

**Analyst and Investor Briefing on the
First Quarter of the Fiscal Year
Ending March 31, 2009 (FY2009.3)**

**August 4, 2008
YAMAHA CORPORATION**

Overview of Performance in the First Quarter YAMAHA

- ❑ First quarter sales and operating income declined year-on-year and were lower than previous projections (made on April 30).
- ❑ Year-on-year:
 - Net sales declined by 8.8% (¥11.9 billion). Discounting the impact of exchange rates (-¥4.8 billion) and business handover (-¥6.8 billion), sales fell by 0.2% (¥0.3 billion).
 - Operating income declined by ¥1.7 billion due to factors including unfavorable exchange rates associated with the strong yen and investment losses on retirement benefit obligations.
- ❑ Compared to previous projections:
 - Discounting the impact of exchange rates (+¥1.1 billion), actual net sales fell by 2.7% (¥3.4 billion).
 - Operating income declined due to reduced sales and lower gross profit margins resulting from factors including rising materials costs.
- ❑ Inventories
 - Inventories at the end of the first quarter were down ¥5.9 billion year-on-year. Discounting the impact of exchange rates (¥4.9 billion) and handover of electronic metal products business (¥4.5 billion), actual inventories were up ¥3.5 billion year-on-year. Actual inventories were ¥4.8 billion higher than previous projections, chiefly due to increases in musical instrument and semiconductor inventories.

Performance in the First Quarter



➤ Net sales and operating income declined year-on-year and were lower than previous projections

(Billions of yen)

	FY2008.3 (1Q) actual	FY2009.3 (1Q) actual	Change from same period of previous year	Previous projections (Apr. 30, 2008)	Change from previous projections
Net sales	135.2	123.3	-8.8%	125.6	-1.8%
Operating income (Operating income ratio)	7.3	5.6 (4.6%)	-22.7%	7.3	-23.0%
Ordinary Income (Ordinary Income ratio)	7.5	5.7 (4.6%)	-23.9%	6.6	-13.5%
Net income (Net income ratio)	23.2	1.1 (0.9%)	-95.4%	4.1	-74.1%

Currency exchange rates (yen)

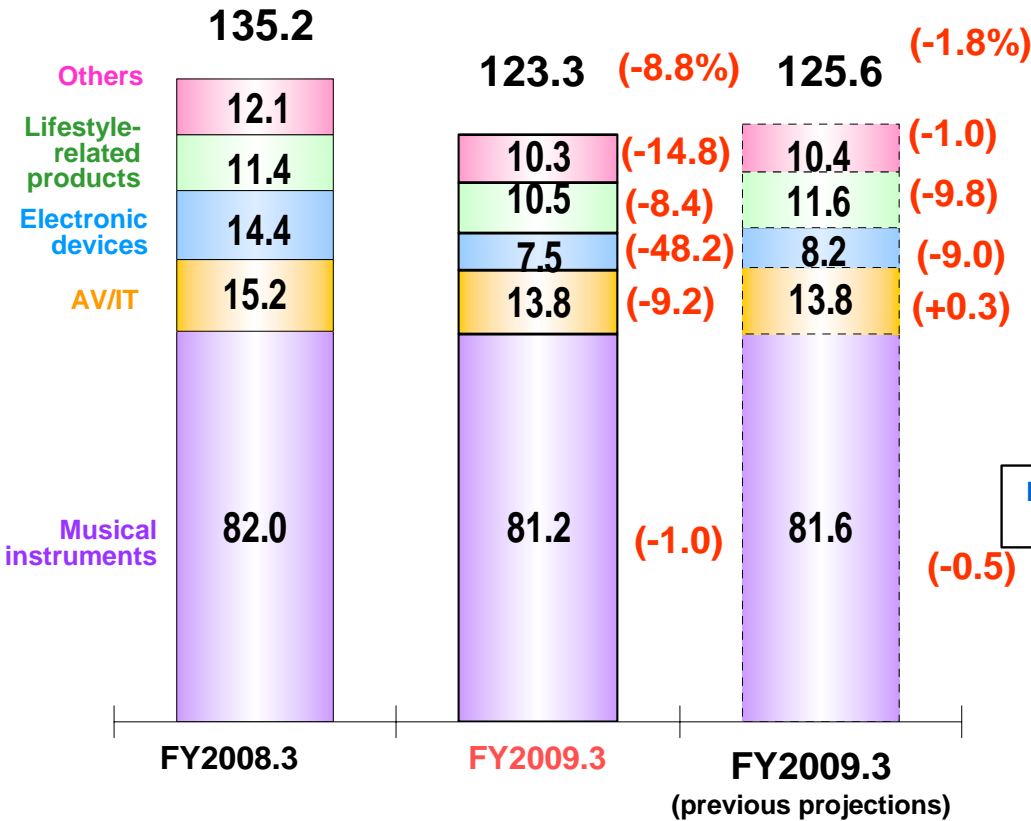
Net sales	US\$	121	105	100
	EUR	163	163	155
Operating income	US\$	120	104	100
	EUR	156	155	155

Performance by Business Segment in the First Quarter

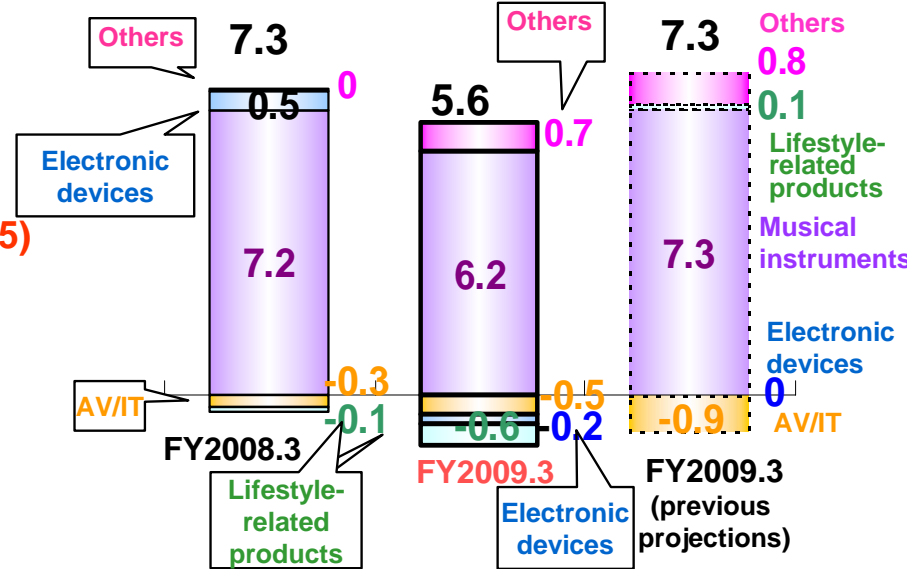


Net Sales

Operating Income



(Billions of yen)



Figures in parentheses represent changes from same period of previous year or from previous projections

Impact of exchange rates

Year-on-year: -¥4.8 billion (musical instruments -¥3.8 billion, AV/IT -¥0.8 billion, semiconductors -¥0.2 billion)
 Versus previous projections: +¥1.1 billion (musical instruments +¥0.6 billion, AV/IT +¥0.4 billion)

Impact of exchange rates

Year-on-year: -¥0.9 billion (musical instruments -¥0.8 billion, AV/IT -¥0.1 billion)
 Versus previous projections: ±¥0 billion (musical instruments ±¥0 billion, AV/IT ±¥0 billion)

Note: FY2008.3 figures for electronic devices include electronic metals products.

Forecast for Business Performance In FY2009.3 (Full Year)



- Full year projections revised downward
- Estimated exchange rates for 2-4Q: US\$=¥105, EUR=¥160

(Billions of yen)

	FY2008.3 actual	FY2009.3 projection	Change from same period of previous year	Previous projections (Apr. 30, 2008)	Change from previous projections
Net sales	548.8	533.0	-2.9%	540.0	-1.3%
Operating income	32.8	30.5	-7.1%	35.0	-12.9%
Ordinary income	32.6	28.5	-12.5%	32.0	-10.9%
Net income	39.6	16.5	-58.3%	20.5	-19.5%

Currency exchange rates (yen)

Net sales	US\$	114	105	100
	EUR	162	161	155
Operating income	US\$	116	105	100
	EUR	159	159	155

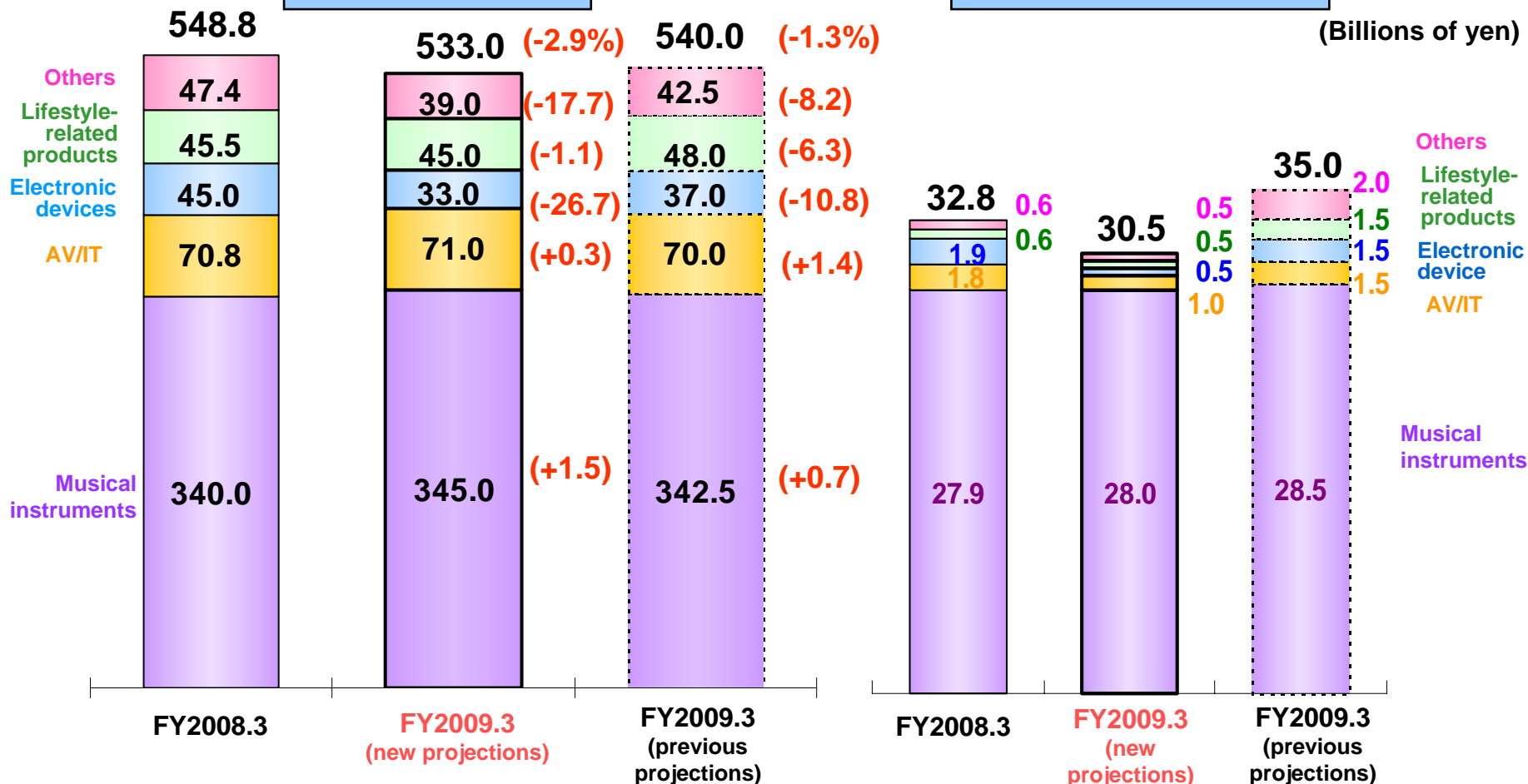
FY2009.3 Full-Year Forecast for Performance by Business Segment



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: -¥15.0 billion (musical instruments -¥11.7 billion, AV/IT -¥2.8 billion, semiconductors -¥0.5 billion)
 Versus previous projections: +¥4.4 billion (musical instruments +¥2.4 billion, AV/IT +¥1.8 billion, semiconductors +0.2 billion)

Impact of exchange rates
 Year-on-year: -¥3.8 billion (musical instruments -¥4.0 billion, semiconductors +¥0.2 billion)
 Versus previous projections: +¥1.2 billion (musical instruments +¥1.2 billion, AV/IT +¥0.1 billion, semiconductors -¥0.1 billion)

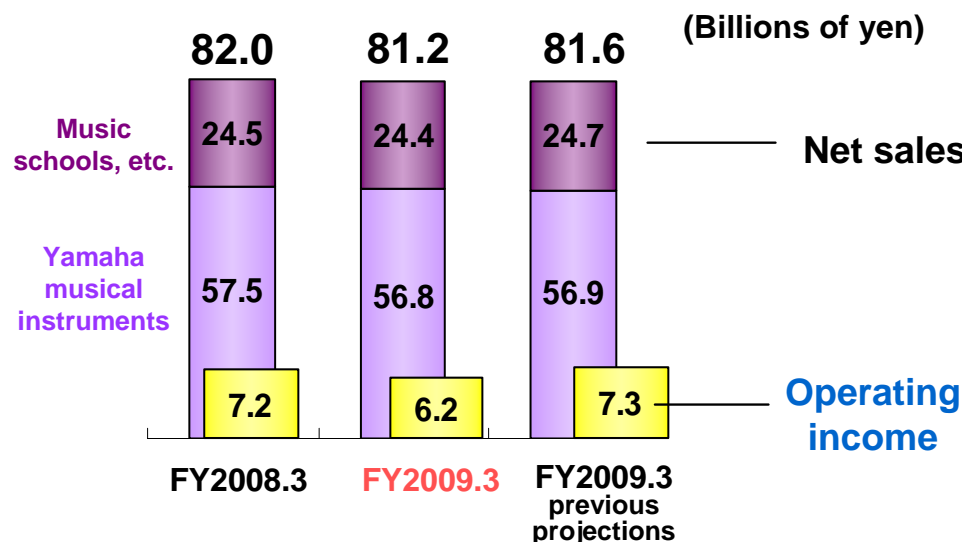
Note: FY2008.3 figures for electronic devices include electronic metals products.

Musical Instruments



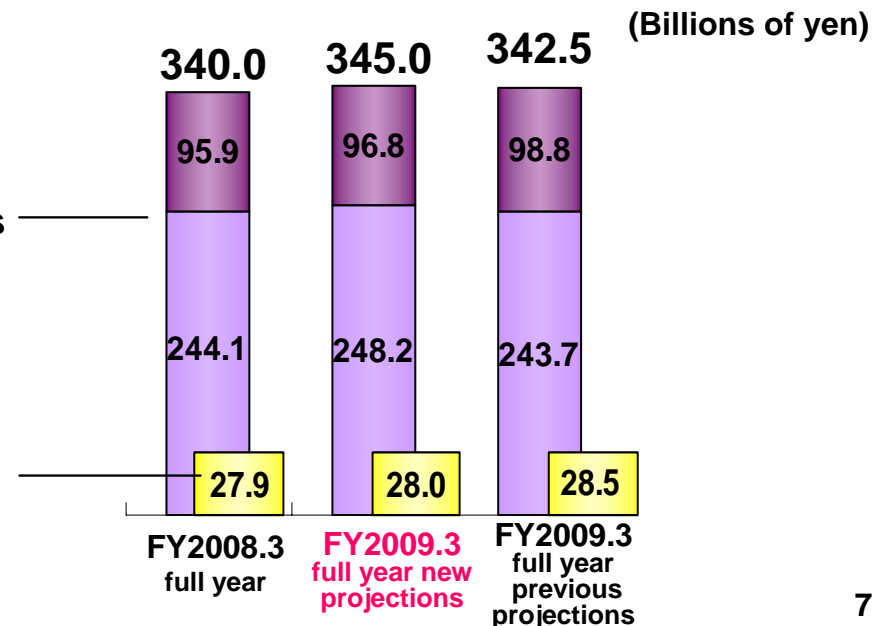
1Q Overview

- Sales and income declined year-on-year.
- Discounting the impact of exchange rates, actual sales increased by 3.7% (¥3.0 billion) year-on-year.
- Although sales fell in North America, they rose in China and other emerging markets as well as in Europe. North American sales were well below previous projections.
- Sales of digital pianos and guitars rose year-on-year and exceeded previous projections. However, piano sales struggled to make ground in Japan and North America.
- Operating income declined year-on-year due to factors including unfavorable exchange rates and investment losses on retirement benefit obligations. Previous projections were not met due to lower sales and falling gross profit margins resulting from higher materials costs.

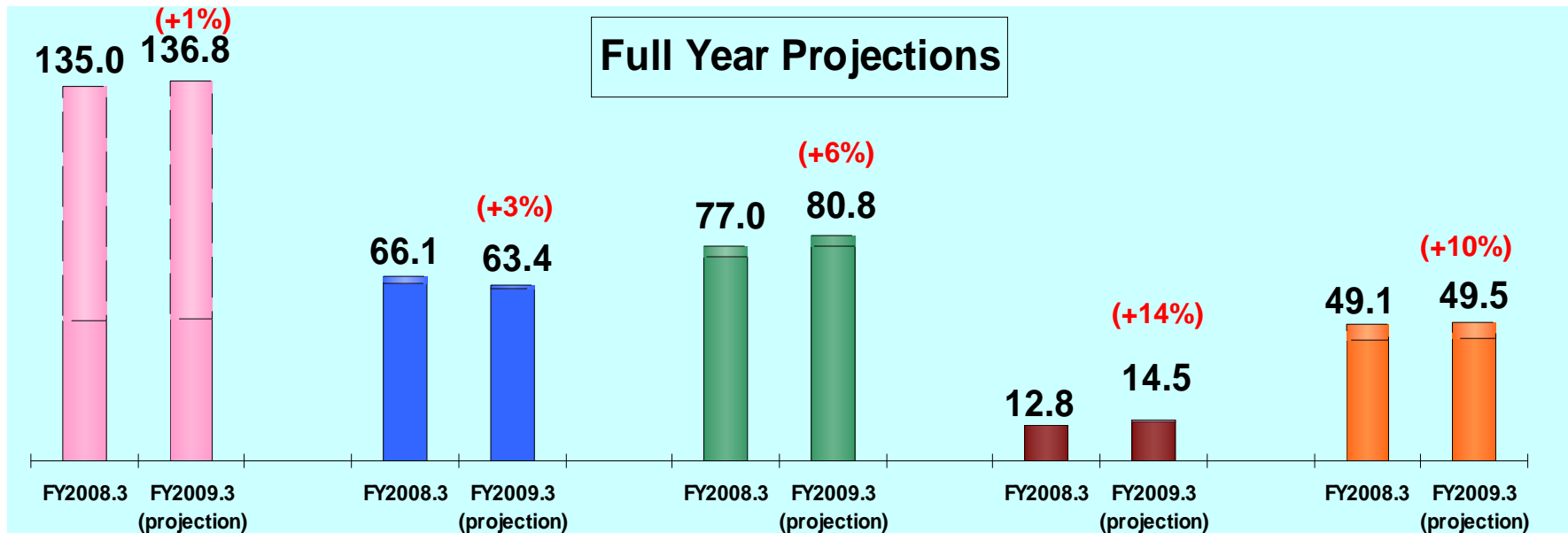
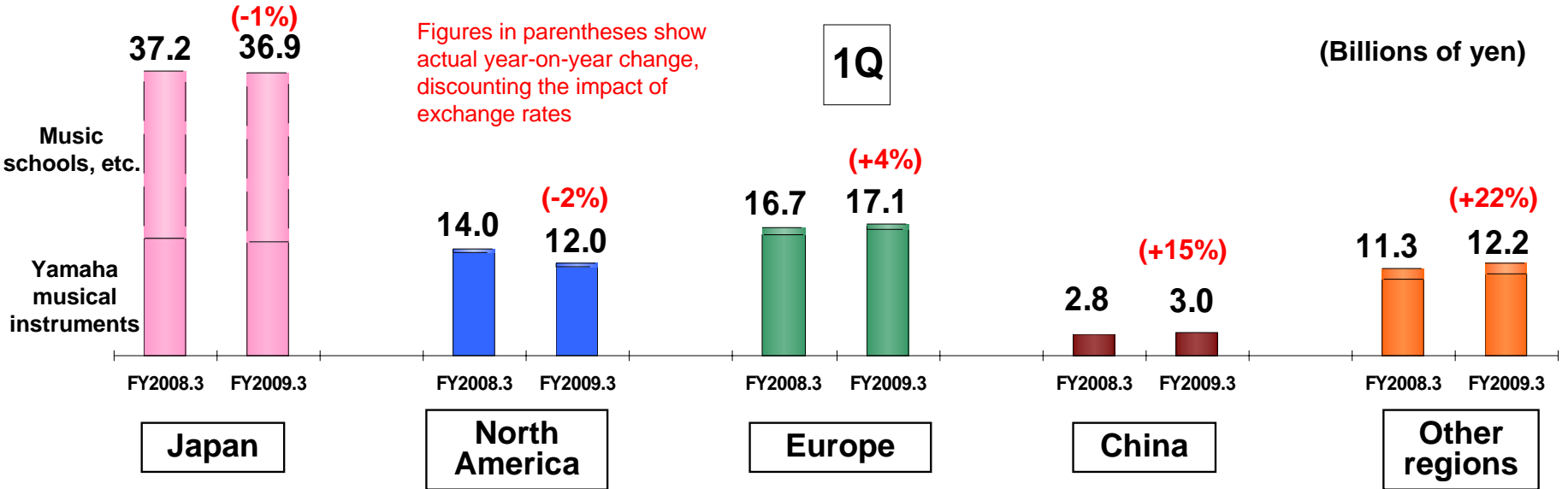


Full Year Projections and Priority Policies

- Full year sales are expected to exceed previous projections, while operating income will be lower.
- Discounting the impact of exchange rates, actual sales are projected to grow 4.9% (¥16.7 billion) year-on-year.
- Ensure new products are launched for key year-end sales push in Europe and the U.S.
- Continue to accelerate growth in emerging markets (China, Russia, Eastern Europe, Middle East, etc.)
- Strengthen and expand professional audio equipment business, including output-side devices.
- Respond to demand for increased production and boost cost competitiveness in Hangzhou and Indonesia.



Musical Instruments (Sales by Region)

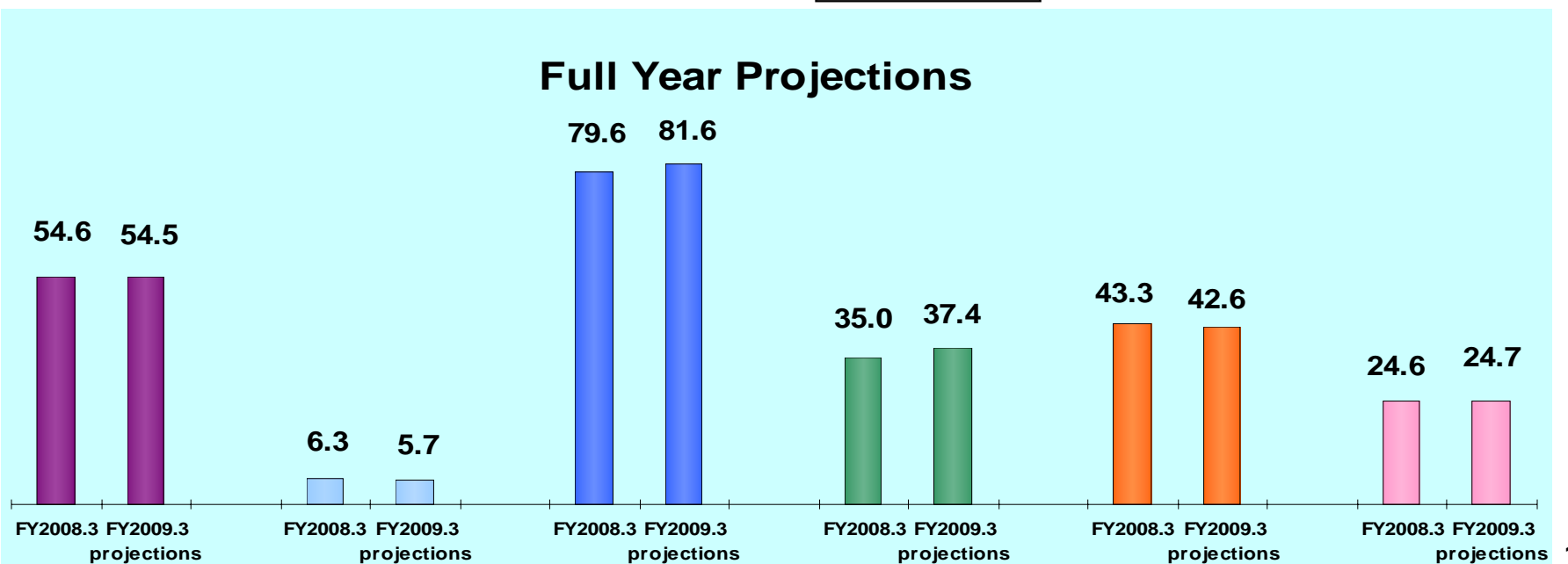
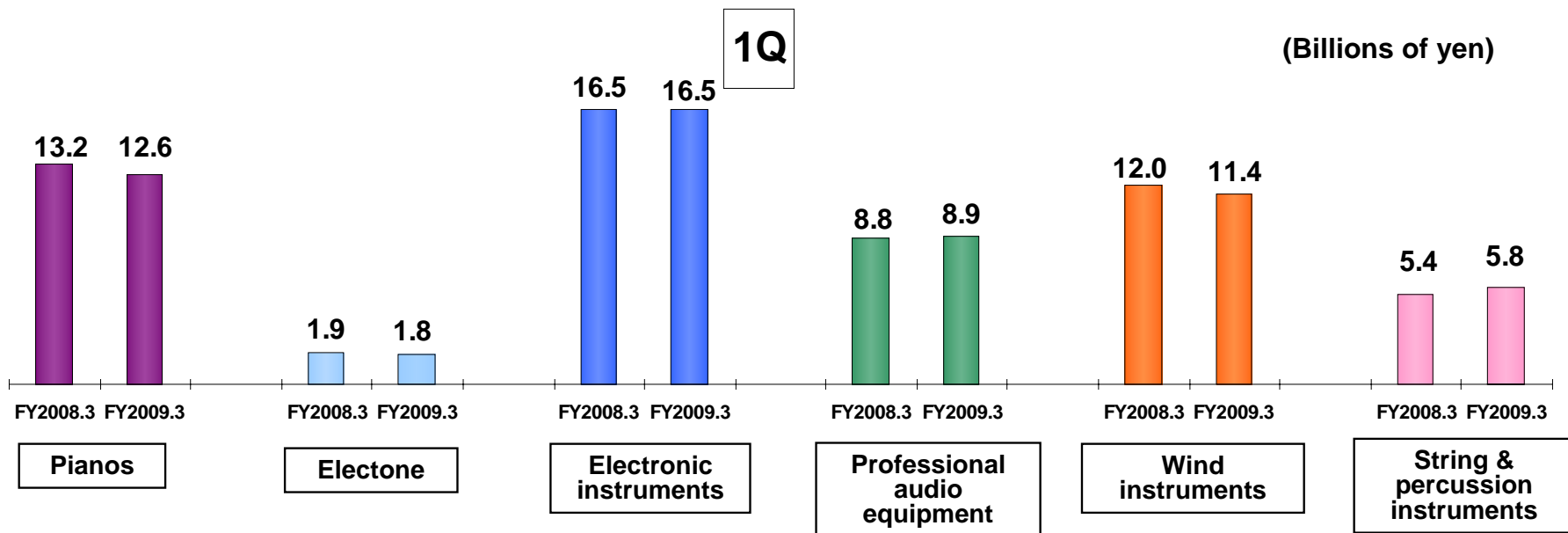


Musical Instruments (Sales by Region)



	Musical Instrument Sales by Region
Japan	<p>Sales of large keyboard instruments (pianos, Electone) were sluggish.</p> <p>Over the full year, robust results for digital pianos and wind instruments will support an overall results to be in line with the previous fiscal year.</p>
North America	<p>Piano sales are down due to the impact of the housing situation, but wind instruments and guitars are selling well.</p> <p>In the professional audio equipment sector, digital mixers are selling well and sales of output-side devices are rising.</p>
Europe	<p>Musical instrument sales are flat in Western Europe, but robust in Central and Eastern European markets.</p>
China	<p>Market share is growing due to increased piano production at the Hangzhou plant, and progress is broadly in line with projections. Digital pianos and wind instruments are also contributing to higher sales.</p> <p>Full year results are again expected to show double-digit sales growth.</p>
Asia-Pacific	<p>Local sales affiliates continue to record robust results.</p> <p>Russian sales affiliate has started full-scale operation.</p> <p>In India, sales networks are being established with a view to starting operation in October.</p> <p>Asia-Pacific market as a whole, double-digit growth is targeted over the full year.</p>

Musical Instruments (Sales by Product Category)



Musical Instruments (Sales by Product Category)



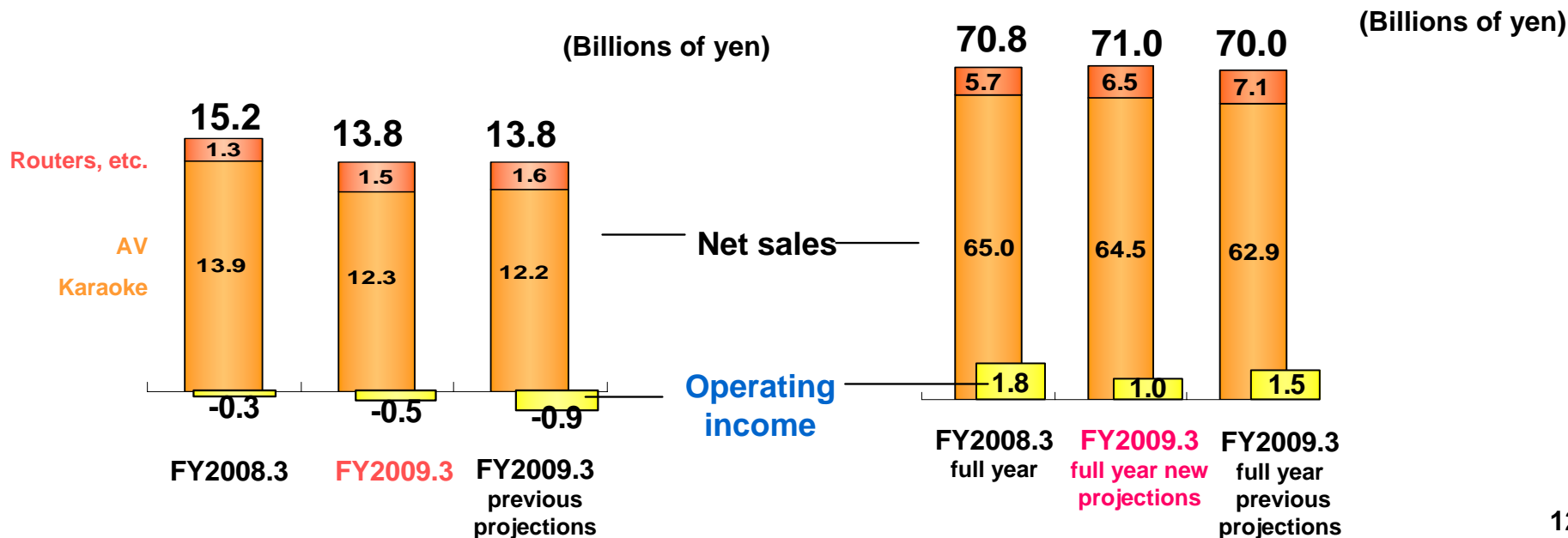
Musical Instrument Sales by Product	
Pianos	The Japanese and North American markets were slow in the first quarter, and sales declined year-on-year. Europe showed patchy results depending on the country, but shipments were steady, especially for low-priced pianos manufactured in Indonesia. Notable growth was recorded in China and the Asia-Pacific region.
Digital musical instruments	First quarter sales rose year-on-year, supported by shipments of new digital piano and portable keyboard products. Tyros3 and other new products are expected to drive further growth in the second quarter and beyond.
Wind instruments	Demand is strong in North America and Asia but weak in Japan and Europe. Sales of high-end products are generally robust.
Guitars/drums	Acoustic guitar sales are strong in North America as well as Europe and Asia. Electric-acoustic guitars are proving especially popular. High-end L-series acoustic guitars with the A.R.E. (Acoustic Resonance Enhancement) technology are causing a stir in the market. Sales of electronic drums have increased year-on-year.
Professional audio equipment	Strong sales of professional digital mixers continue. Sales of speakers, amplifiers and other output-side devices are also growing, especially sales of NEXO products in North America.

1Q Overview

- Sales and income declined year-on-year. Operating losses were smaller than previously projected.
- Discounting the impact of exchange rates, actual sales declined by 3.9% (¥0.6 billion) year-on-year.
- Although YSP sales were lower than anticipated, they grew year-on-year (by ¥1.4 billion).

Full Year Projections and Priority Policies

- Downward revision of full year operating income projections.
- Build AV business in line with market changes:
 - Strengthen and expand front surround systems
 - Increase sales of mid- to high-range receivers
 - Develop and launch new product categories such as desktop audio systems
 - Reinforce HiFi audio products
 - Reduce manufacturing costs, including review of number of product models
- Continue to raise awareness of conferencing systems and develop sales channels.

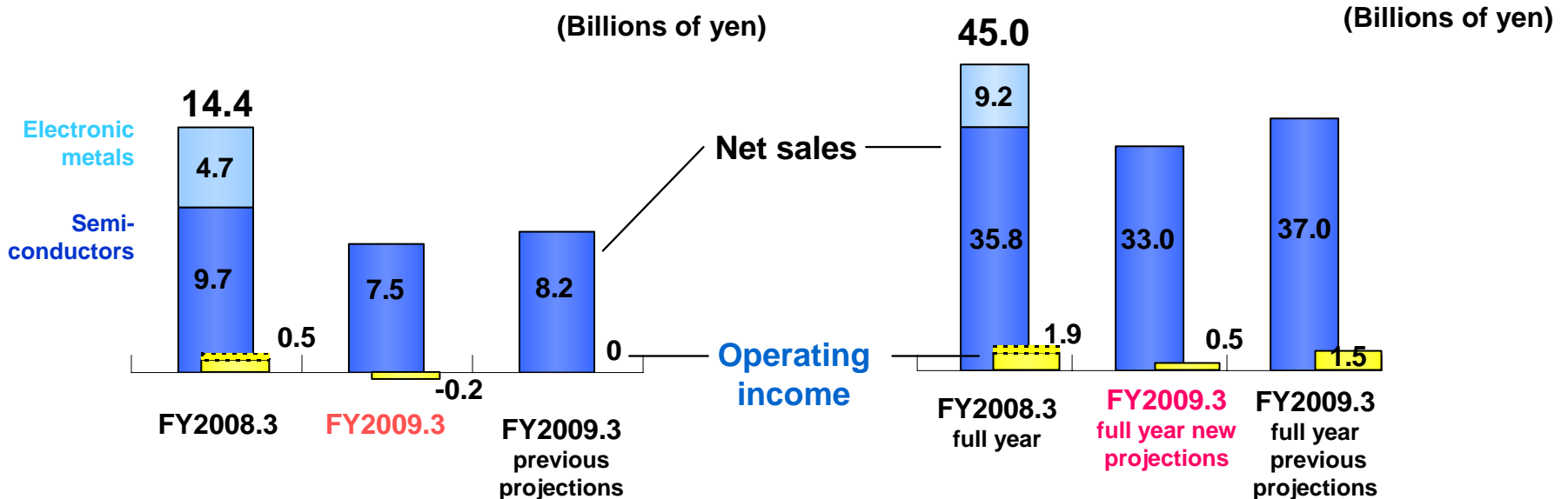


1Q Overview

- Sales were lower than previous projections. An operating loss was recorded for the second consecutive quarter.
- Net sales fell sharply year-on-year due to continuing weak demand for LSI sound chips for mobile phones and delay in the launch of new LSI products in the amusement (pachinko-related) sector. This delay also meant that sales failed to meet previous projections.

Full Year Projections and Priority Policies

- Downward revision of full year sales and operating income projections – key factors behind this are falling demand for LSI sound chips for mobile phones and lower sales of LSI chips for pachinko-related products.
- Maintain mobile phone LSI sound chip business by offering added value.
- Expand sales of LSI chips for pachinko-related products and digital amplifiers.
- Develop customer base for silicon microphones and put mass production on track.



Lifestyle-Related Products

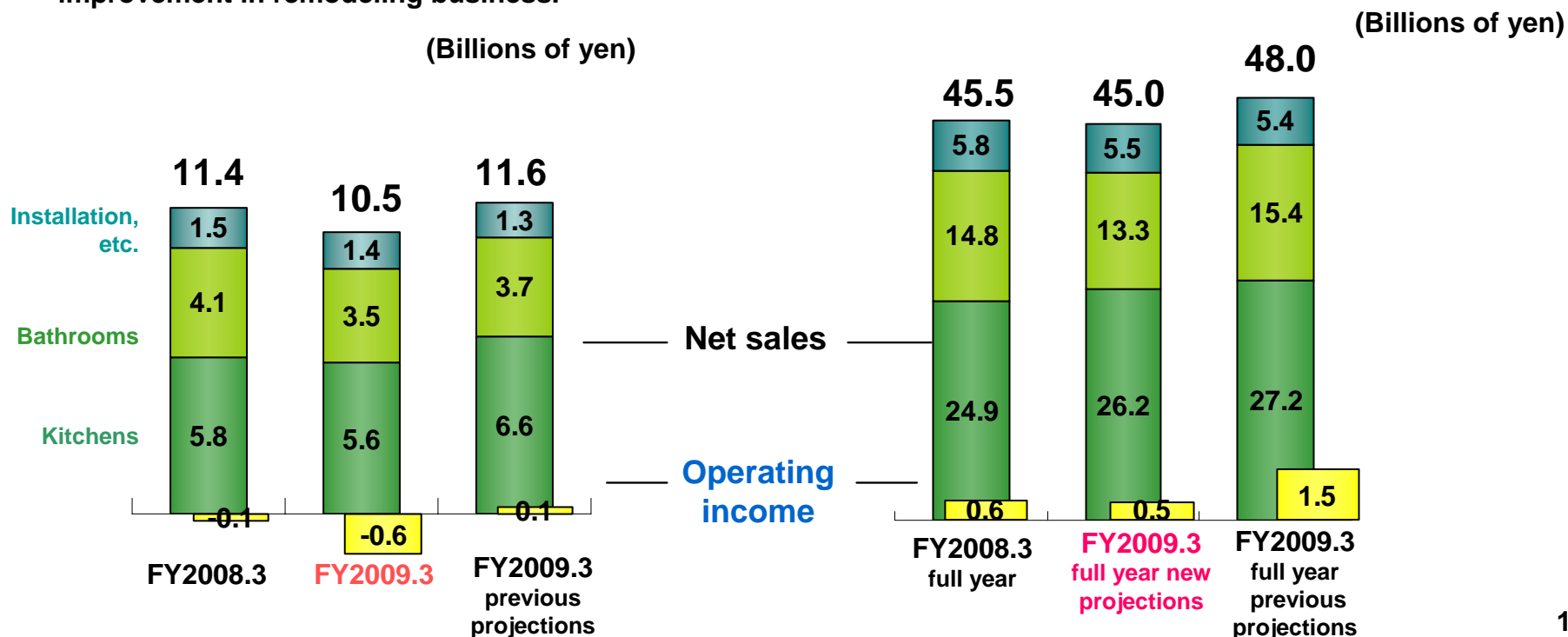


1Q Overview

Full Year Projections and Priority Policies

- Sales and income declined year-on-year and were lower than previous projections.
- As the ongoing decline in housing starts continued, quarterly system kitchen sales fell year-on-year for the first time since the third quarter of FY2005.3. System bathroom sales also declined year-on-year.
- Enhanced showroom functions resulted in a slight improvement in remodeling business.

- Downward revision of full year sales and operating income projections.
- Expand sales in key system kitchen sector by promoting appeal of artificial marble products, a Yamaha strength.
- Reinforce remodeling business through enhancement of sales channels and showrooms.

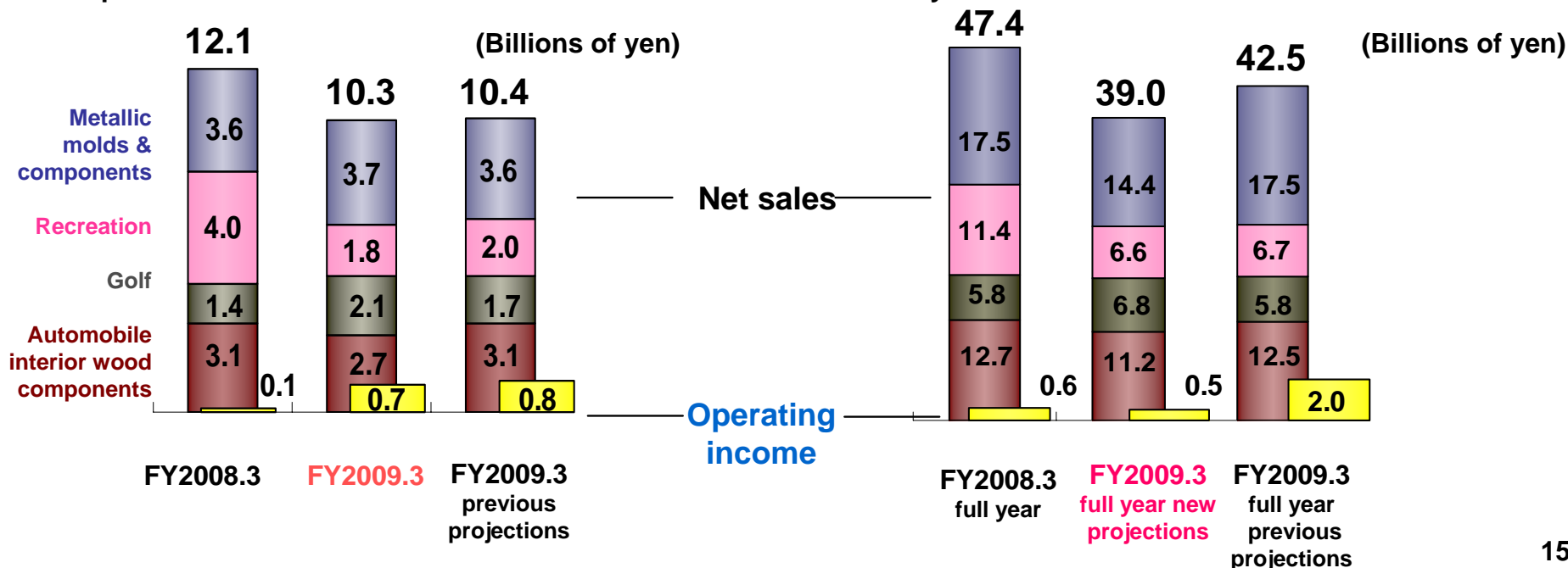


1Q Overview

- In conjunction with the handover of unprofitable facilities, recreation business profitability improved year-on-year.
- Due to decreased production by finished product manufacturers, sales of automobile interior wood components declined year-on-year and failed to meet previous projections.
- Delay in achieving improved yields for magnesium molded parts.
- Golf products continued to perform well in Japan and other Asian markets.

Full Year Projections and Priority Policies

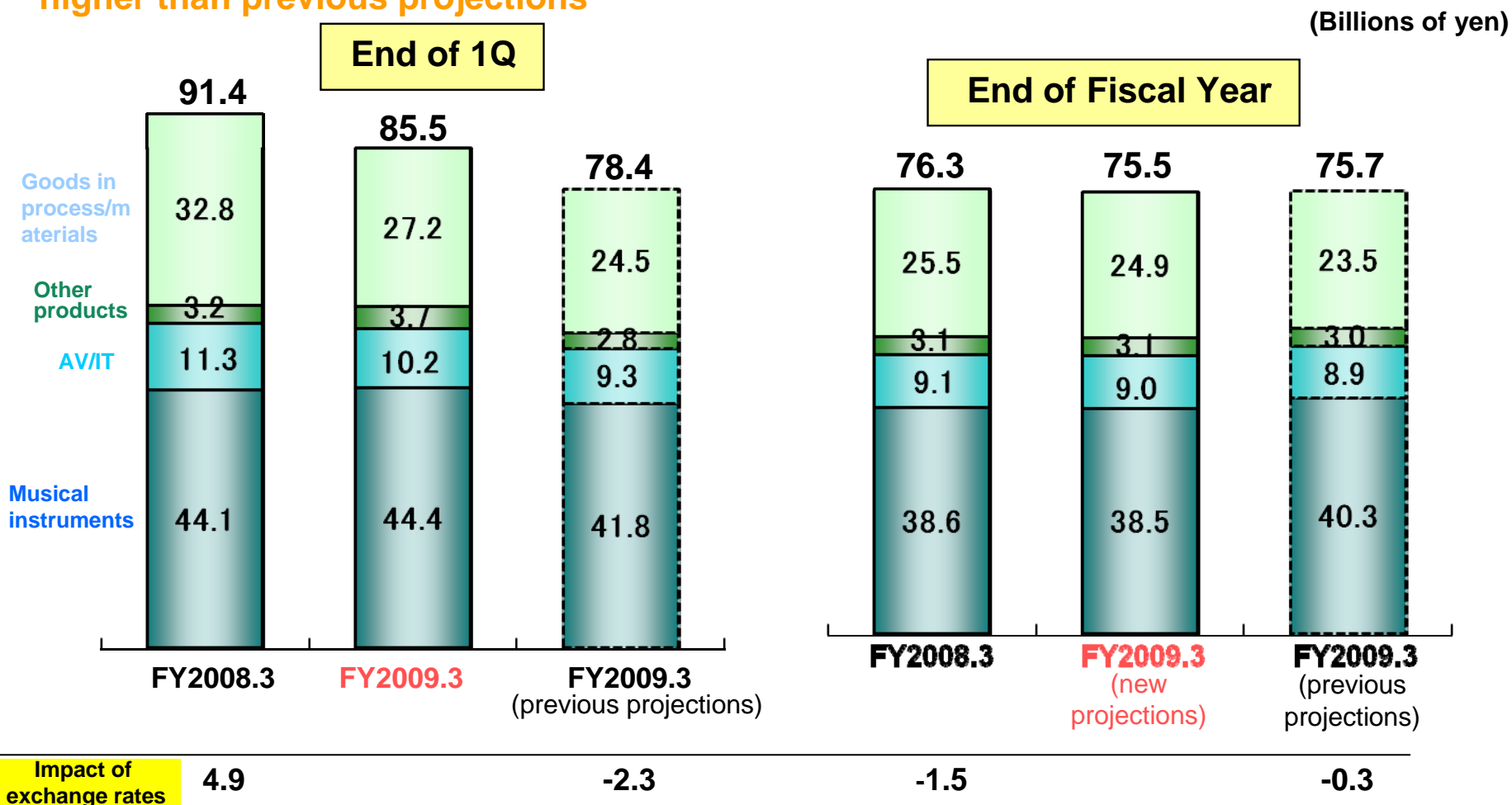
- Downward revision of full year results due to falling orders for automobile interior wood components and shift away from magnesium components in mobile phones.
- Focus on reducing manufacturing costs by improving yields for both automobile interior wood components and magnesium molded parts.
- Expand sales in the flourishing golf products sector by continuing to promote the appeal of the “inpres” brand.
- Although food costs are high, aim for improved profitability in the recreation sector by attracting more customers and boosting business efficiency



Inventories

➤ Inventories at the end of 1Q were ¥5.9 billion lower than the same quarter of the previous year (discounting the impact of exchange rates and handover of electronic metal products inventories, actual inventories rose by ¥3.5 billion)

➤ Discounting the impact of exchange rates, actual inventories were ¥4.8 billion higher than previous projections



Balance Sheet Summary



	As of end of 1Q (actual)			Full year (2008 actual, 2009 projection)		
	As of June 30, 2007	As of June 30, 2008	Change	As of March 31, 2008	As of March 31, 2009	Change
Cash and deposits	92.2	66.5	-25.7	104.0	62.5	-41.5
Notes and accounts receivable	76.9	68.5	-8.4	65.1	70.3	5.2
Inventories	91.4	85.5	-5.9	76.3	75.5	-0.8
Other current assets	30.9	28.7	-2.2	30.3	32.9	2.6
Fixed assets	366.1	269.8	-96.3	264.6	287.6	23.0
Total assets	657.5	519.0	-138.5	540.3	528.8	-11.5
Notes and accounts payable	46.3	37.9	-8.4	35.0	37.3	2.3
Short- and long-term loans	30.7	22.9	-7.8	21.0	19.3	-1.7
Resort membership deposits	18.7	17.0	-1.7	17.0	17.0	0
Other liabilities	157.8	108.2	-49.6	124.3	118.3	-6.0
Total net assets	404.0	333.0	-71.0	343.0	336.9	-6.1
Total liabilities and net assets	657.5	519.0	-138.5	540.3	528.8	-11.5

Note: Balance of cash and deposits includes negotiable deposits

Appendix

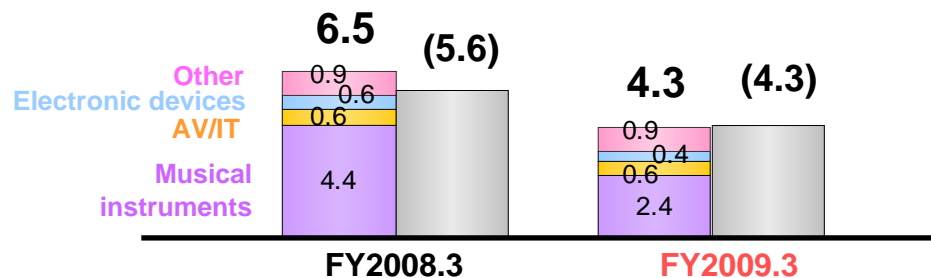
Capital Expenditures / Depreciation/R&D Expenses



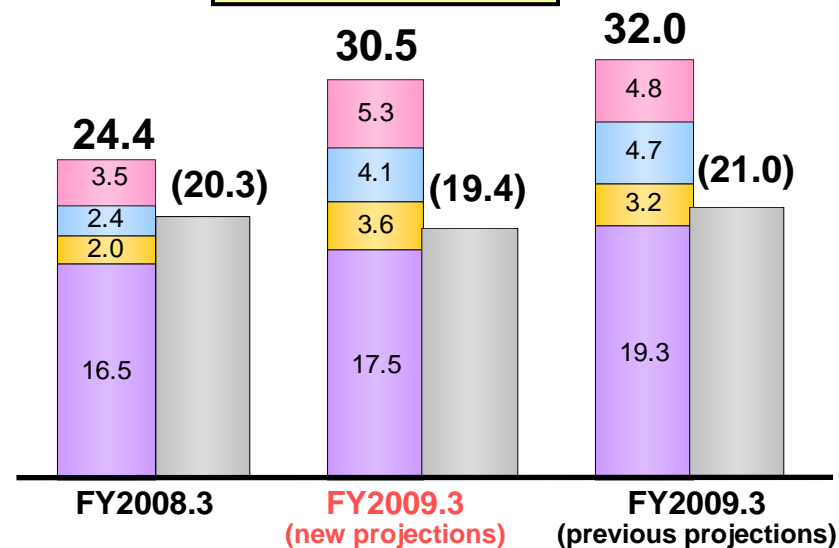
Capital Expenditures (Depreciation)

(Billions of yen)

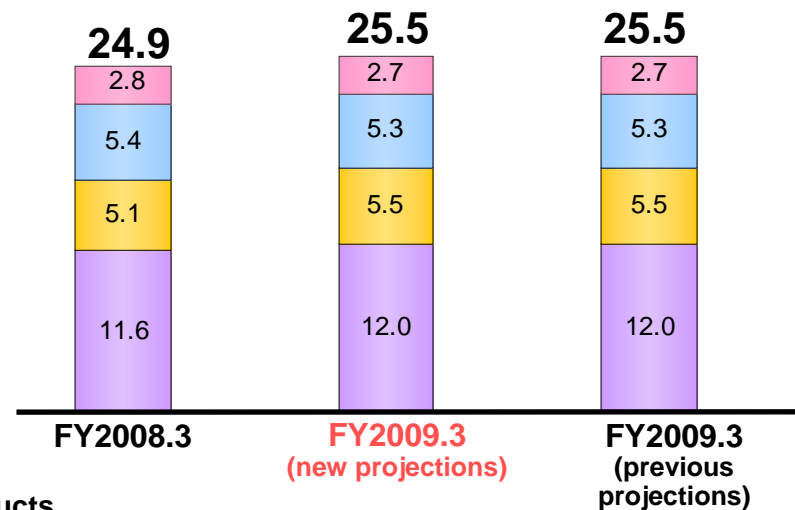
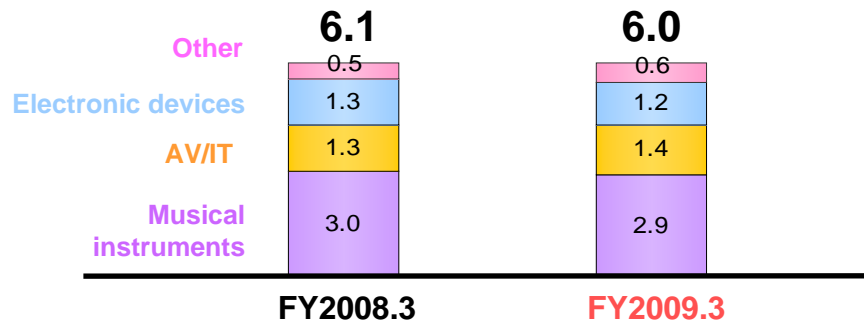
1Q



Full Year



R&D Expenses



Note: Figures for electronic components include electronic metal products

First Quarter Non-Operating Income/Loss & Extraordinary Income/Loss



	FY2008.3 (1Q) actual	FY2009.3 (1Q) actual	FY2009.3 (1Q) previous projections
			(Billions of yen)
Non-operating income/loss			
Net financial income (loss)	0.9	0.7	0.4
Other	-0.7	-0.6	-1.1
Total	+ 0.2	+ 0.1	-0.7
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	-0.2	-0.1
Other	27.9	0	0
Total	+27.8	-0.2	-0.1
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> •Gain on sale of shares in Yamaha Motor Co., Ltd. 27.8 </div>			
Corporate income tax and other expenses			
Corporate income taxes, etc.	11.9	4.3	2.4
Minority interests in income	0.2	0.1	0
Total	12.1	4.4	2.4

Full-Year Non-Operating Income/Loss & Extraordinary Income/Loss



FY2008.3 actual

FY2009.3 new
projections

FY2009.3 previous
projections

Non-operating income/loss

•Yamaha Motor Co., Ltd.
dividend 1.7

•Yamaha Motor Co., Ltd.
dividend 1.7

(Billions of yen)

Net financial income (loss)	2.9	2.1	1.8
Other	-3.1	-4.1	-4.8
Total	-0.2	-2.0	-3.0

Extraordinary income/loss

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

•Special retirement allowances -0.8

Income from (loss on) disposal of fixed assets	0.8	-0.7	-0.5
Other	29.1	-0.3	
Total	+29.9	-1.0	-0.5

Corporate income tax and other expenses

Corporate income taxes, etc.	22.2	10.6	10.4
Minority interests in income	0.7	0.4	0.6
Total	22.9	11.0	11.0

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 the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.