-on-year.
- Sales of professional audio equipment and electronic musical instruments increased significantly year-on-year.
- Operating income was higher than both previous projections and last year's 1H results. In addition to increased sales and favorable exchange rates, this was due to improved gross margins resulting from factors including altered sales structures and the effects of cost reduction.
- Discounting the impact of exchange rates, inventories at the end of the first half were broadly in line with previous projections.

Full Year Overview and 2H Priorities

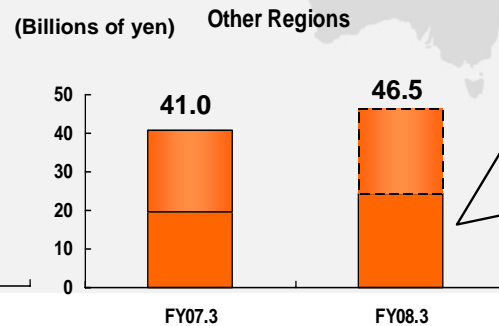
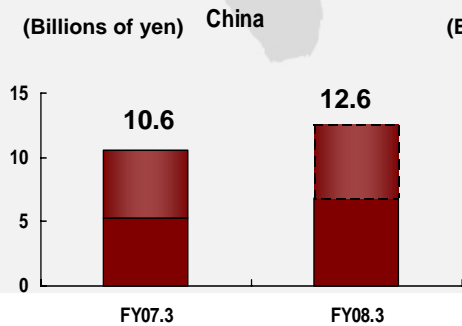
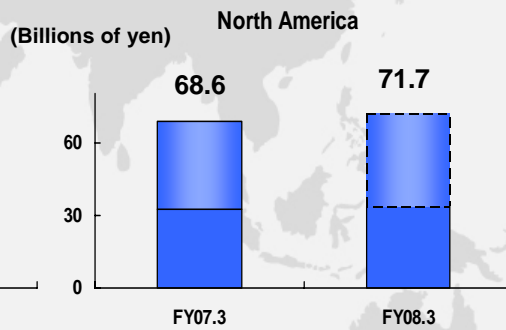
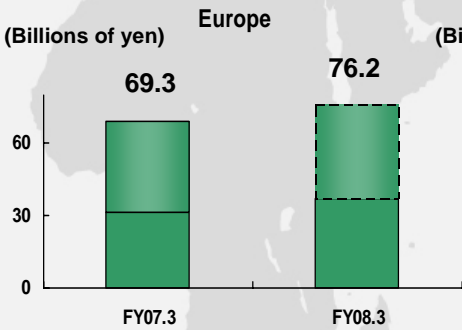
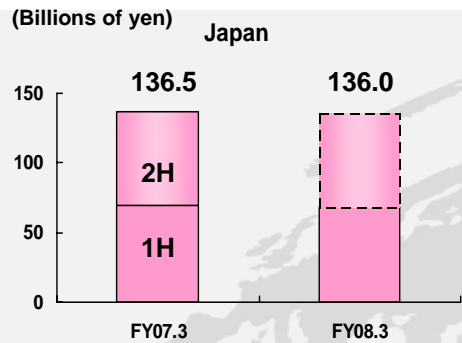
- Upward revision of full year projections to ¥343 billion in sales and ¥29 billion in operating income.
- Steadily launch and expand sales of new products in time for the year-end sales rush.
- Strengthen and expand professional audio equipment business.
- Expand sales in emerging markets (China, Russia, Eastern Europe, etc.)
- Respond to demand for increased production and boost cost competitiveness (Hangzhou Yamaha, Indonesia, Kakegawa Piano Factory) .



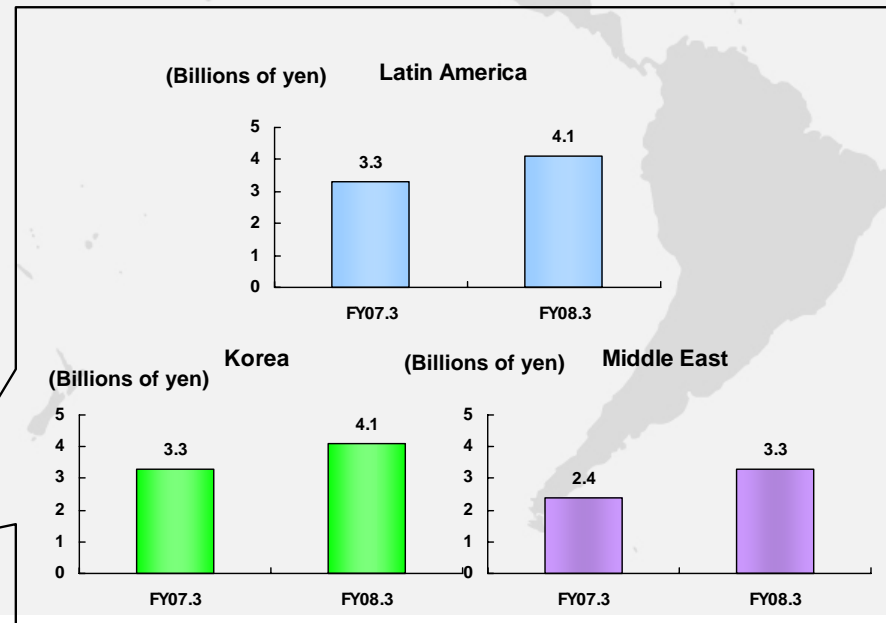
Musical Instruments: Sales by Region



- Actual year-on-year change in first half sales, discounting impact of exchange rates
Japan (+/- 0%), North America (+/- 0%), Europe (+8%), China (+21%), Other regions (+13%)
- Actual year-on-year change in full year sales, discounting impact of exchange rates
Japan (+/- 0%), North America (+1%), Europe (+4%), China (+19%), Other regions (+10%)



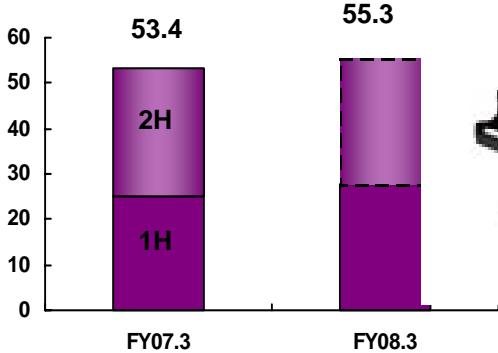
1H Sales in Growth Markets



Musical Instruments: Sales by Product

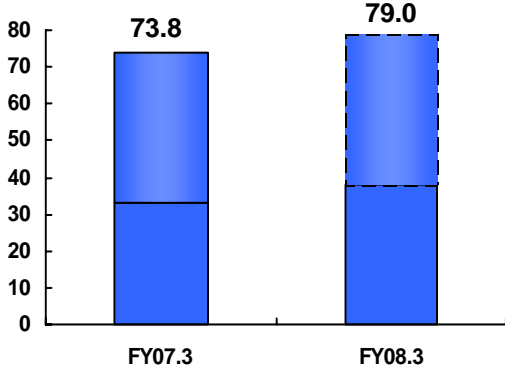


(Billions of yen) Pianos

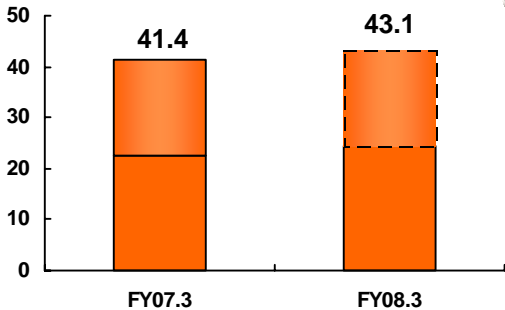


(Billions of yen)

Electronic Musical Instruments (Excluding Electones)

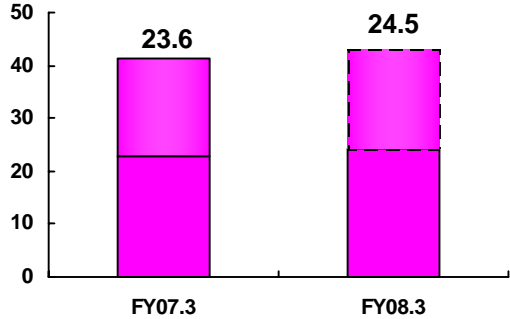


(Billions of yen) Wind Instruments

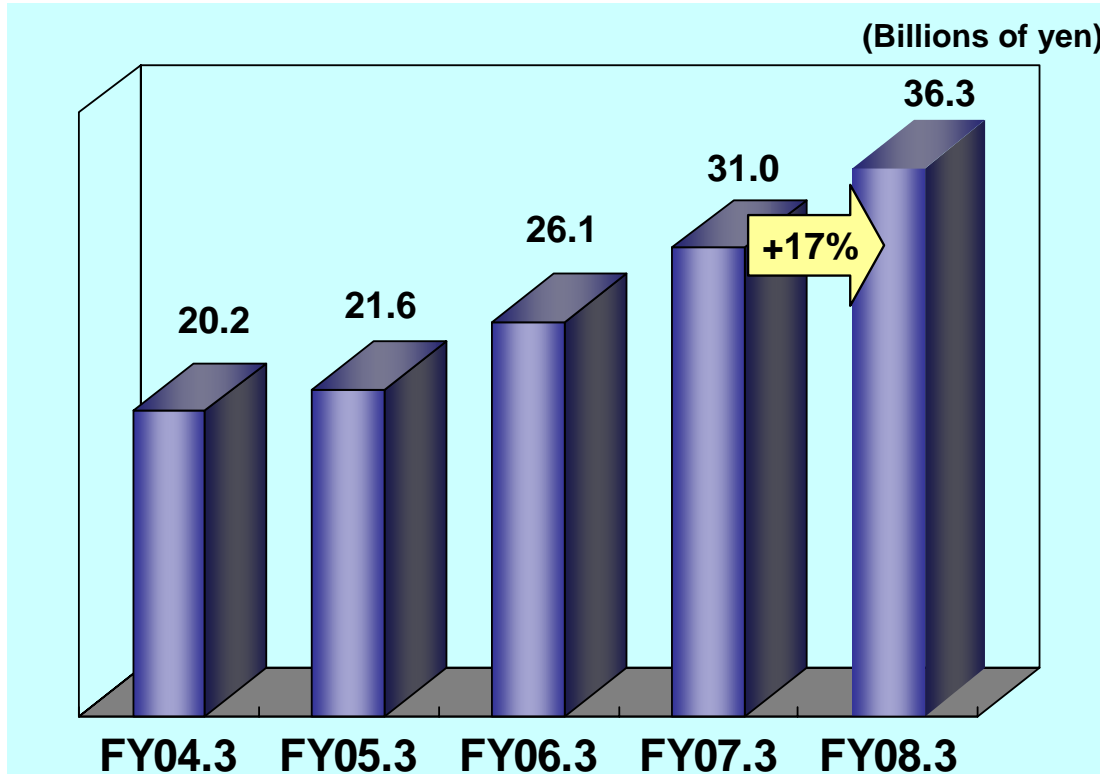


(Billions of yen)

String & Percussion Instruments

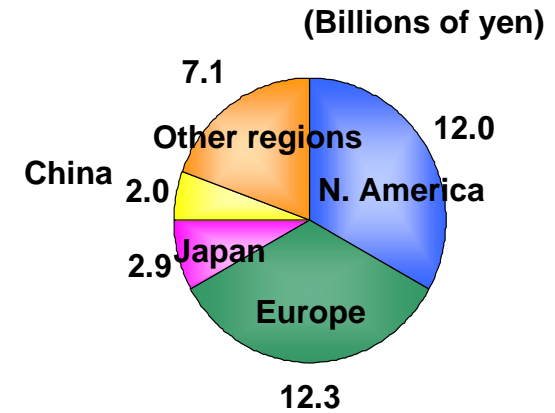


Professional Audio Equipment Sales Growth



(projection)

Sales Projection by Region for FY08.3



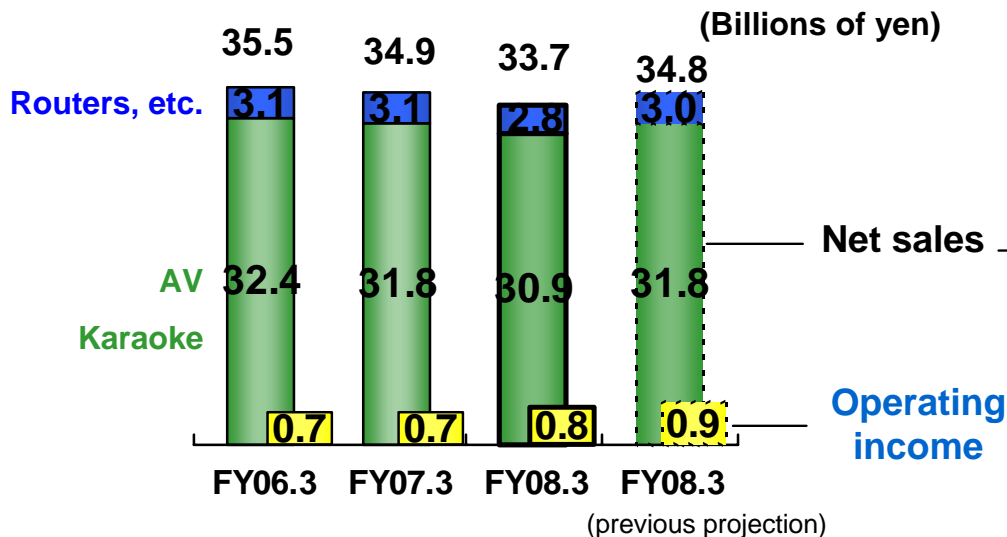
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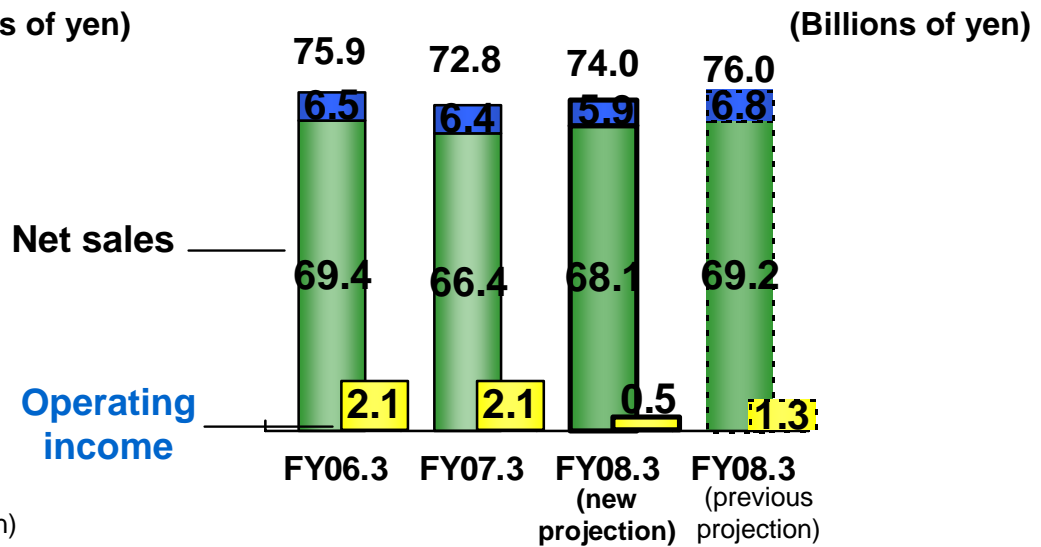
1H Overview

- Sales declined but operating income increased slightly year-on-year. Sales and income were both lower than previous projections.
- Discounting the impact of exchange rates, actual sales fell 9.2% year-on-year. Sales of online karaoke equipment halved compared to the same period of the previous year.
- Operating income rose slightly year-on-year, partly owing to beneficial exchange rates associated with the strong euro.
- Discounting the impact of exchange rates, actual inventory at the end of the first half was broadly at the levels forecast in the previous projections.



Full Year Overview and 2H Priorities

- Downward revision of full year sales projections by ¥2 billion to ¥74 billion. Downward revision of operating income to ¥0.5 billion.
- Expand sales of AV products during period of high demand at year-end:
 - Front surround speakers
 - 2 channel hi-fi, especially mid- and high-range products
 - Products in new fields such as desktop audio
- Secure router sales in a shrinking market through differentiation.
- Raise awareness and develop sales channels for IP conferencing systems.



Electronic Equipment & Metal Products

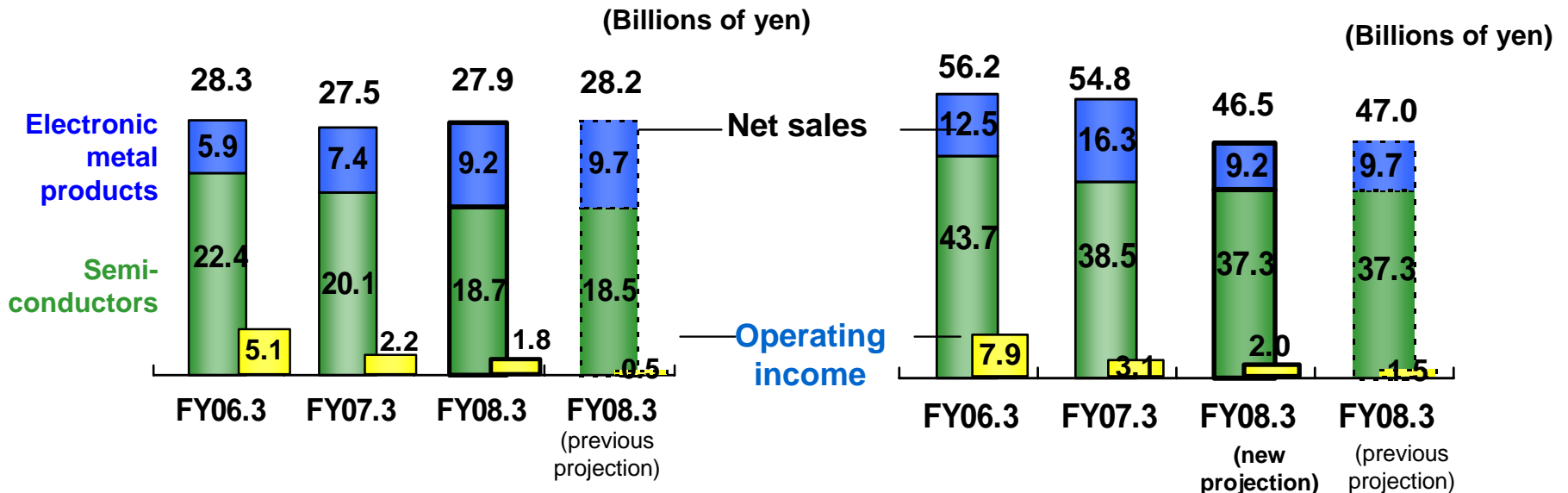


1H Overview

- Sales increased and income declined year-on-year. Operating income exceeded previous projections.
- Demand for LSI sound chips for mobile phones fell further. Shipments of digital amplifiers for products such as flat-panel TVs and mobile phones increased.
- Electronic metal products sales and income rose year-on-year due to price increases accompanying increased materials prices.

Full Year Overview and 2H Priorities

- Secure sales of LSI products for mobile phone handsets, such as LSI sound chips and codec chips, and LSI chips for pachinko machines.
- Accelerate market launch of digital amplifiers products
- Implement smooth launch of silicon microphone production.
- Handover of electronic metal products business is scheduled for November 30, two months later than initially planned. However, since the business will become a non-consolidated company from the second half, no 2H sales or operating income will be booked.



Lifestyle-Related Products

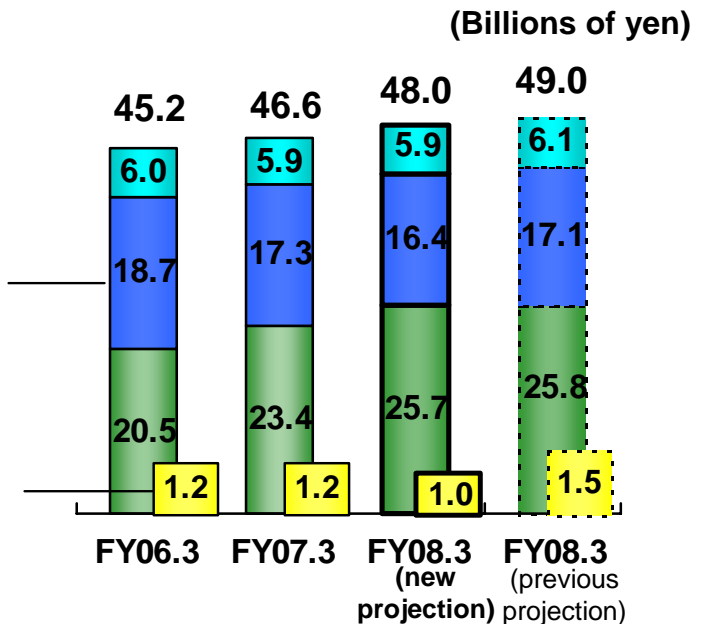
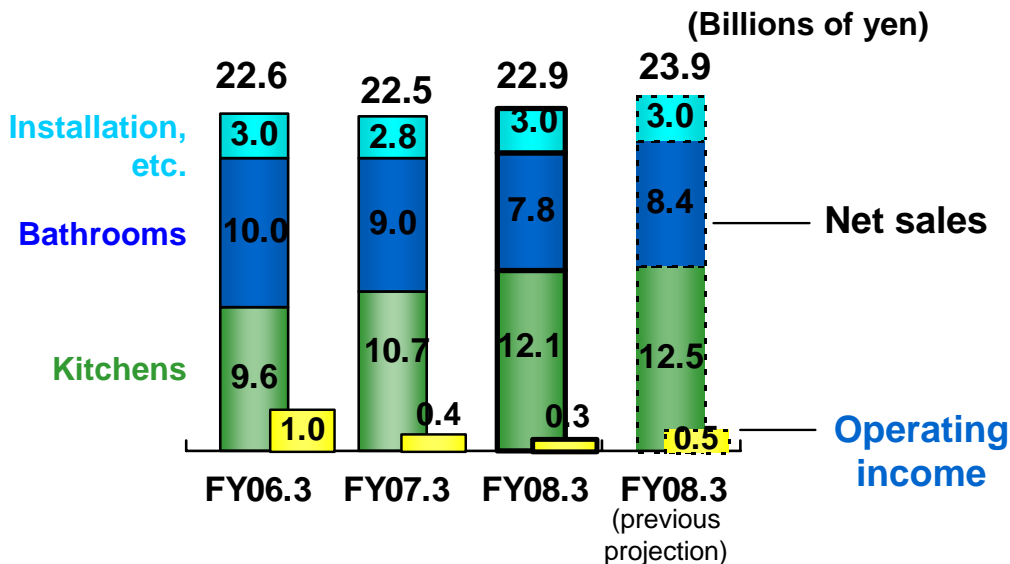


1H Overview

- Sales increased year-on-year, but income declined. Sales and income were both lower than previous projections.
- Sales were held back by lower unit prices for system bathrooms and delays in confirming construction applications.
- Although sales of system kitchens remained robust, sales prices are on a downward trend. System bathroom sales failed to achieve last year's 1H level as price-cutting continued.
- Operating income was lower than both last year's figures and previous projections due to steep increases in materials prices and reduced gross profit margins associated with lower unit prices.

Full Year Overview and 2H Priorities

- Downward revision of full year sales and income projections.
- Secure sales through launch of differentiated products and sales promotion efforts.
- Strengthen remodeling business capacity.
- Continue to reduce manufacturing costs by rationalizing production processes and enhancing procurement capabilities.

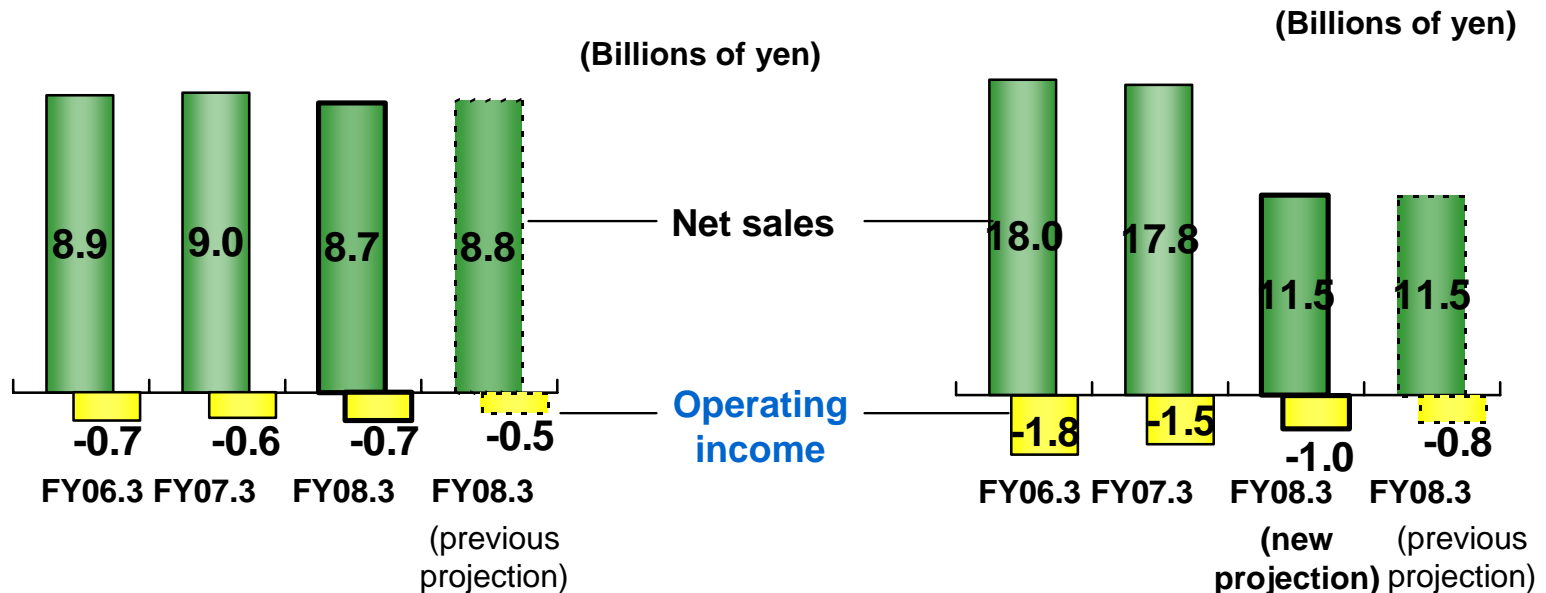


1H Overview

- Sales and income both declined year-on-year.
- Overall, higher unit prices failed to make up for a decline in customer numbers, and this resulted in lower sales compared to the same period of the previous year. In particular, sales declined sharply at the Kiroro ski resort.
- Operating losses increased as a result of lower sales.
- Handover of four facilities was completed on October 1.

Full Year Overview and 2H Priorities

- Downward revision of full year operating income.
- Aim to reduce extent of operating losses in remaining two facilities by attracting customers and boosting operating efficiency.



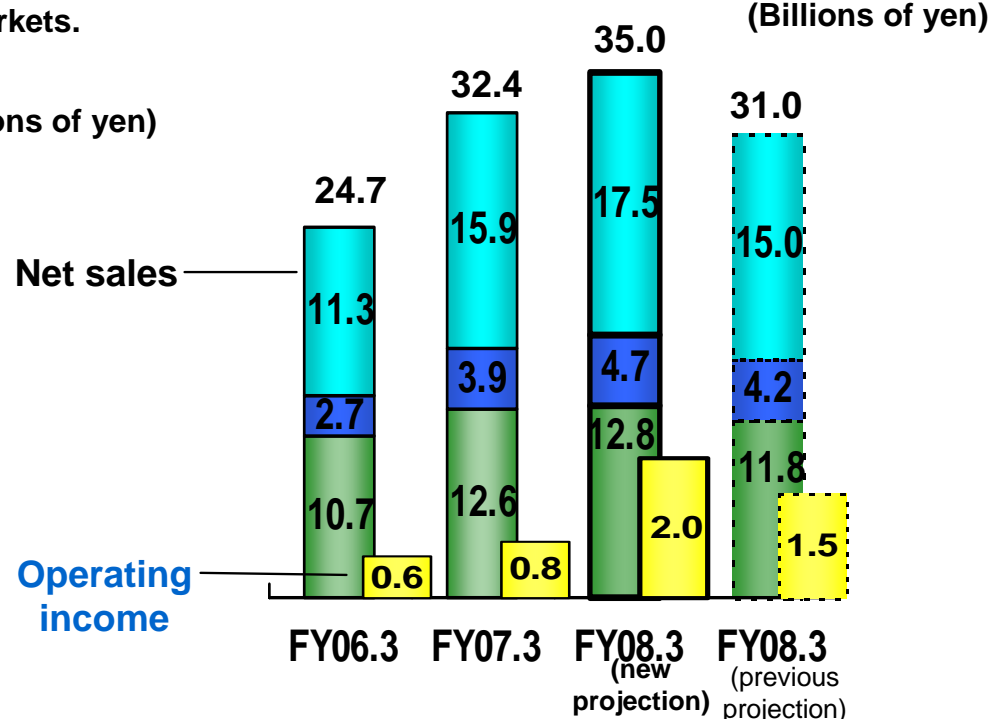
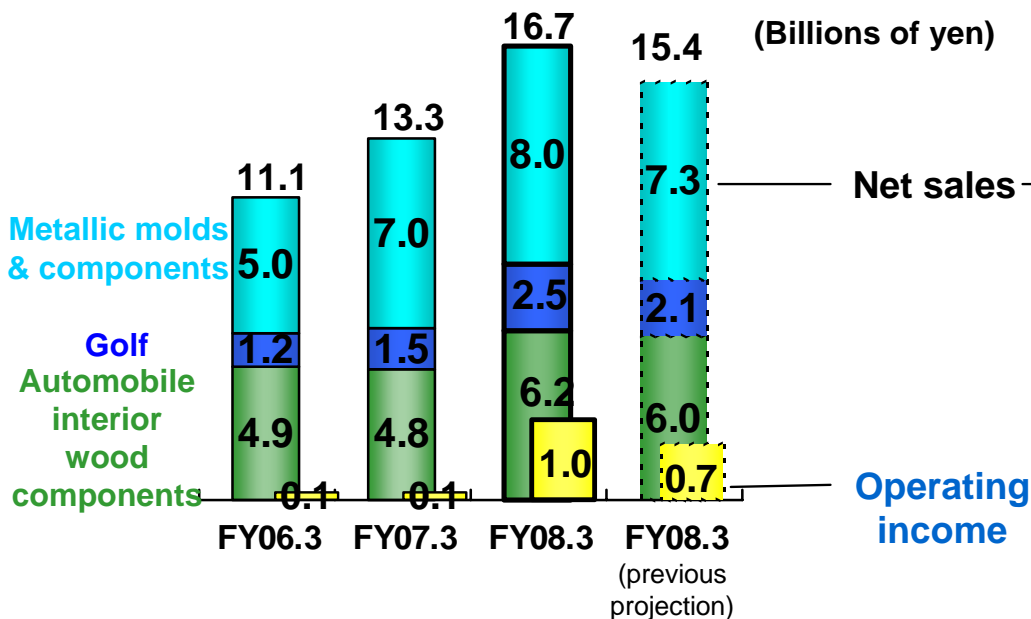
1H Overview

- Sales and income exceeded previous projections and increased year-on-year.
- In metallic molds and components business, production of both magnesium and plastic molded parts increased. Magnesium molded parts, in particular, saw steady orders for digital camera applications.
- Operating income from automobile interior wood components improved significantly compared to the same period of the previous year, due to increased production and improved yields.
- Strong sales of golf products continued in all markets.

Full Year Overview and 2H Priorities

- Upward revision of full year projections.
- Automobile interior wood components/metallic molds and components: Focus on reducing unit costs for manufacturing by responding to demand for increased production and improving yields.
- Automobile interior wood components: Prepare for smooth start to production of next year's models.
- Golf products: continue to enhance brand awareness and steadily launch new products.

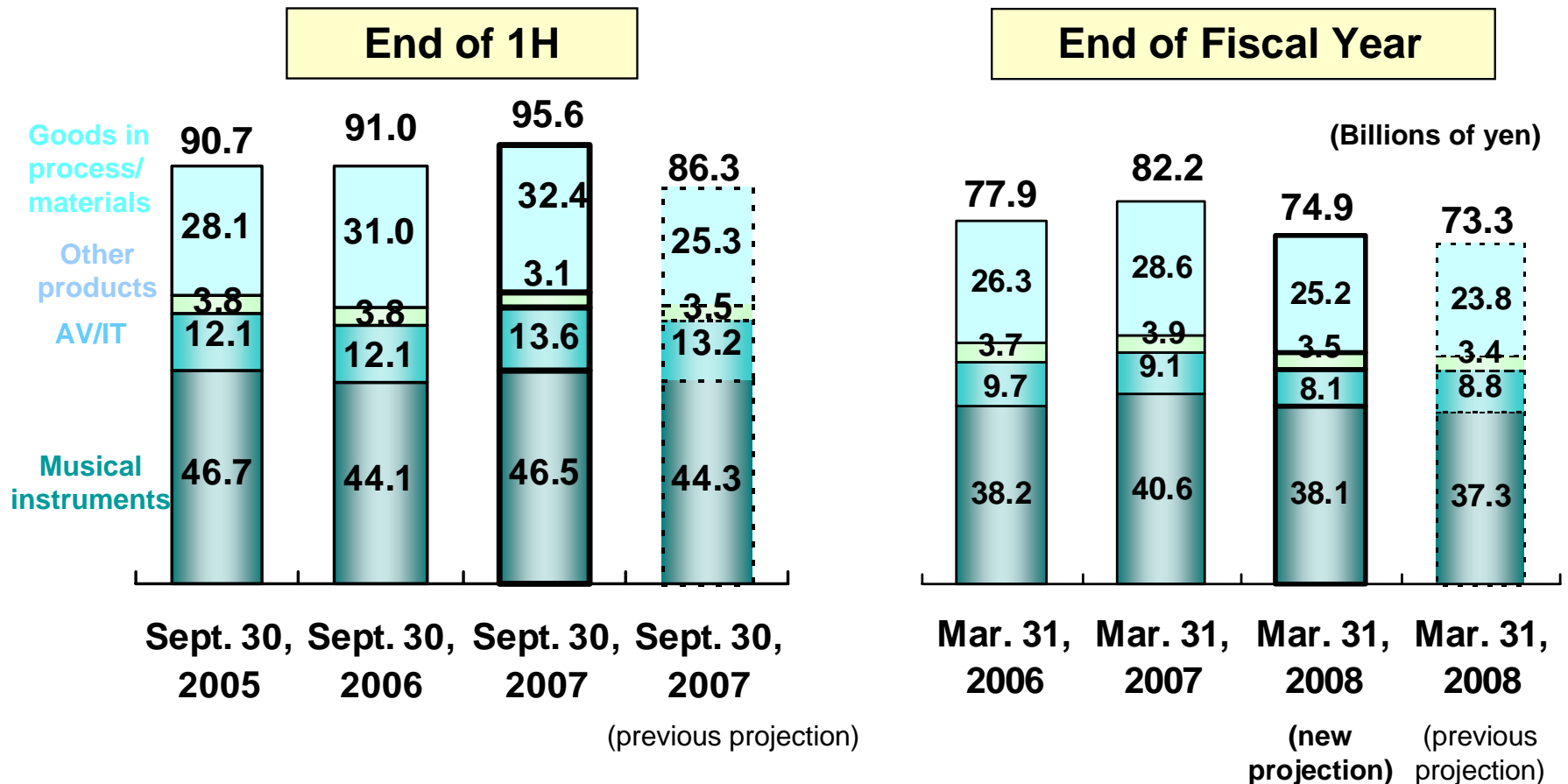
(Billions of yen)



Inventories



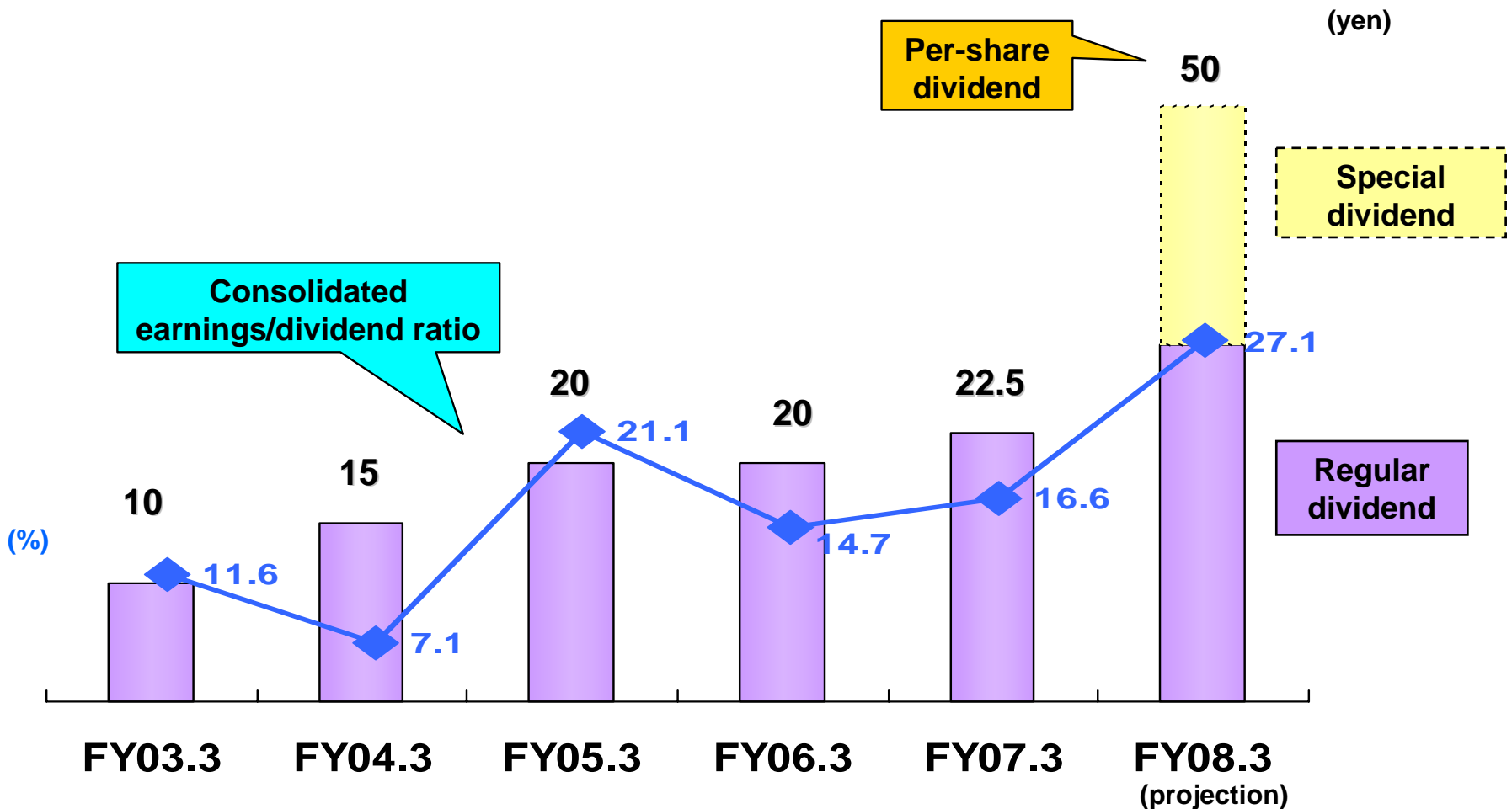
➤ Discounting the effects of exchange rates (¥3.3 billion) and postponement in handover of electronic metal products business (¥5.3 billion), inventories at the end of the first half were broadly in line with previous projections. Actual inventories were up ¥2.6 billion year-on-year due to increased materials stocks.



Shareholder Dividend



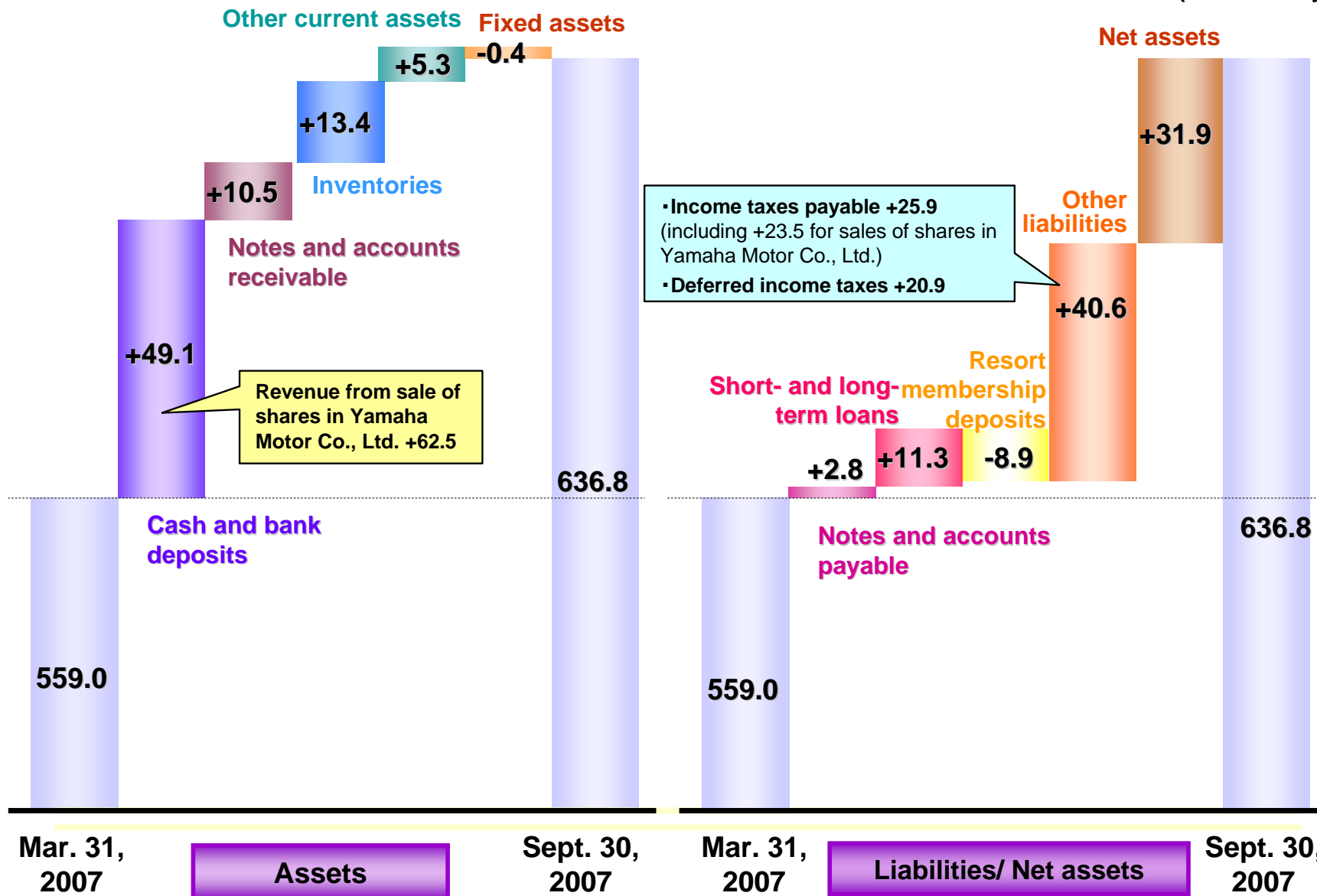
- The Company plans to pay a year-end dividend of ¥50 per share (regular dividend ¥30, special dividend ¥20)



Elements of Balance Sheet Change



(Billions of yen)



Balance Sheet Summary



(Billions of yen)

	As of March 31, 2006	As of Sept. 30, 2006	As of March 31, 2007	As of Sept. 30, 2007	As of March 31, 2008
Cash and bank deposits	36.4	35.0	46.7	95.8	106.0
Notes and accounts receivable	70.3	85.7	76.6	87.1	71.9
Inventories	77.9	91.0	82.2	95.6	74.9
Other current assets	24.8	25.5	25.5	30.8	24.9
Fixed assets	310.6	319.2	328.0	327.6	319.4
Total assets	520.0	556.4	559.0	6,36.8	597.1
Notes and accounts payable	37.2	43.5	43.2	46.0	36.3
Short- and long-term loans	28.5	39.2	25.6	36.9	20.1
Resort membership deposits	27.6	27.0	26.7	17.8	16.8
Other liabilities	106.2	109.7	112.1	152.7	144.1
Total net assets	320.5	337.0	351.4	383.3	379.8
Total liabilities and net assets	520.0	556.4	559.0	636.8	597.1

*Cash and bank deposits as of Sept. 30, 2007 include ¥25.4 billion of negotiable deposit.

Progress in Implementing Medium-term Business Plan “YGP2010”



1. Growth in “The Sound Company” Business Domain

Key Measures	Progress
Expand piano business through “Total Piano Strategy”	•Launched expansion project, started new product development
Build platform for guitar business growth	•Began efforts to improve quality and reinforce manufacturing capabilities (Hangzhou, Indonesia)
Achieve growth in commercial audio equipment business	•Accelerating growth through business alliances: Supply OEM amplifiers to NEXO, expanding Japanese business through synergy with FUJI SOUND
Push ahead with growth strategies in emerging markets	•Establishing local affiliate in Russia (full-scale business activity begins in April 2008) •Expanding music schools in China (target of 3,000 students by March 31, 2008)
Build platform for music entertainment business	•Internal reorganization implemented as planned •Established a joint venture with visual content provider
Build up production facilities for acoustic instruments	•Equipping Hangzhou and Indonesia plants for increased production, continuing to integrate piano production facilities in Japan
Establish IP conferencing system business unit	•Market launch delayed
Promote an active approach to strategic M&A and business alliances	•Establishing necessary internal systems and structures

Progress in Implementing Medium-term Business Plan “YGP2010”



2. Greater Profitability in the “Diversification” Business Domain

Key measures	Progress
Handover of four facilities in recreation business	•Although two months later than initially planned, handover was completed on October 1
Handover of electronic metal products business	•Scheduled for November 30 (two months later than initially planned)
Automobile interior wood components business	•Transfer of business to Yamaha Fine Technologies Co., Ltd. •Return to profitability through improved yields

Appendix

First Half Non-operating Income (Loss)/ Extraordinary Income (Loss)



	FY2007.3 (1H) Actual	FY2008.3 (1H) Actual	FY2008.3 (1H) Previous Projections
			(Billions of yen)
Non-operating Income (Loss)			
Equity method income	10.2	0.1	0
Net financial income (loss)	0.2	1.8	1.6
Other	-1.3	-1.6	-2.1
Total	+9.1	+0.3	-0.5
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	-0.6	0.9	-0.6
Other	-1.5	27.3	29.1
Total	-2.1	+28.2	+28.5
Current Income Taxes			
Deferred income taxes	3.0	18.5	15.2
Minority interests	0.3	0.5	0.3
Total	3.3	19.0	15.5

Dividends received 1.7

Dividends received 1.7

Gain on sale of shares in Yamaha Motor Co., Ltd. 27.8

Gain on sale of shares in Yamaha Motor Co., Ltd. 27.8

Full Year Non-operating Income (Loss)/ Extraordinary Income (Loss)



	FY2007.3 Actual	FY2008.3 New Projections	FY2008.3 Previous Projections
(Billions of yen)			
Non-operating Income (Loss)			
Equity method income	17.8	0.1	0
Net financial income (loss)	0.1	2.5	2.4
Other	-3.0	-4.1	-4.4
Total	+14.9	-1.5	-2.0
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	-1.1	0.7	-0.8
Other	-8.4	28.8	29.8
Total	-9.5	+ 29.5	+29.0
Current income taxes			
Deferred income taxes	4.7	22.9	22.9
Minority interests	0.5	0.6	0.6
Total	5.2	23.5	23.5

Dividends received 2.7

Dividends received 2.7

•Resort impairment loss -4.7
 •Dissolution of overseas plants -3.2
 •Special retirement allowances -0.7

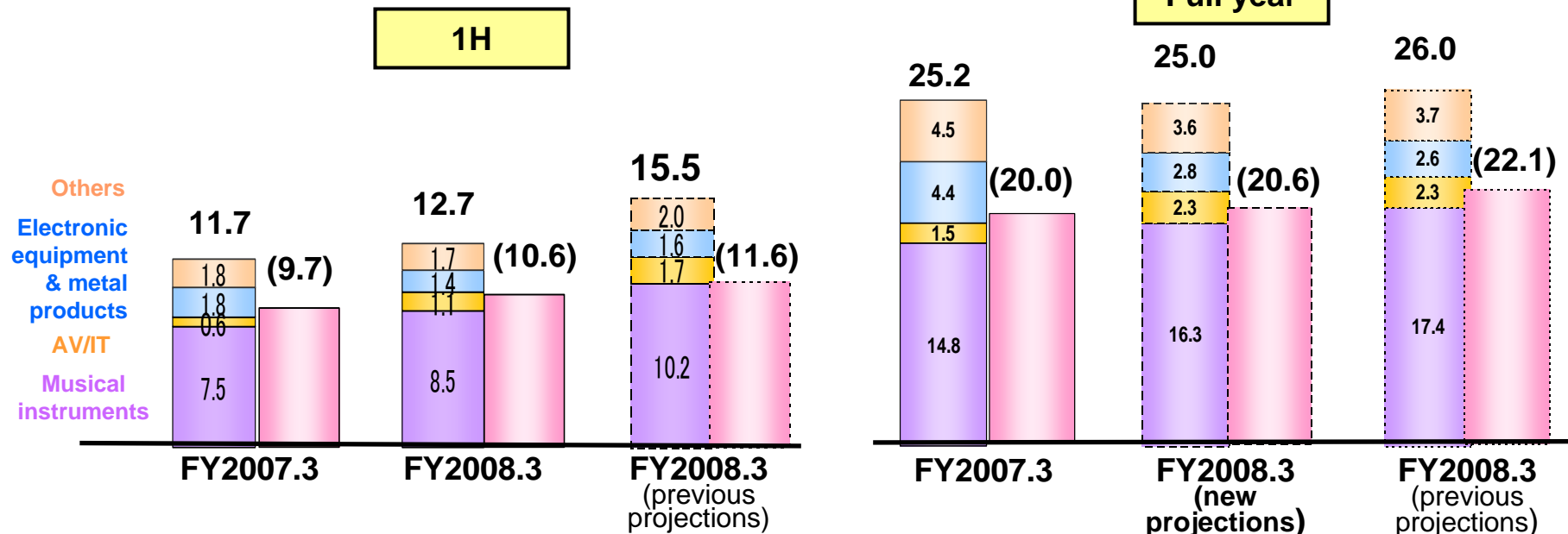
Gain on sale of shares in Yamaha Motor Co., Ltd. 27.8

Gain on sale of shares in Yamaha Motor Co., Ltd. 27.8

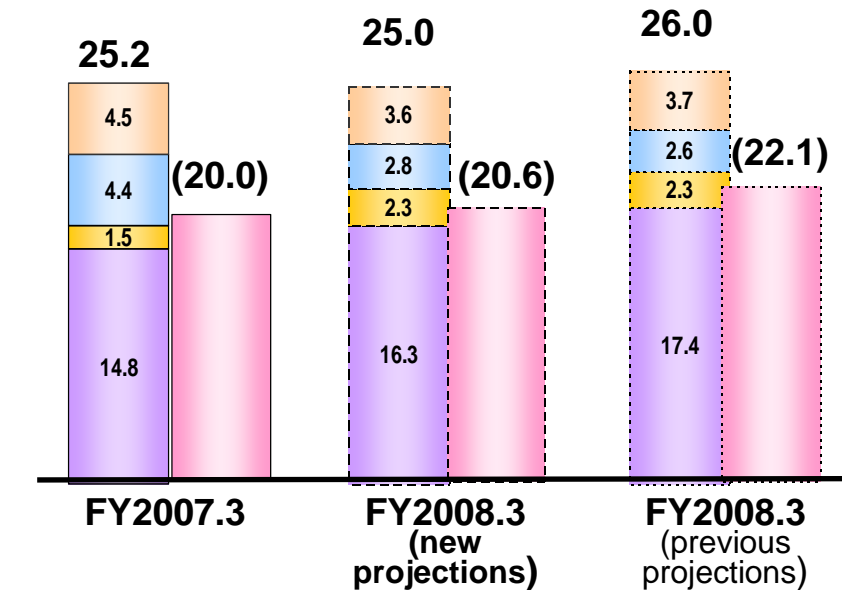
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure/Depreciation

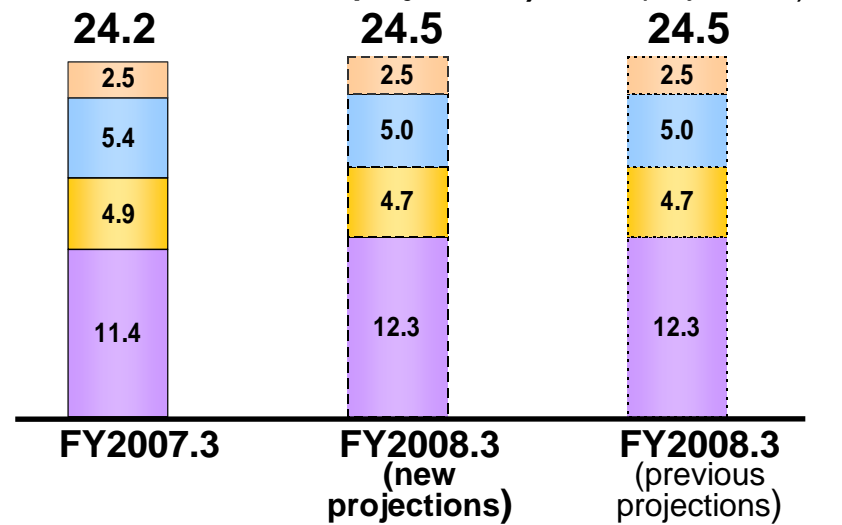
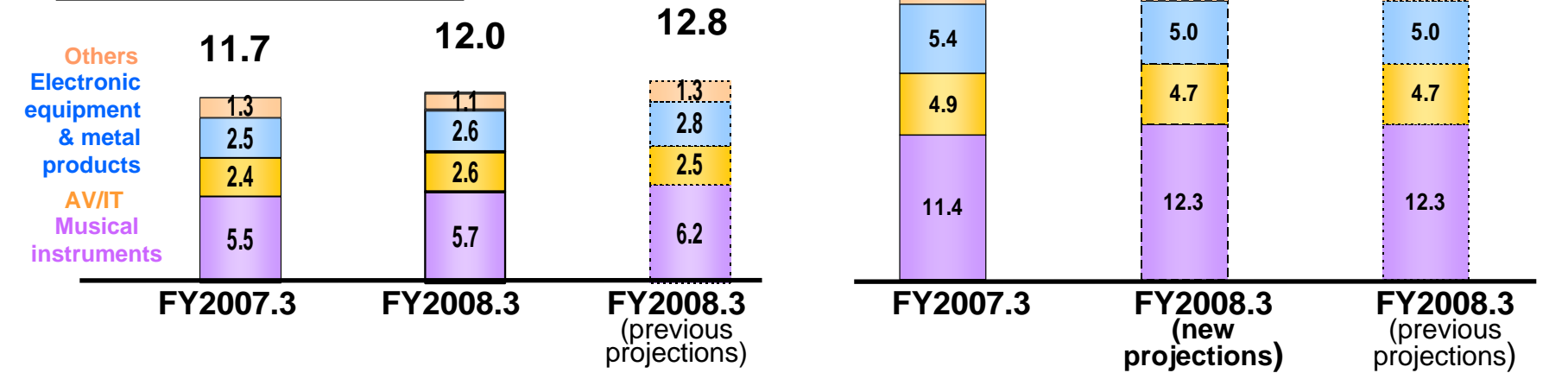
(Billions of yen)



Full year



R&D Expenditure



2H Priority Products (1)



●Grand Pianos: C Series

The first model change in over seven and a half years for the C series, which forms the basis of Yamaha's grand piano lineup. On sale in Japan from June. First-year sales target: 9,200 units.



C3

●Digital Pianos: P-85

A portable digital piano that enables players to perform in various settings. Available in two colors: black and silver. First-year sales target: 30,000 units. Open price, scheduled to go on sale in November.



P-85

2H Priority Products (2)



- **Models developed in collaboration with wind instrument artists**

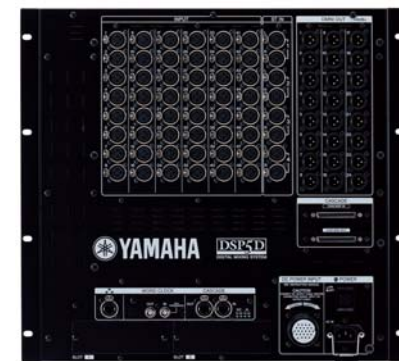
“Merveille”: handmade flute featuring newly-designed head joint and body, developed in partnership with Shigenori Kudo, international flautist resident in Paris.

YTR-9335VS: high-quality trumpet developed in collaboration with Allen Vizzutti, trumpet soloist resident in America.



- **Digital Mixing Systems: DSP5D**

Digital signal processing engine for expanding the channel capabilities of the PM5D digital console. Up to two DSP5D units can be cascaded to a single PM5D V2 console for compatibility with large-scale systems. Open price, on sale from August.



DSP5D

2H Priority Products (3)



● TV Peripheral Devices: Expanded Range of Home Theater Products for flat-panel TVs



Digital Sound Projector: YSP-4000

- Simple connection with a single HDMI cable
- Controls can be linked with TV remote control
- Launching integrated TV furniture stand for more sophisticated interior design. On sale in October. First-year sales target: 40,000 units.



YSP-LC4000

● Hi-fi Audio: Regaining Yamaha's Reputation as "the sound professional" in the High-quality Hi-fi Field

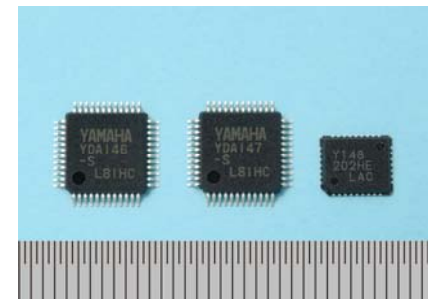


Pre-main Amplifier: A-S2000 / CD Player: CD-S2000

- Employs original high-sound-quality circuitry to minimize impact of noise
- Targeted at music enthusiasts, audio fans, baby boomers. On sale in December. First-year sales target: 4,000 units each.

● Digital IC Amplifier

- Compared to conventional analog amplifiers, digital amplifiers offer power savings and lower operating temperatures
- Yamaha's original circuitry achieves outstanding audio quality through low distortion and low noise characteristics
- High demand is projected for chips for use in mobile phones, LCD TVs and plasma TVs

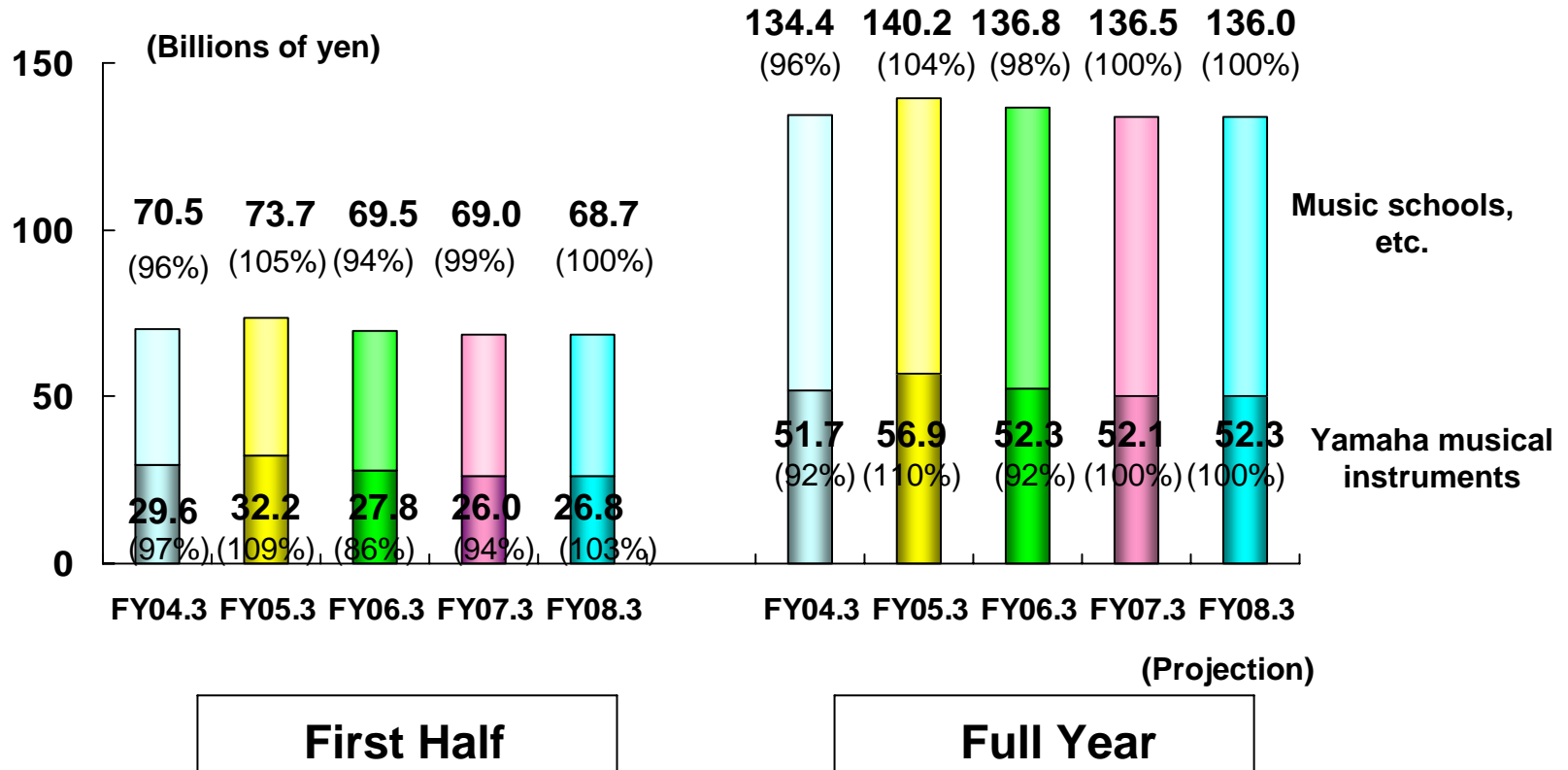


Digital IC amplifier

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



In spite of overall market contraction, sales were maintained at the previous year's level. Contributing factors included a halt in the downward sales trend with the launch of new grand piano products, increased sales due to the expansion of the digital piano market, and growth in high-priced wind instruments and professional audio equipment.

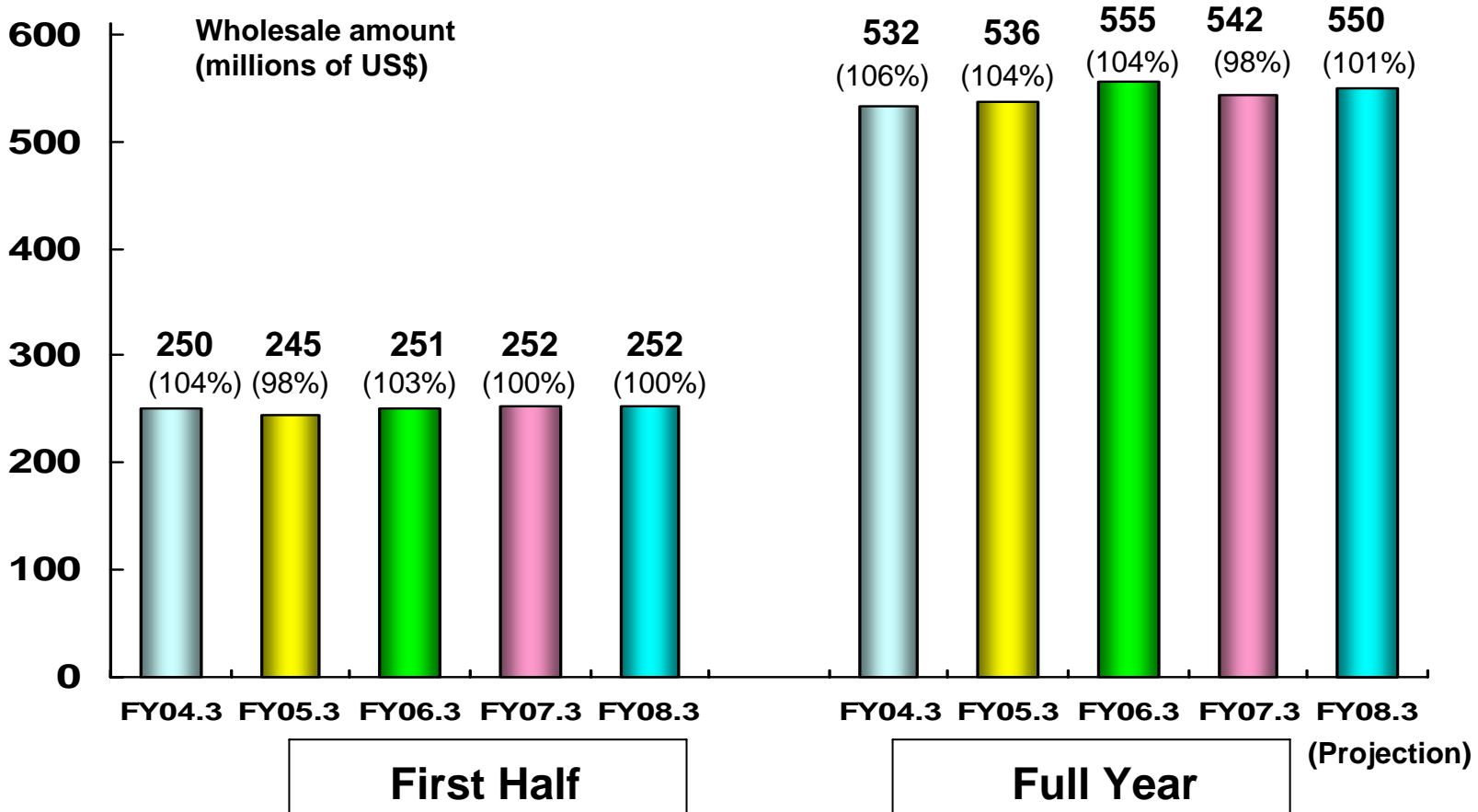


Figures in parentheses are year-on-year comparisons

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



While declining demand for musical instruments since last year has been halted, the piano market failed to grow due to financial uncertainty resulting from the subprime mortgage issue. Strong sales of professional audio equipment continue, and second-half sales growth is anticipated with the launch of new products including electronic pianos and synthesizers.

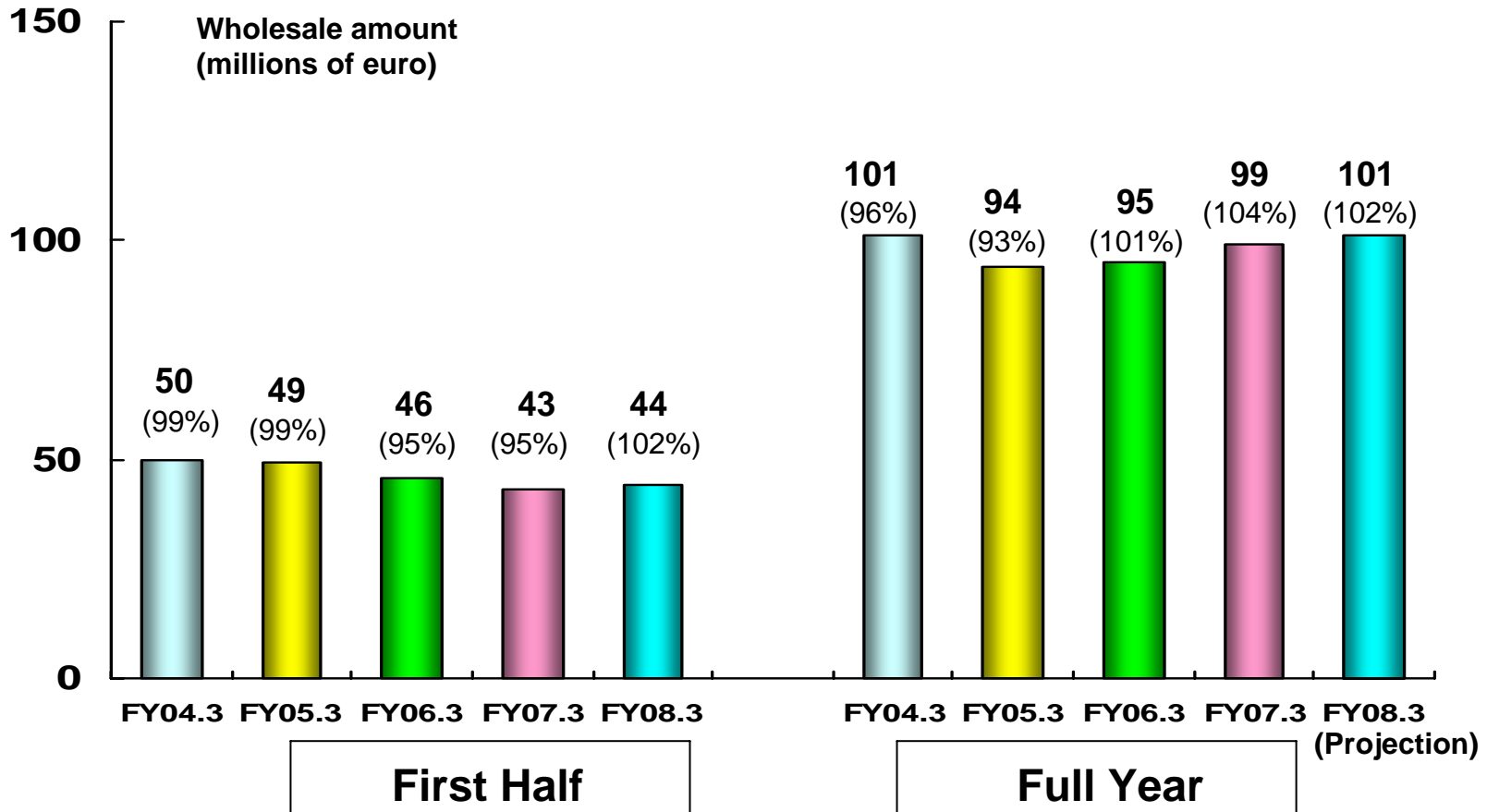


Figures in parentheses are year-on-year comparisons

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



Sales are steady against a background of economic growth. New upright piano products contributed to this stability in the first half, and second-half sales growth is anticipated from new electronic piano and portable keyboard products. Strong sales of professional audio equipment continue.

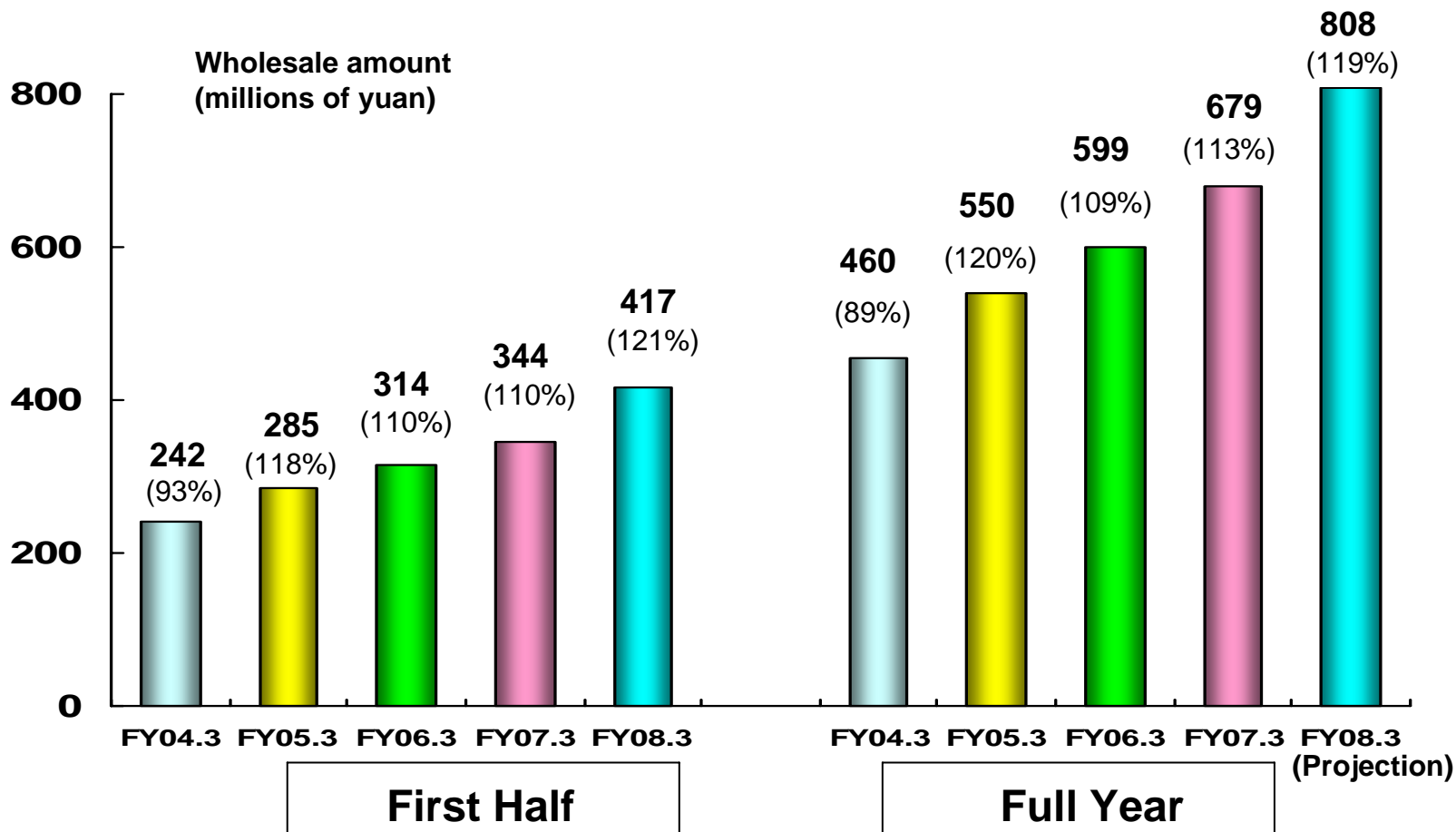


Figures in parentheses are year-on-year comparisons

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



Even though the Chinese economy continues to grow at double-digit rates (actual GDP growth in the first half of 2007 exceeded 11%), expansion in the musical instrument market is limited to certain areas. Against this background year-on-year growth of 20% was achieved, due particularly to increased share in the piano market and a sharp rise in sales of professional audio equipment.



Figures in parentheses are year-on-year comparisons

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

Forecasts are, therefore, subject to risks and uncertainties. Accordingly, actual performance may differ greatly from our predictions depending on changes in operating and economic conditions, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.