

**Analyst and Investor Briefing on
the Second Quarter of the Fiscal
Year Ending March 31, 2010
(FY2010.3)**

**November 2, 2009
YAMAHA CORPORATION**

Overview of Performance in the Second Quarter of FY2010.3



2Q External Environment

- Ongoing global economic downturn, except in China
 - Continuing weakness in personal consumption, especially in the U.S., Europe and Japan
 - B2B business improving after a round of inventory adjustments at finished products manufacturers (including automotive, digital camera, and mobile phone-related business)
- Continuing strong yen. Australian dollar strengthening.

2Q (July-Sept) Results

- Sales were lower than initial projections (made on April 30), but income was higher. Sales and income were both down year-on-year.
- Net sales were 2.9% (¥3.1 billion) lower than initial projections. Discounting the impact of exchange rates (+¥2.9 billion), actual sales were 5.6% (¥6.0 billion) lower than initial projections. Excluding the impact of exchange rates (-¥10.7 billion) actual sales fell by 9.1% (¥11.6 billion) year-on-year.
- Operating income was ¥1.9 billion higher than initial projections. Discounting the impact of exchange rates (+¥2.3 billion), actual operating income was ¥0.4 billion lower than projected, chiefly due to reduced sales.

First Half Results

- Sales and income fell year-on-year, and a net loss of ¥0.8 billion was recorded.
- Discounting the impact of exchange rates (-¥18.7 billion), actual net sales decreased by 11% (¥27.5 billion) compared to the same period of the previous year.
- Operating income was down 69% (¥9.2 billion) year-on-year, due to factors including lower sales, unfavorable exchange rates (¥8.8 billion), investment losses on retirement benefit obligations (¥1.7 billion), and other factors.

Performance in the First Half of FY2010.3 YAMAHA

- Net sales and operating income were lower than last year's 1H figures. Sales were lower than initial projections (made on April 30), but income was higher.

(Billions of yen)

	FY2009.3 (1H) results	FY2010.3 (1H) results	Change from same period of previous year	FY2010.3 (1H) Initial projections	Change from projections	FY2010.3 2Q results	FY2009.3 2Q results
Net sales	250.5	204.3	-18.4%	212.5	-3.8%	104.9	127.3
Operating income (Operating income ratio)	13.3	4.1 (2.0%)	-69.0%	1.3	+218.3%	3.9	7.7
Ordinary income (Ordinary income ratio)	13.3	2.8 (1.4%)	-78.6%	-0.2	—	3.3	7.5
Net income (Net income ratio)	4.4	-0.8	—	-1.9	—	2.1	3.3

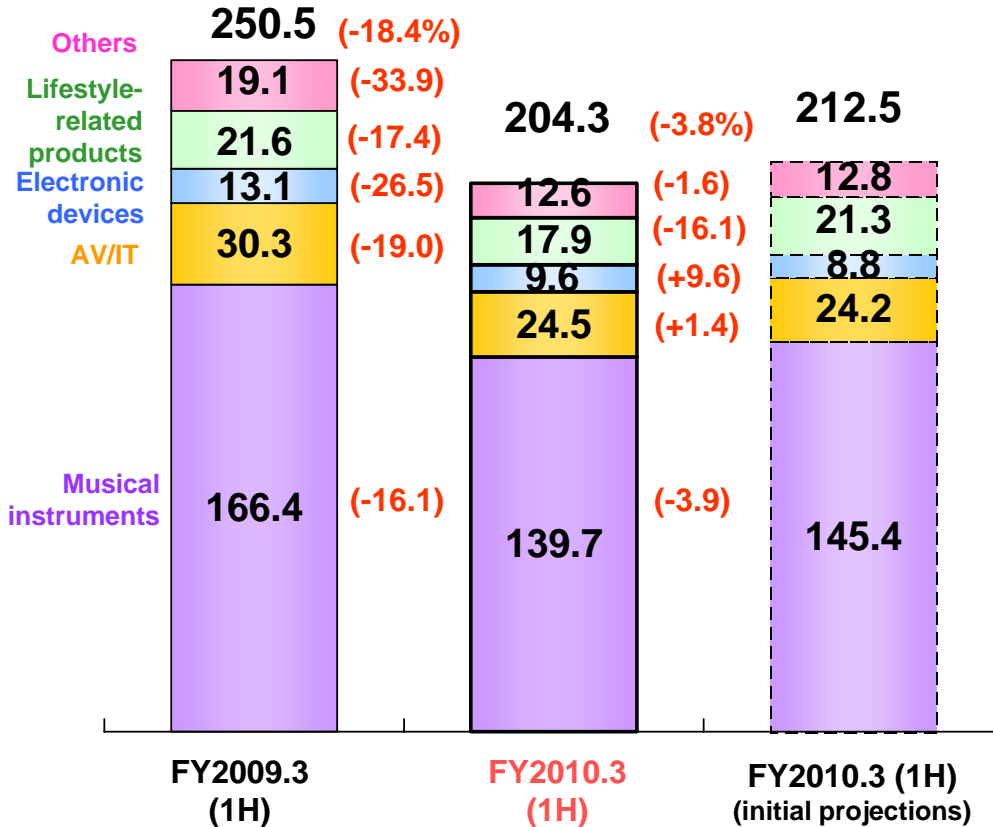
Currency exchange rates (yen)

Net sales	US\$	106	96	95	94	108
	EUR	163	133	120	134	162
Operating income	US\$	106	96	95	95	108
	EUR	157	128	120	132	158

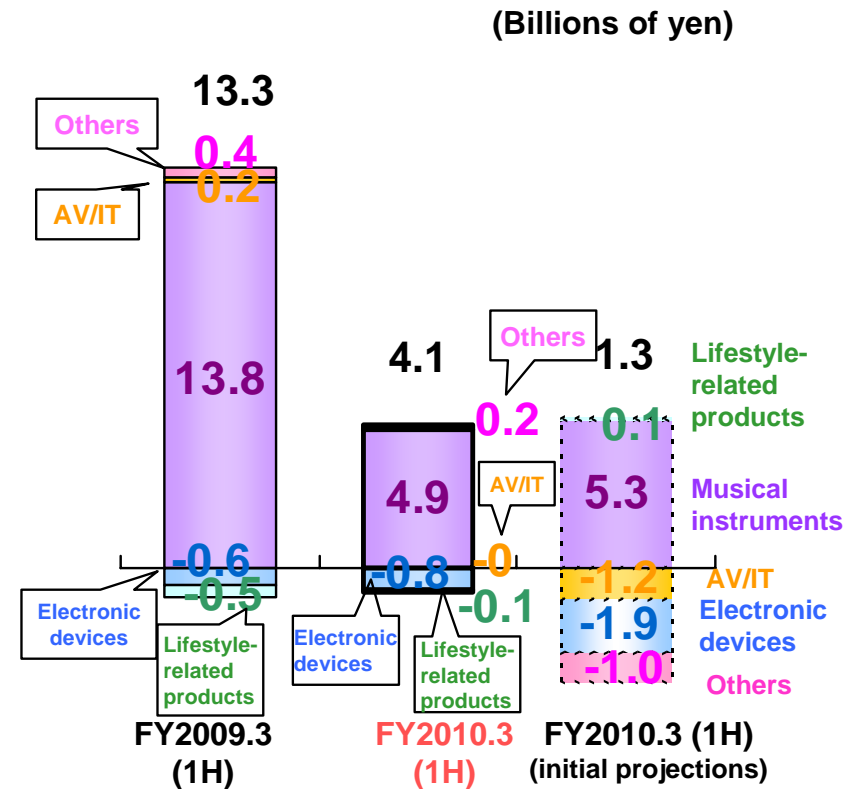
Performance by Business Segment in the First Half of FY2010.3



Net Sales



Operating Income



Figures in parentheses represent changes from the previous year or from initial projections

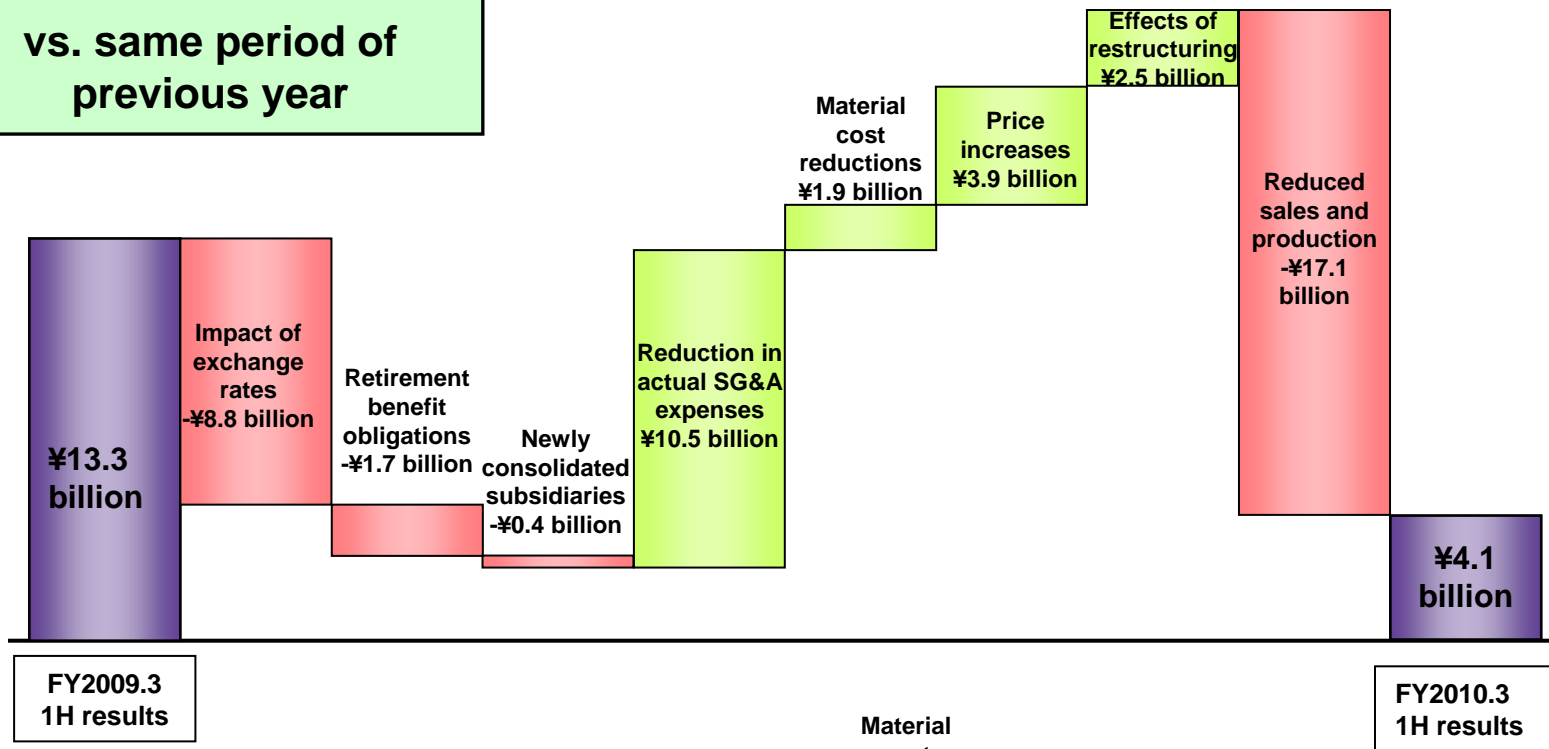
	Impact of exchange rates
Year-on-year	-¥18.7 billion (musical instruments -¥14.9 billion, AV/IT -¥3.8 billion)
Versus initial projections	+¥5.6 billion (musical instruments +¥4.4 billion, AV/IT +¥1.3 billion)

	Impact of exchange rates
Year-on-year	-¥8.8 billion (musical instruments -¥7.2 billion, AV/IT -¥1.6 billion)
Versus initial projections	+¥2.8 billion (musical instruments +¥2.2 billion, AV/IT +¥0.6 billion)

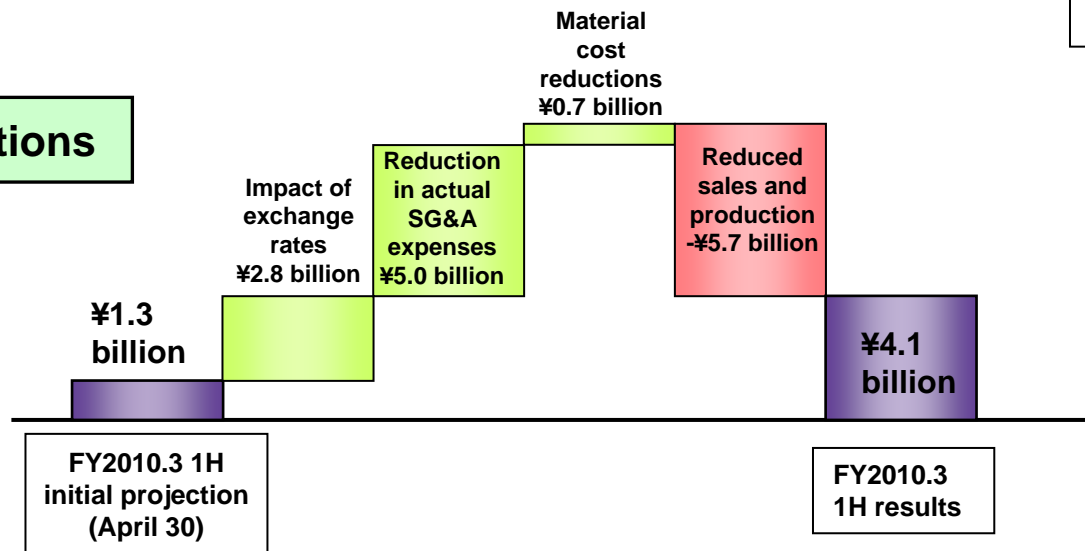
1H of FY2010.3 Operating Income Analysis



vs. same period of previous year



vs. initial projections



Business Environment in the Second Half of FY2010.3 and Full Year Performance Forecast



Business Environment in the Second Half

- Delayed market recovery, year-end sales are likely to be lower than initially expected
 - Ongoing personal consumption slump in developed markets
 - Ongoing uncertainty over demand for commercial audio equipment
 - Continuing improvement in B2B orders
- Continuing strong yen

Full Year Performance Forecast

- Since prospects for exchange rates and economic trends are uncertain, initial projections (made April 30) remain unchanged

Priorities for Second Half

- Focus on sales efforts for year-end demand
- Ongoing measures to improve performance
 - Continue to reduce expenses and cut costs
 - Review capital expenditure and R&D expenses
 - Thorough inventory control through measures including reduced production and inventory sell-off (further production halts are planned at Japanese piano and wind instrument factories, in addition to those already announced for September-March)

Forecast for Performance in FY2010.3 (Full Year) YAMAHA

➤ Full year forecast remains unchanged from initial projections.

(Billions of yen, %)

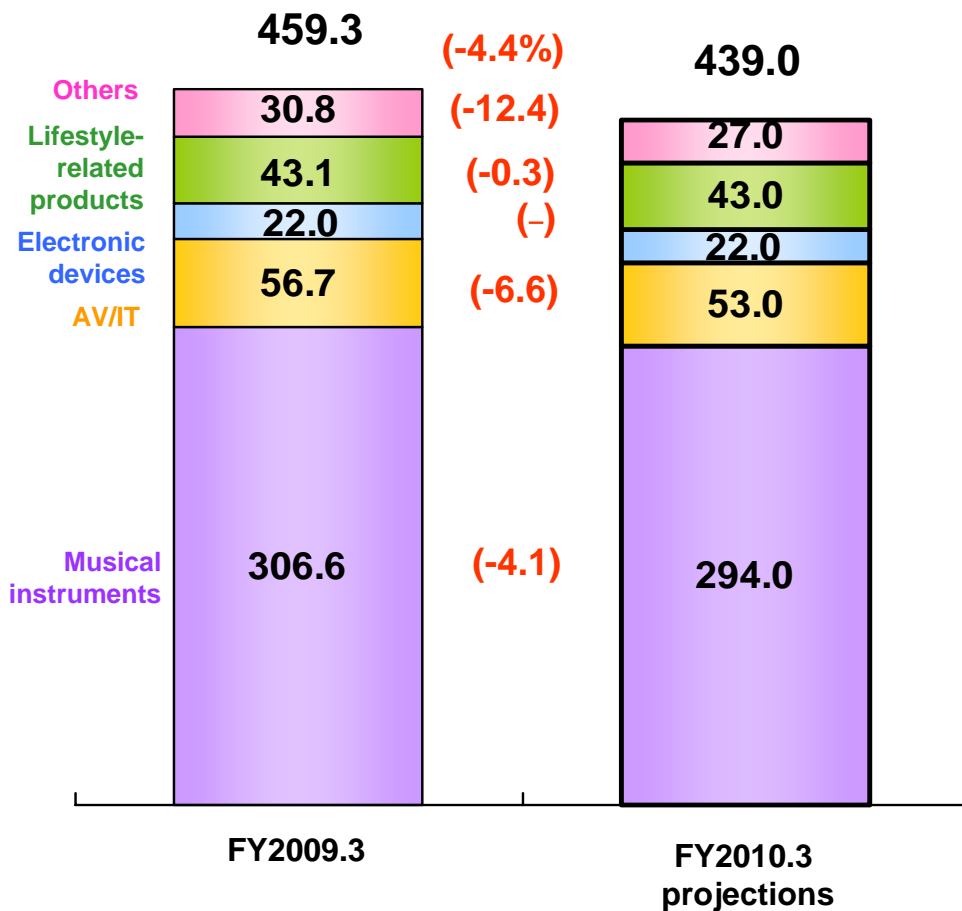
	FY2009.3 results	FY2010.3 projections	Increase / decrease	Change from the previous year
Net sales	459.3	439.0	-20.3	-4.4%
Operating income	13.8	6.0	-7.8	-56.7%
Ordinary income	12.0	3.0	-9.0	-75.0%
Net income	-20.6	0	+20.6	—

FY2010.3 Full-Year Forecast for Performance by Business Segment



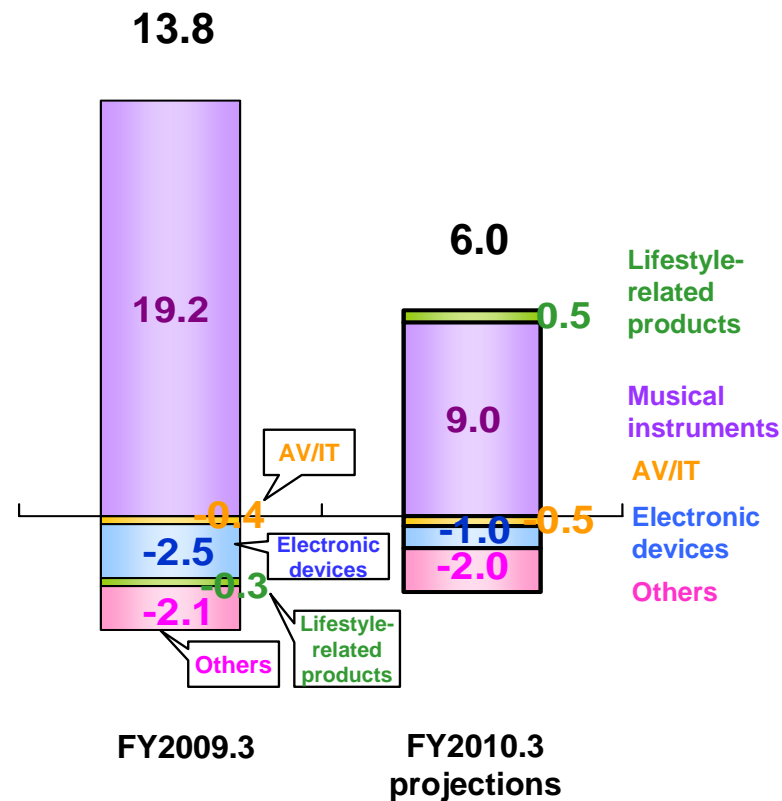
Net Sales

Figures in parentheses represent changes from the previous year



Operating Income

(Billions of yen)



Musical Instruments



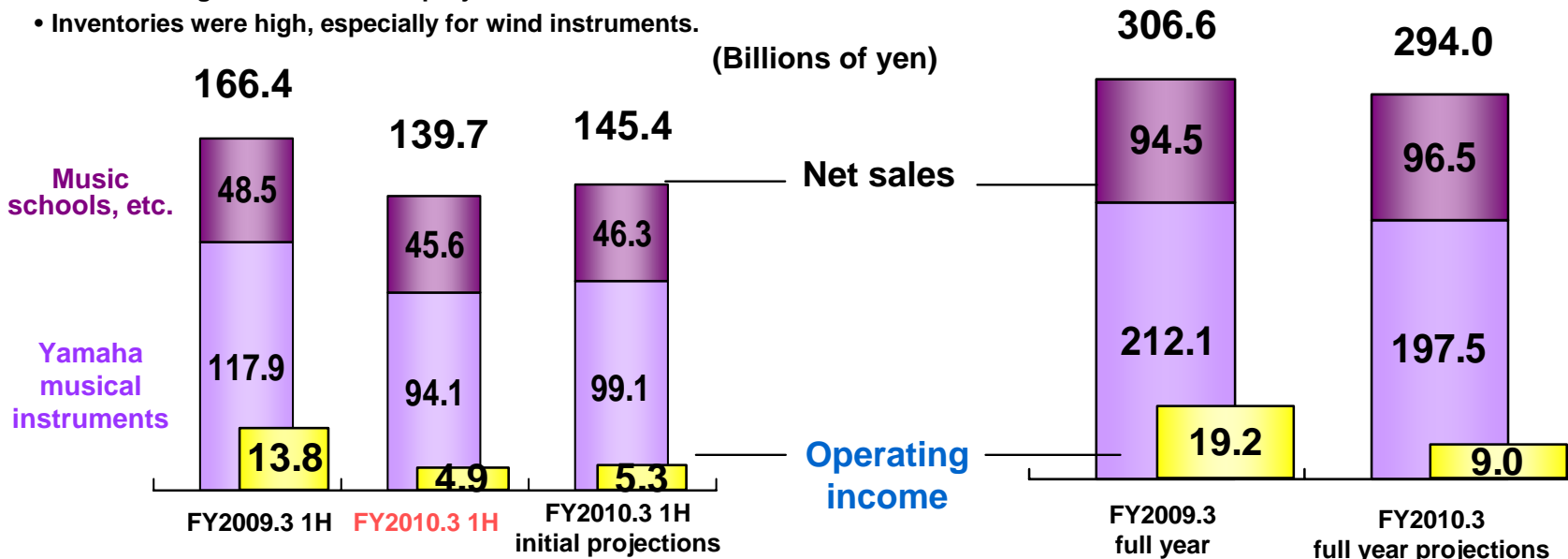
1H Overview

- Sales and income declined year-on-year and against initial projections.
- Discounting the impact of exchange rates, actual sales declined by 7% (¥11.8 billion) year-on-year. Actual sales were also 7% (¥10.1 billion) below initial projections.
- In North America actual sales fell by double digits from the same period of the previous year, while in Europe and Japan they declined by about 9%. However, sales, especially for pianos, continued to drive strong performance in China.
- Sales of wind instruments and professional audio equipment recorded double-digit declines from the same period of the previous year. In spite of last-minute demand before price rises, piano sales fell sharply in Europe.
- Operating income declined year-on-year due to factors including lower sales, unfavorable exchange rates, investment losses on retirement benefit obligations, and other factors. Reduced sales resulted in income being lower than initial projections.
- Inventories were high, especially for wind instruments.

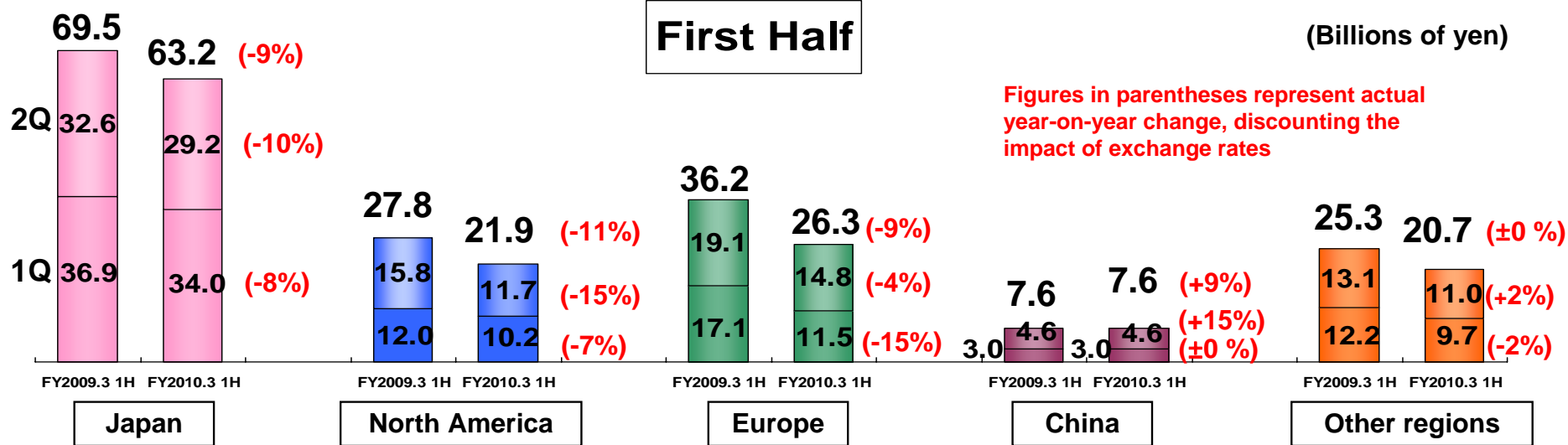
Full Year Overview and 2H Priorities

- Steadily launch new products in time for the year-end sales rush in Europe and the U.S.
- Expand sales in emerging markets, especially China.
- Cut costs, reduce expenses and adjust inventory levels.

(Billions of yen)



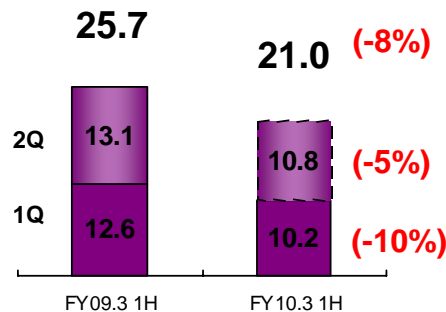
Musical Instruments (Sales by Region)



Musical Instrument Sales by Region	
Japan	Consumption is weak due to uncertainty over economic prospects, and the trend toward low-priced products is becoming more pronounced. Piano sales almost caught up with the previous year's 1H figures thanks to the rush to beat price increases, but lower unit prices for digital pianos and the continued slump in wind instruments resulted in a year-on-year decrease in overall sales. Looking ahead to the end of the year, the Company aims to halt the decline by launching new products and strengthening sales promotion efforts.
North America	Although pianos and other keyboard instruments showed signs of bottoming out, wind instrument sales dropped sharply and overall musical instrument unit prices were down due to customer interest in low-priced products, resulting in a year-on-year decline. Amid ongoing constraints on investment by corporate customers, there is no sign of recovery for professional audio equipment. The Company aims to achieve higher sales by launching new products and further reorganizing sales channels for keyboard instruments.
Europe	Sales in Germany and the rest of Central Europe exceeded the same period of the previous year, but shrinking markets in Southern and Eastern Europe, which have been badly affected by the economic crisis, resulted in a year-on-year decline for the continent as a whole. Stores are having more difficulty raising finance, and sales of pianos and professional audio equipment are weak. Looking ahead to the end of the year, the Company aims to halt the decline by partially refunding price increases and offering flexible terms of sale.
China	Pianos and portable keyboards are selling well. Pianos, in particular, are maintaining double-digit growth and driving overall sales to levels higher than the previous year's 1H figures. Full year sales are also projected to exceed the previous year. Pianos are a key product, and sales will be expanded further by developing sales channels and enhancing the product lineup.
Other regions	Although some regions in the Middle East and Latin America have struggled, sales of digital pianos, guitars, and drums were strong in Asia and Oceania. While progress in the Russian and Indian markets has been somewhat delayed, various sales promotion efforts are being made, exchange rates are becoming more favorable, and the Asia-Pacific region as a whole is showing robust results. Although results will continue to differ from one country to another, generally strong performance is anticipated.

Musical Instruments: Sales by Product Category

Pianos

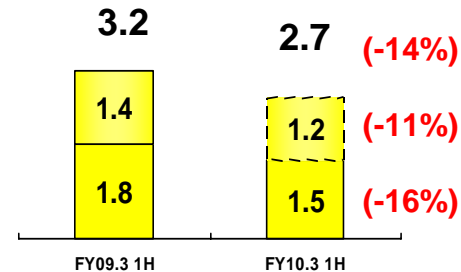


In Japan sales slightly decreased year-on-year on value base as a temporary last-minute demand driven by impending price rises. European sales continued to struggle amid the market downturn.

Newly developed sales channels in North America helped bolster sales, which only declined slightly.

China is maintaining double-digit growth. With a view to the year-end sales period new products will be launched in Japan, and inexpensive locally-manufactured models will be introduced in China.

Electones



Figures in parentheses represent actual year-on-year change, discounting the impact of exchange rates

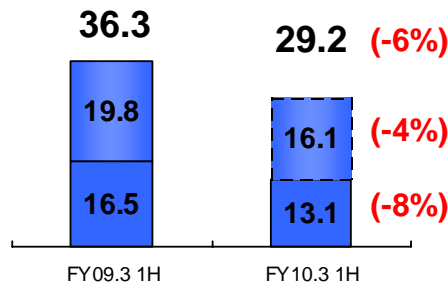
The economic slump exacerbated the downturn in Electone sales, which are mainly sold in Japan.

(Billions of yen)

Digital pianos are struggling in Japan and Europe due to a sharp drop in unit prices and consumer interest in low-priced products.

Although portable keyboard sales struggled in Latin America and the Middle East, overall sales remained flat. Looking ahead to the end of the year, the Company aims to catch up with full year targets by cutting prices on some models and launching new products.

Digital Musical Instruments

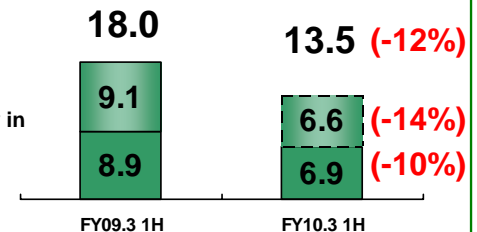


Customers continue to postpone or withhold investment due to deteriorating economic conditions, and spending on equipment is weak in Europe, North America, and Japan. Sales of key digital mixer products are flat.

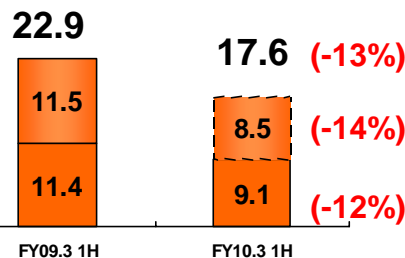
Although PA equipment for musical instruments is struggling in North America, it is selling well in Asia and Latin America, partly due to a recovery in sales of popular small mixers.

The Company aims to expand sales by updating integrated software and reviewing terms of sale.

Professional Audio Equipment



Wind Instruments



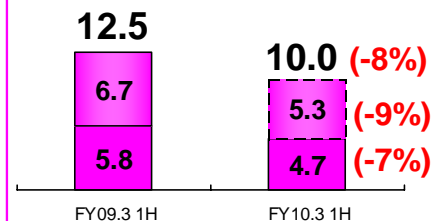
Sales of mid-range and high-end products to individual consumers in the U.S. and Japan fell, and there is no sign of recovery in sales for school rentals in North America.

Overall European results were bolstered by strong sales in Germany and France.

Other regions' sales are broadly in line with the previous year.

The Company anticipates a recovery driven by sales promotion activities targeting year-end demand.

String & Percussion Instruments



Although sales of electric acoustic guitars grew in North America, electric guitar sales were sluggish.

In Europe and Asia acoustic guitars sold well, while electric guitars and acoustic drums struggled. Demand for electronic drums was also low, especially in North America.

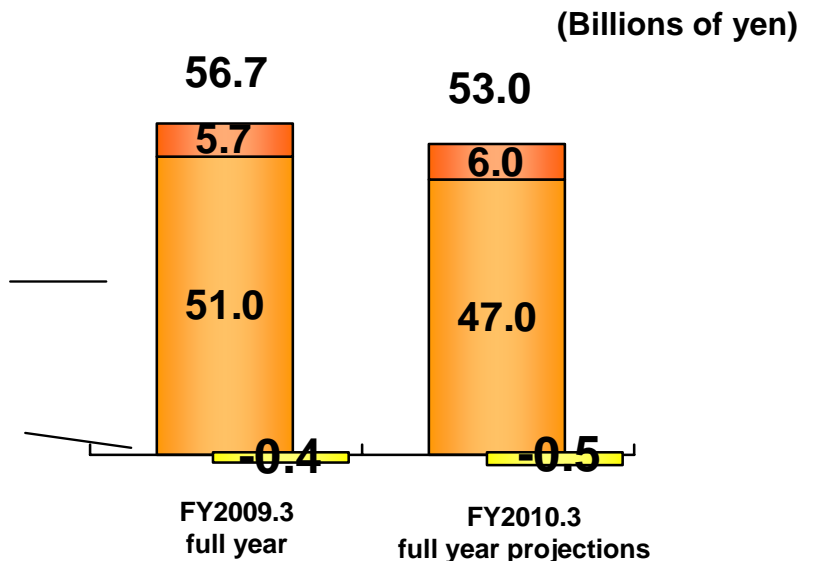
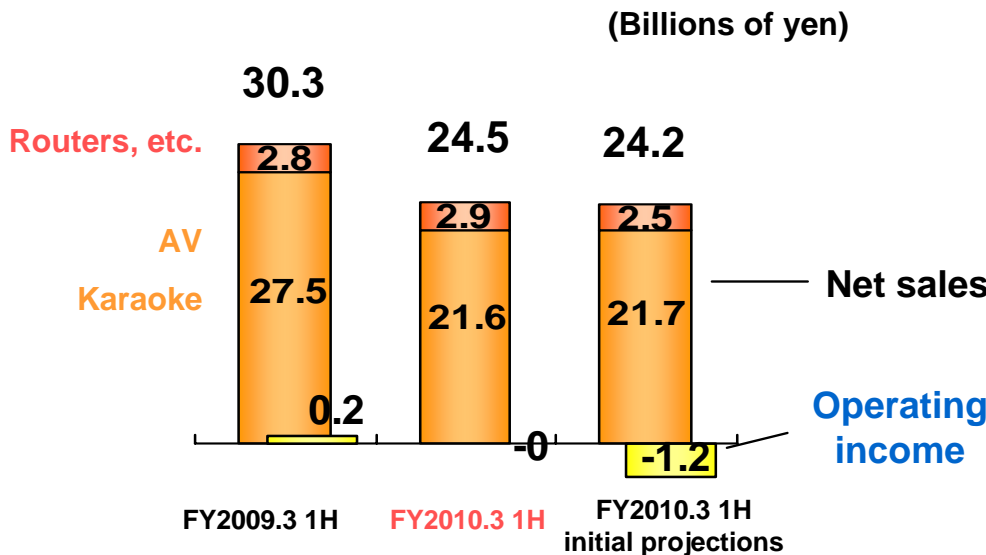
The Company will make up for shortfalls by expanding sales channels to increase its share of the acoustic guitar market and launching electronic drum products featuring new technology.

1H Overview

- Sales and income declined year-on-year.
- Lower expenses and favorable exchange rates resulted in smaller losses than initially projected.
- Discounting the impact of exchange rates, actual sales fell by 7% (¥2.0 billion) year-on-year.
- Discounting the impact of exchange rates, actual inventory at the end of the first half was broadly in line with initial projections.
- Sales of front surround systems were robust in Japan, but weak in the North American market.

Full Year Overview and 2H Priorities

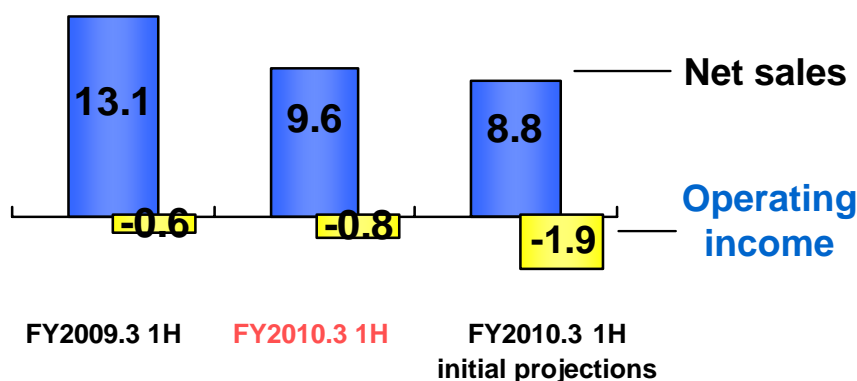
- Expand sales of AV products during period of high demand in year-end shopping season.
 - Increase sales of mid-range and high-end AV receivers, especially in Europe and North America
 - Expand sales of front surround systems
 - Reinforce 2 channel HiFi business by expanding product lineup
 - Strengthen and expand new product categories such as desktop audio systems
- Reduce manufacturing costs by producing more components in-house and cutting material costs.
- Expand share of router market by emphasizing product superiority.



1H Overview

- Sales declined sharply year-on-year. Although an operating loss was recorded, factors including lower depreciation expenses due to fixed asset impairment carried out in the previous year slowed the rate of deterioration compared to the first half FY2009.3.
- Sales and income were higher than initial projections.
- Sales of sound generators for mobile phones continued to fall year-on-year. Digital amplifier sales were up.
- Progress with inventory adjustments put inventories at broadly appropriate levels.

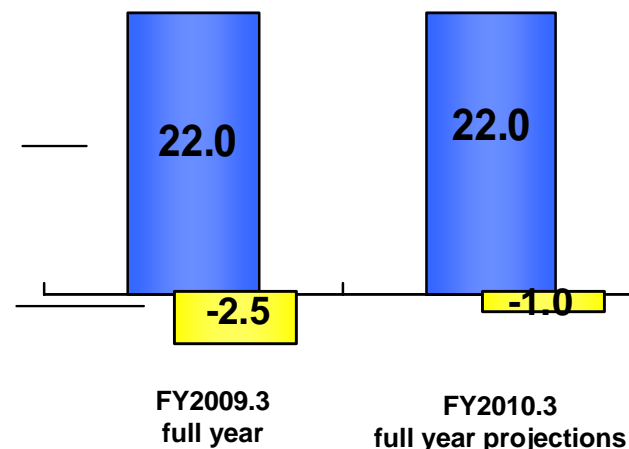
(Billions of yen)



Full Year Overview and 2H Priorities

- Boost profitability by reducing fixed costs.
- Increase sales through launch of new digital amplifier and codec products. Maintain and expand sales of sound generators and graphics controllers for pachinko-related products.

(Billions of yen)



Lifestyle-Related Products

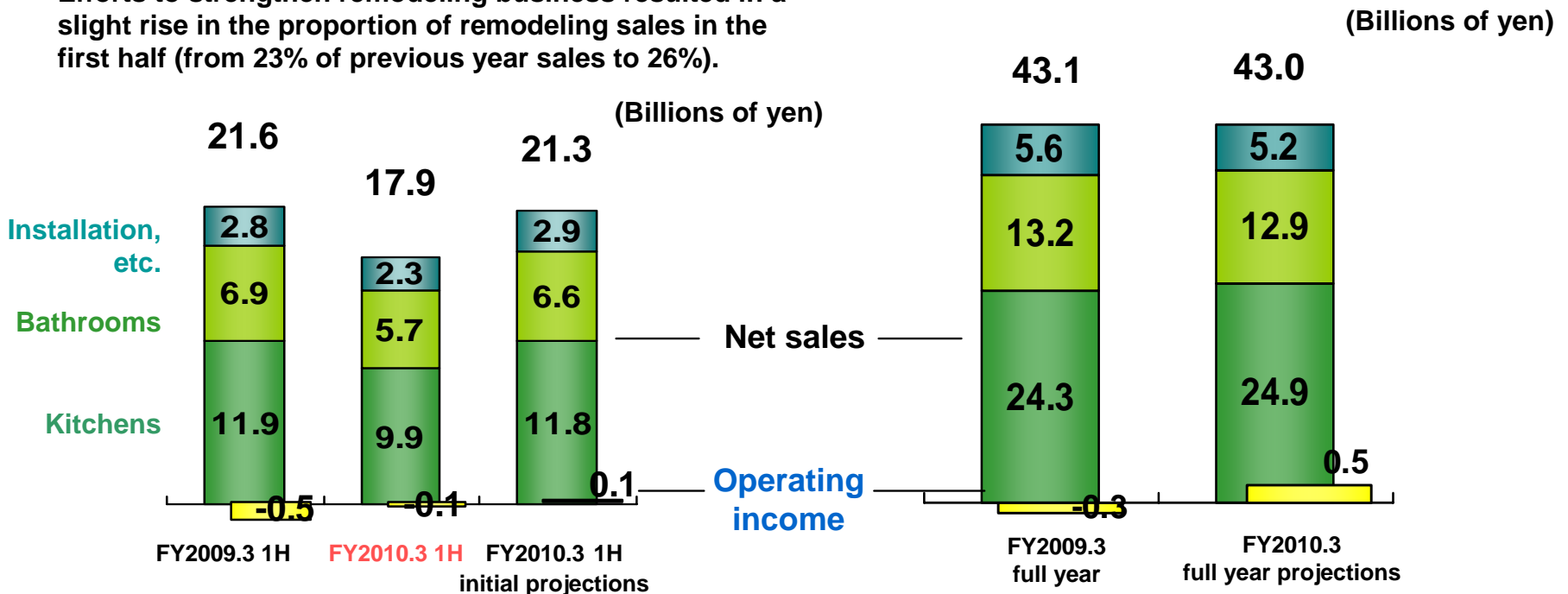


1H Overview

- Sales declined year-on-year, but income increased.
- Although sales were much lower than initial projections, the decline in operating income was minimized by expense-cutting.
- Housing starts in April-August fell by more than 30% from the same period of the previous year. Owner-occupied housing starts again declined by double-digit percentages.
- Efforts to strengthen remodeling business resulted in a slight rise in the proportion of remodeling sales in the first half (from 23% of previous year sales to 26%).

Full Year Overview and 2H Priorities

- Reinforce remodeling business (develop sales channels with strengths in remodeling and sell remodeling components).
- Reduce break-even point by cutting expenses, seeking lower material prices, and reducing manufacturing costs.



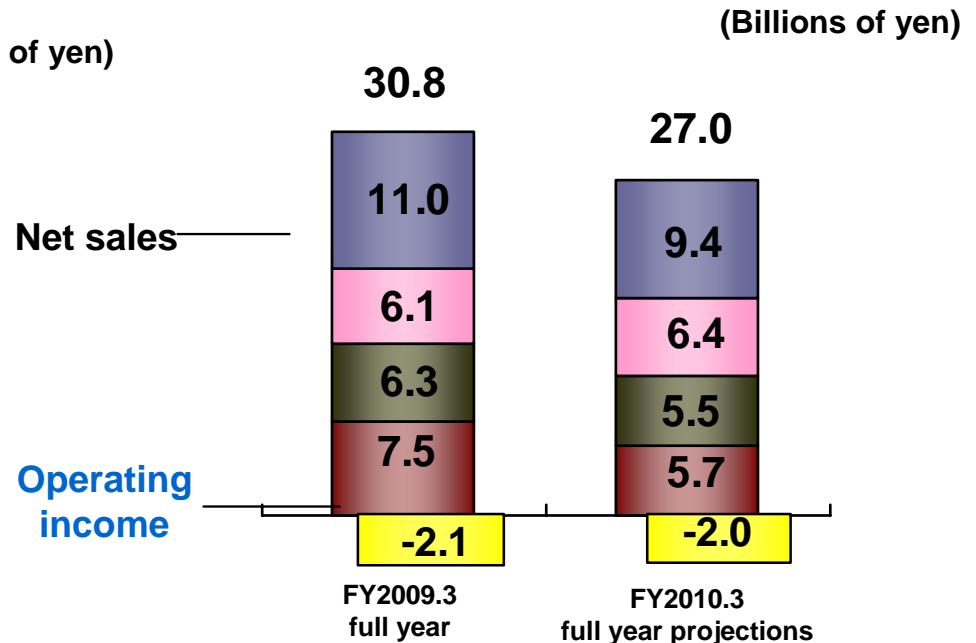
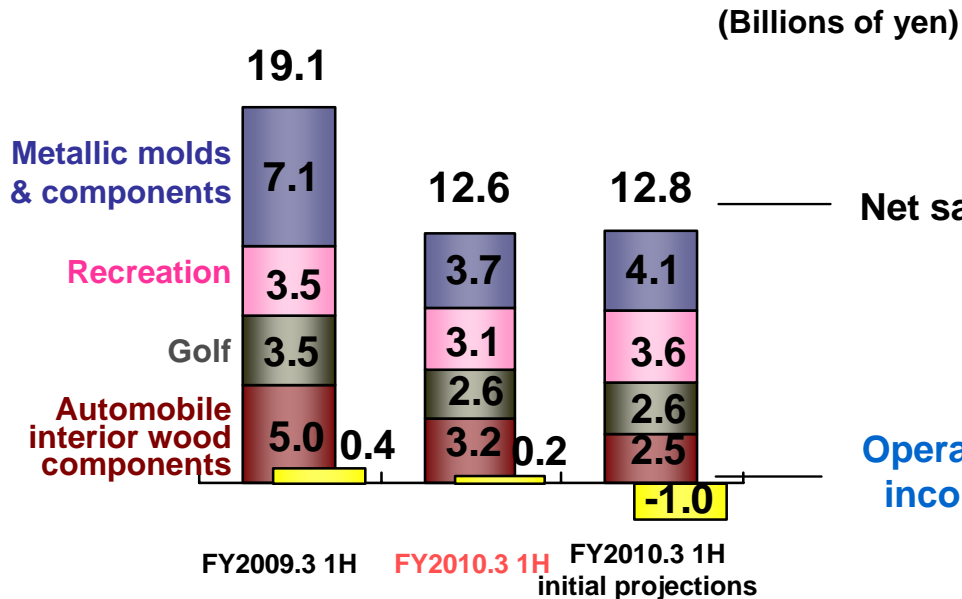
1H Overview

- Sales and income fell year-on-year.
- Sales in the recreation sector were lower than initial projections due to reduced guest numbers, but sales of parts, including automobile interior wood components and magnesium molded parts, exceeded projections as markets rallied.
- Golf product sales improved somewhat in the Japanese and Korean markets.
- The Others segment as a whole recorded an operating profit due to increased production and reduction of fixed costs in parts business.

Full Year Overview and 2H Priorities

- Lower the break-even point for automobile interior wood components by smoothly meeting new model requirements and reducing expenses.
- Expand share of golf market by developing competitive new products.
- Aim for improved profitability in the recreation business by attracting more guests and reducing costs.
- Achieve smooth withdrawal from production of magnesium molded parts.

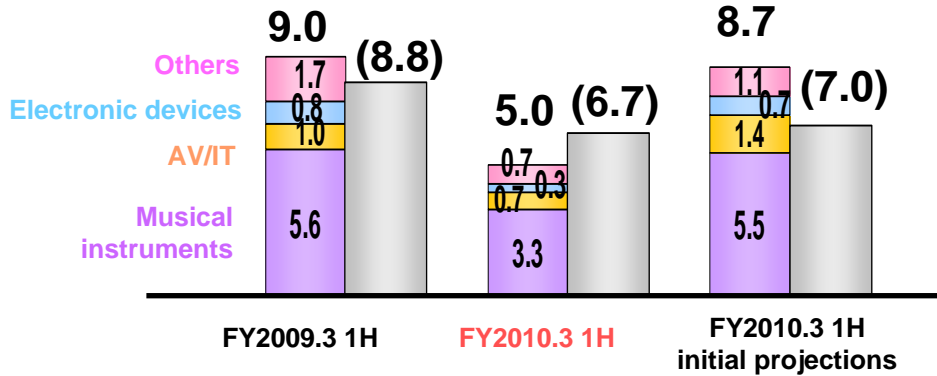
(Billions of yen)



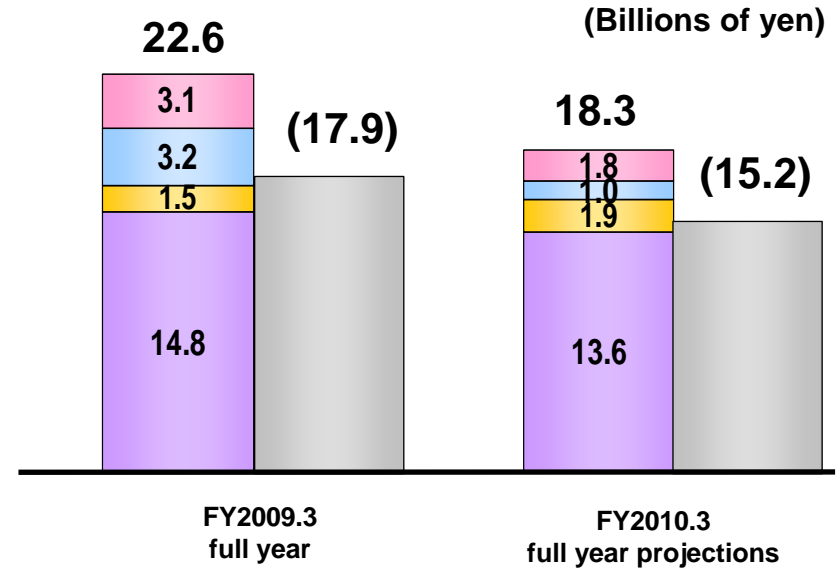
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure (Depreciation)

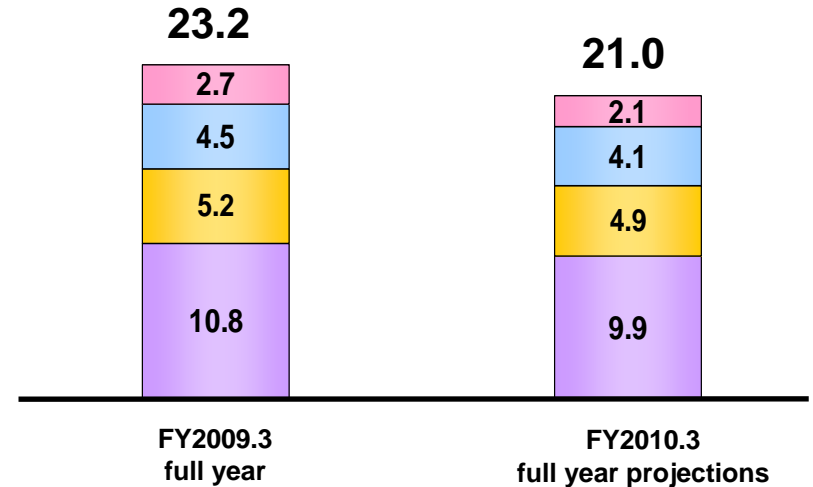
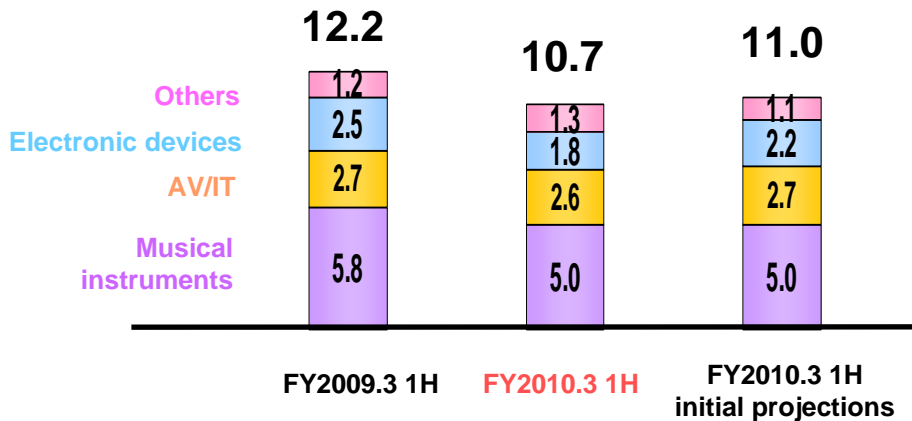
1H



Full Year

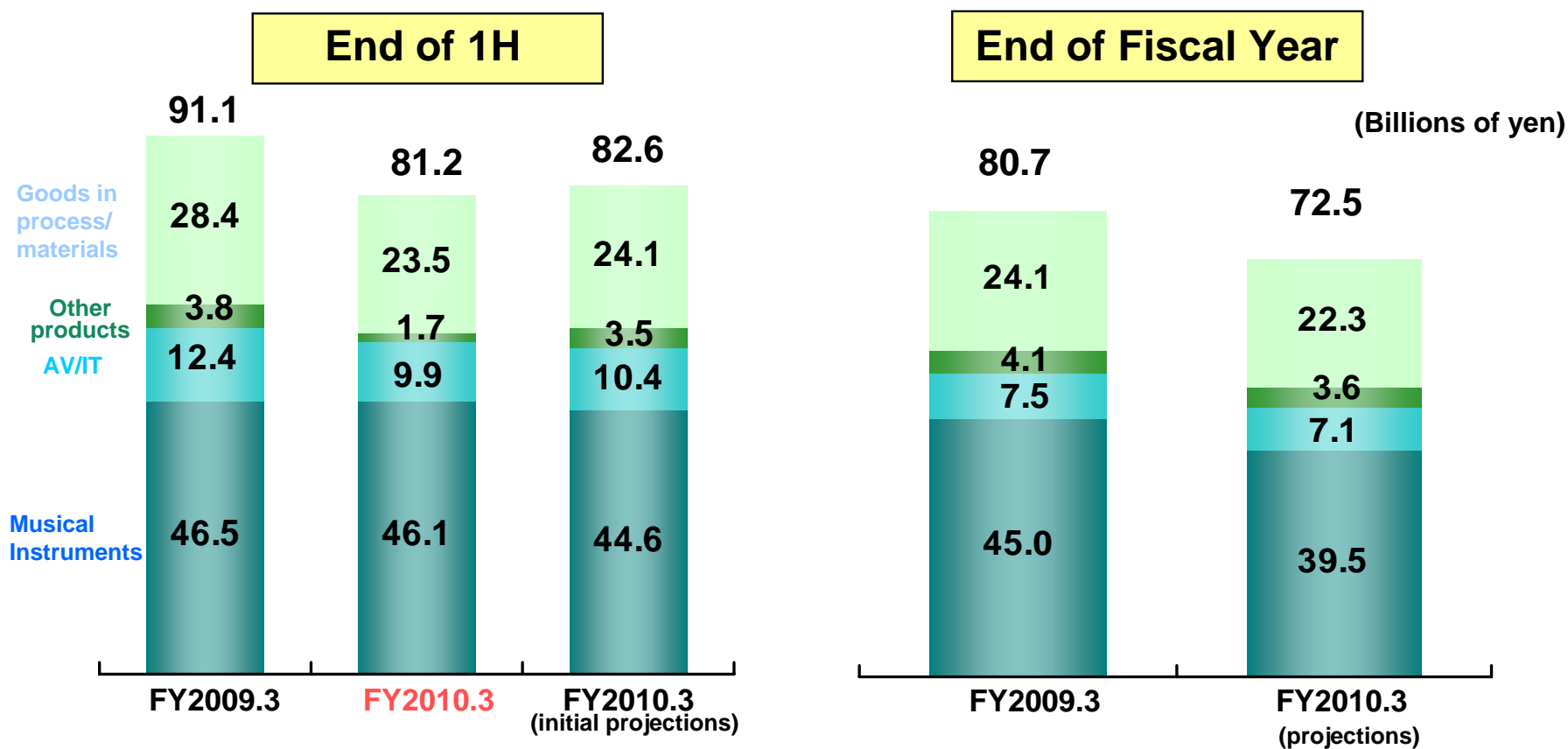


R&D Expenses



Inventories

- Inventories at the end of the first half were ¥9.9 billion lower than the same period of the previous year (discounting the impact of newly consolidated subsidiaries and exchange rates, actual inventories were down by ¥3.6 billion year-on-year).
- Discounting the impact of exchange rates, actual inventories were ¥2.4 billion lower than initial projections.



Impact of exchange rates

8.5

-1.0

2.2

Balance Sheet Summary



(Billions of yen)

	As of End of 1H			As of Fiscal Year End (2009 actual and 2010 projection)		
	As of Sept. 30, 2008	As of Sept 30, 2009	Change	As of Mar. 31, 2009	As of Mar. 31, 2010	Change
Cash and deposits	62.4	44.1	-18.3	41.4	38.8	-2.6
Notes and accounts receivable	72.4	57.9	-14.5	50.5	66.0	15.5
Inventories	91.1	81.2	-9.9	80.7	72.5	-8.2
Other current assets	25.3	17.7	-7.6	29.5	26.2	-3.3
Fixed assets	248.9	209.1	-39.8	206.9	211.6	4.7
Total assets	500.1	410.0	-90.1	409.0	415.1	6.1
Notes and accounts payable	37.9	25.9	-12.0	25.6	33.6	8.0
Short- and long-term loans	30.5	20.1	-10.4	19.2	16.9	-2.3
Resort membership deposits	16.9	16.2	-0.7	16.7	16.6	-0.1
Other liabilities	101.1	93.7	-7.4	95.7	105.7	10.0
Total net assets	313.7	254.1	-59.6	251.8	242.3	-9.5
Total liabilities and net assets	500.1	410.0	-90.1	409.0	415.1	6.1

Note: Balance of cash and deposits includes negotiable deposits

Appendix

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

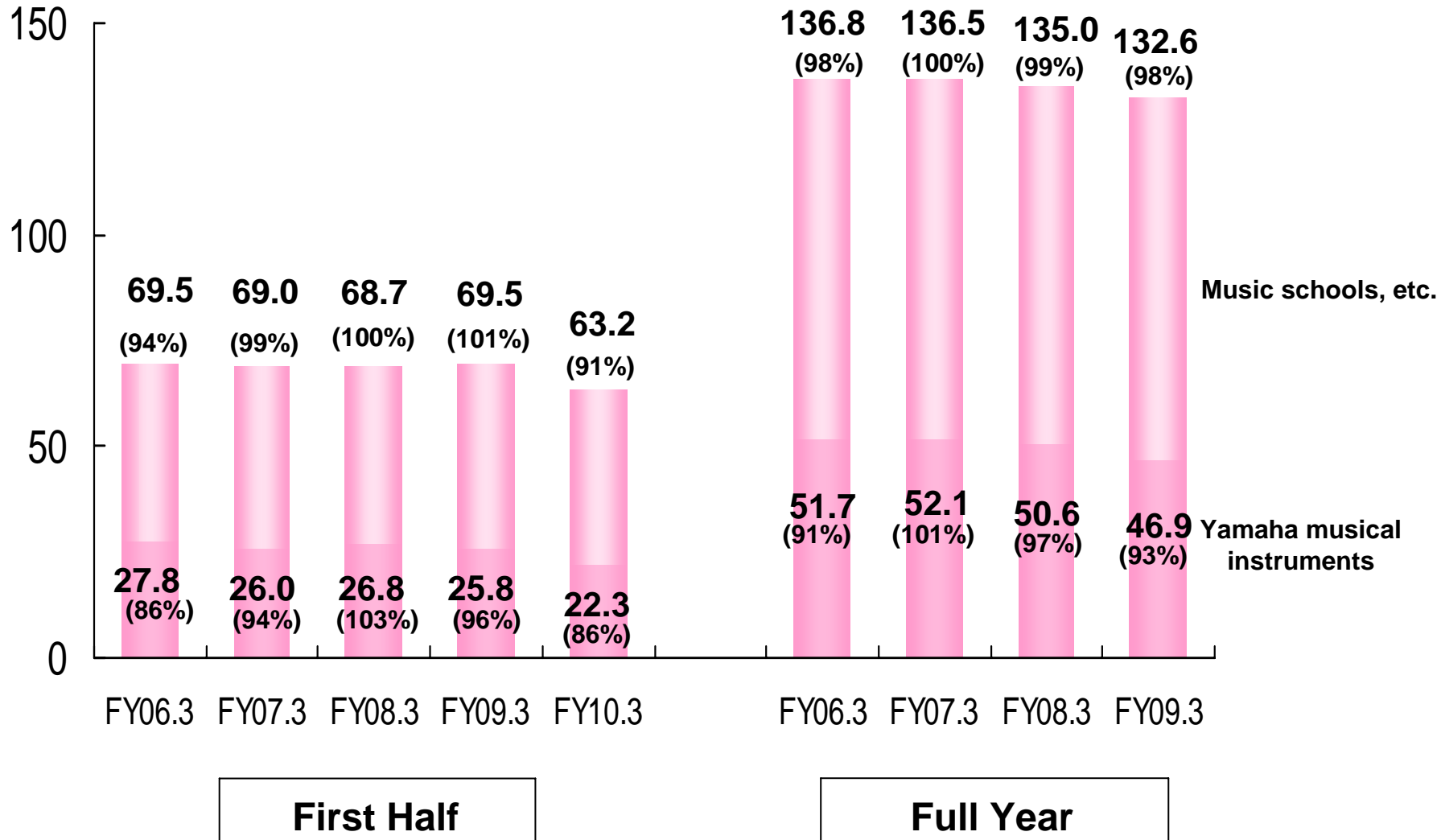


	FY2009.3 (1H) actual	FY2010.3 (1H) actual	FY2010.3 (1H) initial projections
(Billions of yen)			
Non-operating income/loss			
Net financial income	1.6	0.2	0.1
Other	-1.6	-1.5	-1.6
Total	0	-1.3	-1.5
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.3	-0.1	-0.2
Other	-0.1	-0.1	-0.2
Total	-0.4	-0.2	-0.4
Income taxes and other expenses			
Income taxes - current	3.9	1.7	1.2
Income taxes - deferred	4.5	1.5	
Minority interests in income	0.1	0.2	0.1
Total	8.5	3.4	1.3

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



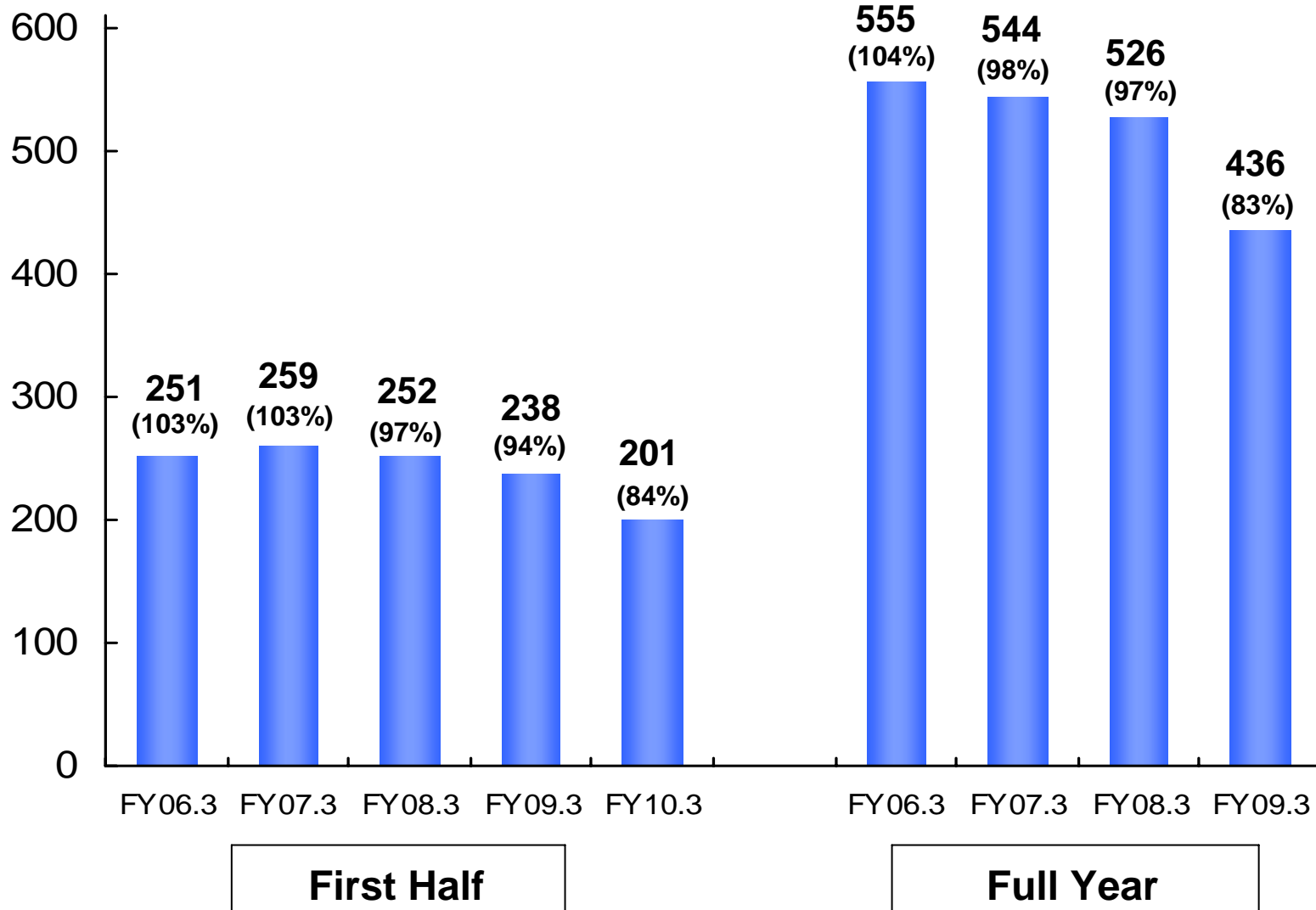
(Billions of yen)



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



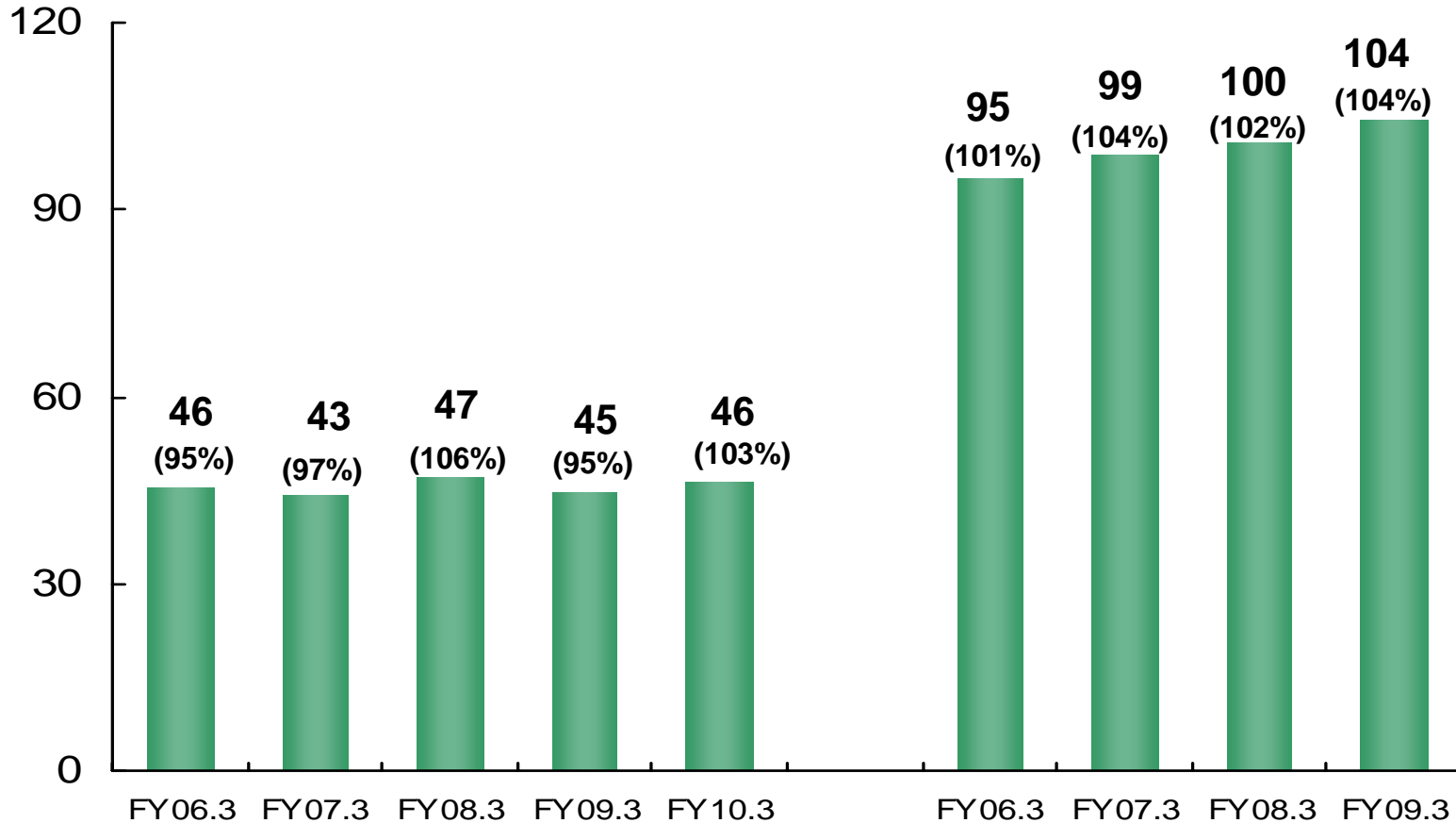
(Millions of US\$)



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



(Millions of euro)



First Half

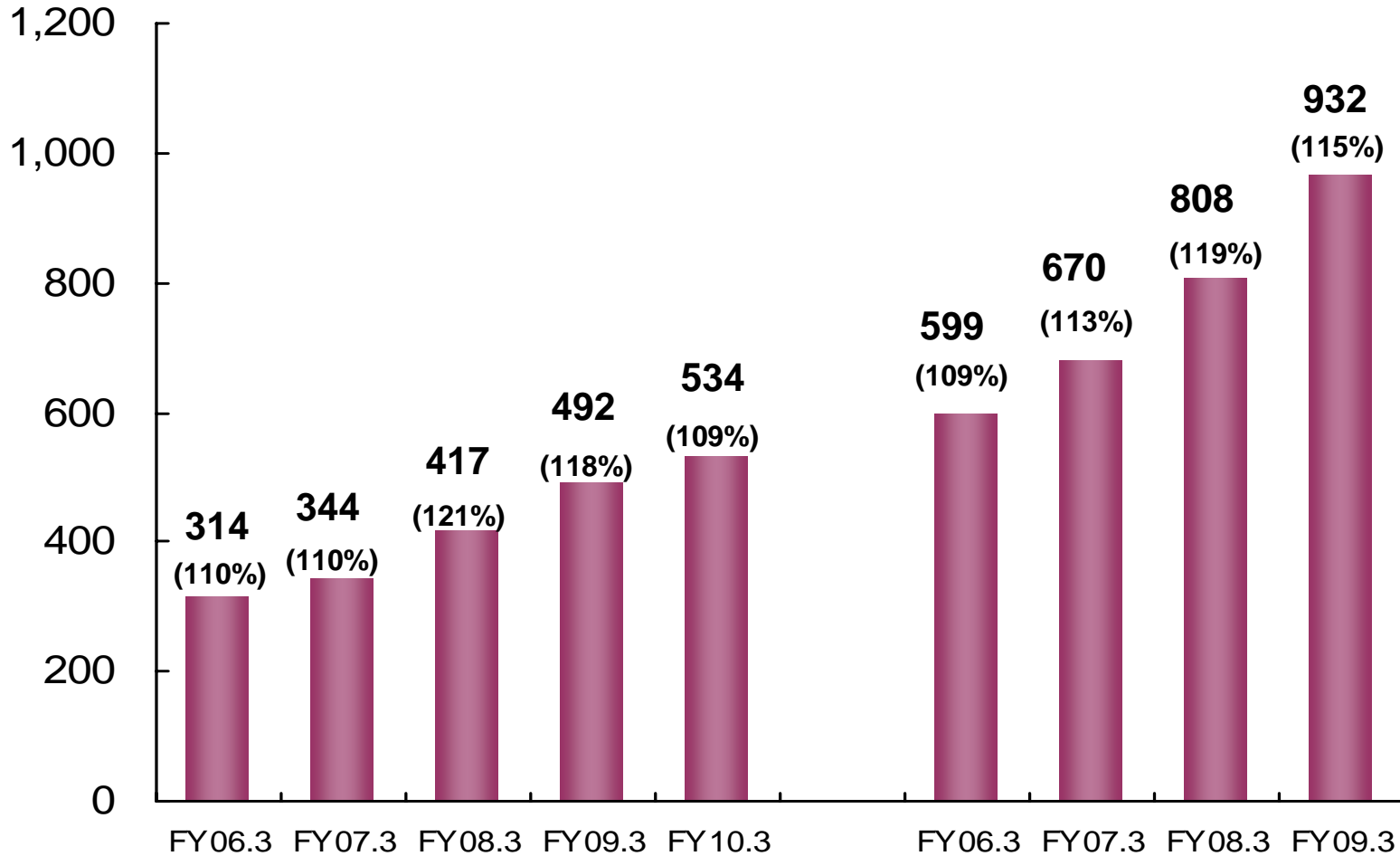
Full Year

Figures in parentheses are year-on-year comparisons

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



(Millions of yuan)



First Half

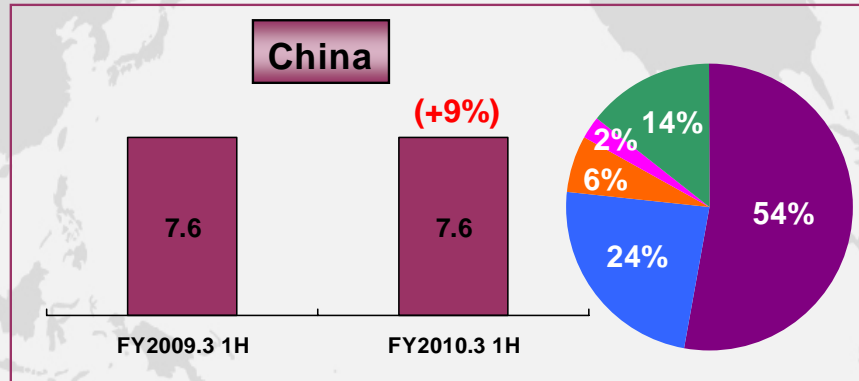
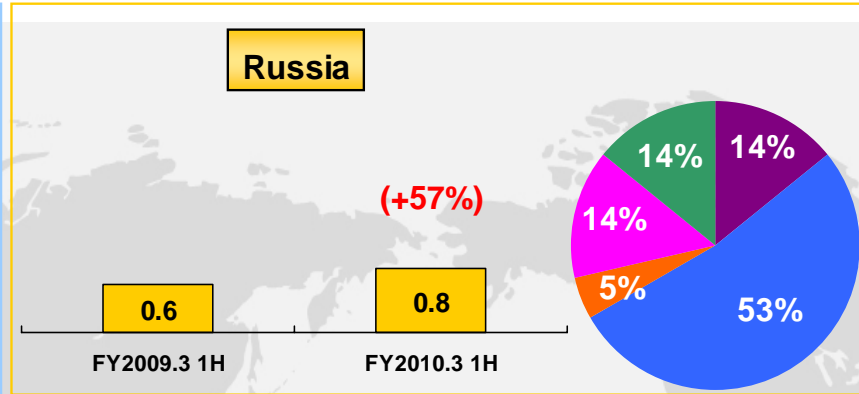
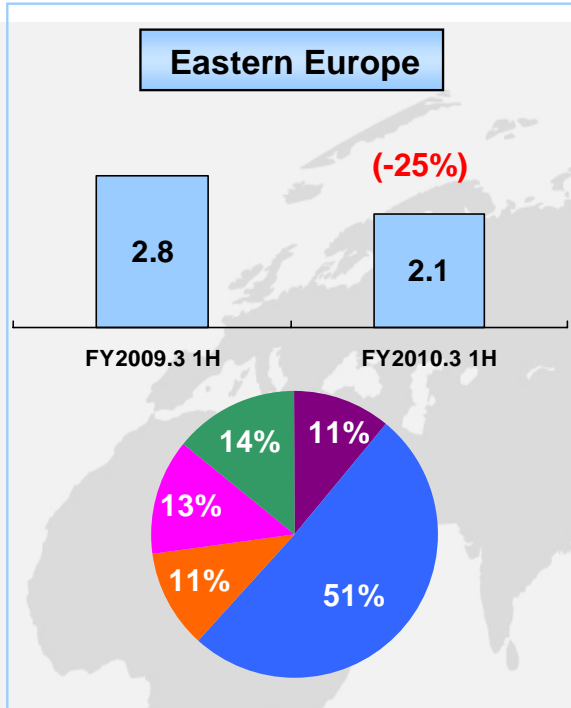
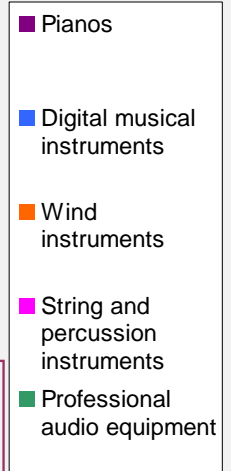
Full Year

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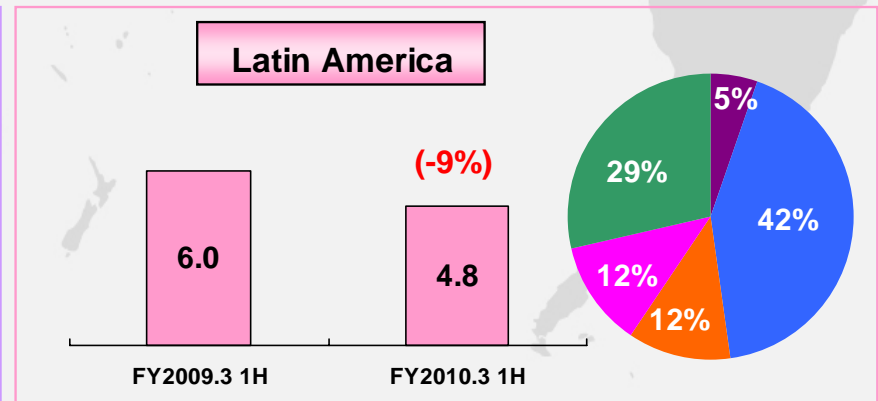
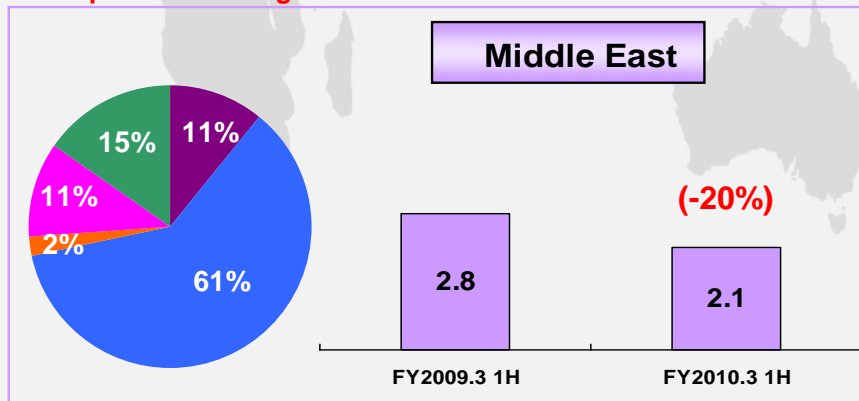
Sales in Emerging Markets



(Billions of yen)



Figures in parentheses represent actual year-on-year change, discounting the impact of exchange rates



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.