

April, 2001-March, 2004 Mid-Term Presentation of Management Plans

The figures forecast for future plans and outlooks have been calculated on the basis of current information available to YAMAHA and the YAMAHA Group. They are, therefore, subject to risks and uncertainties. Accordingly, our actual performance may greatly differ from our predictions depending on changes in our operating and economic environments, demand trends, and the value of key currencies, such as the U.S.dollar and the EURO.

Feb. 8, 2001

YAMAHA CORPORATION

(URL)<http://www.yamaha.co.jp/english>

Today's Topics

1. Striving for Growth

2. Targets

Goals to be Achieved through the Mid-Term Plan



Striving for Growth

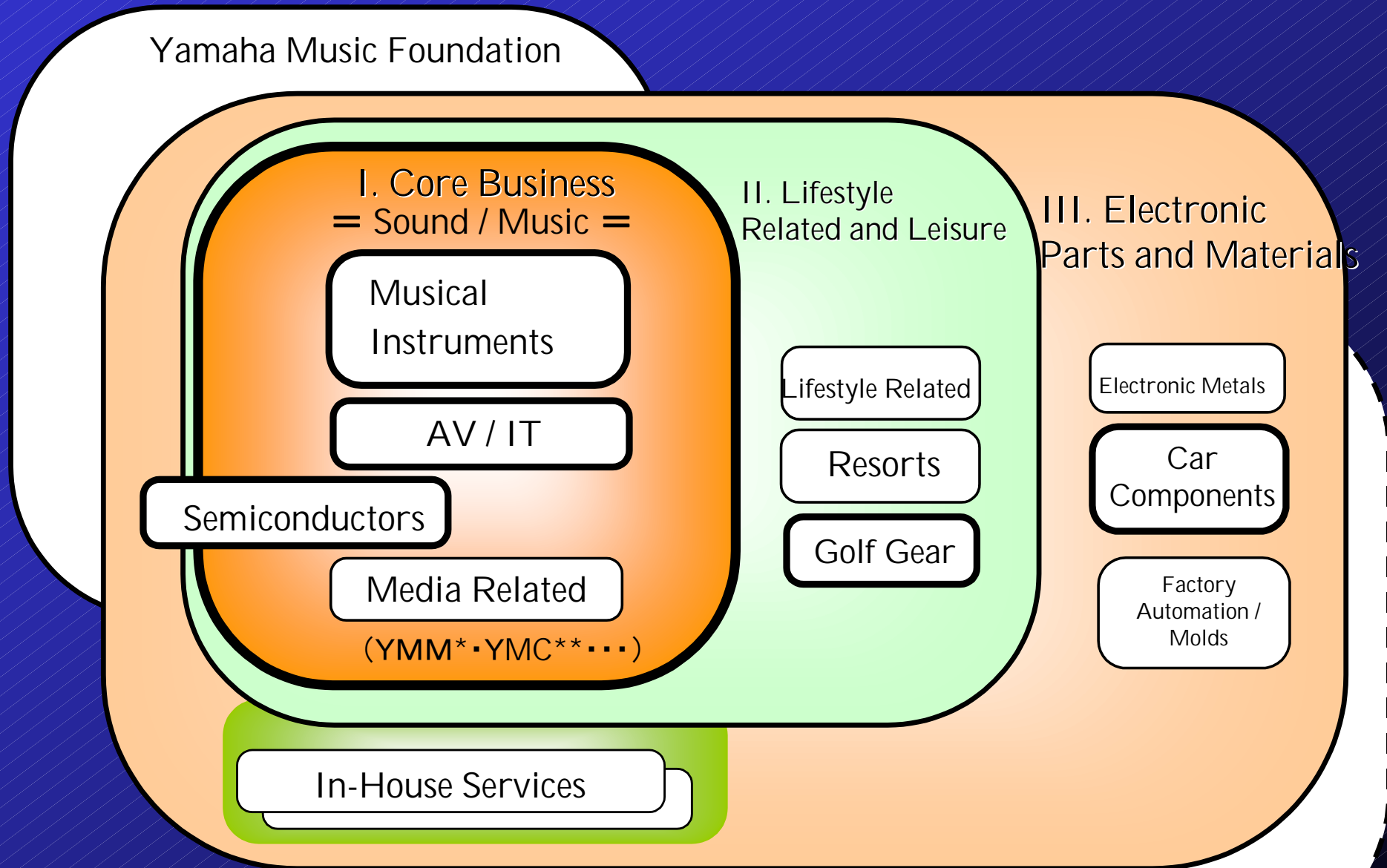
Group Management

Increasing the Company's Value
Enhancing the YAMAHA Brand

1. Striving for Growth



YAMAHA Group Structure



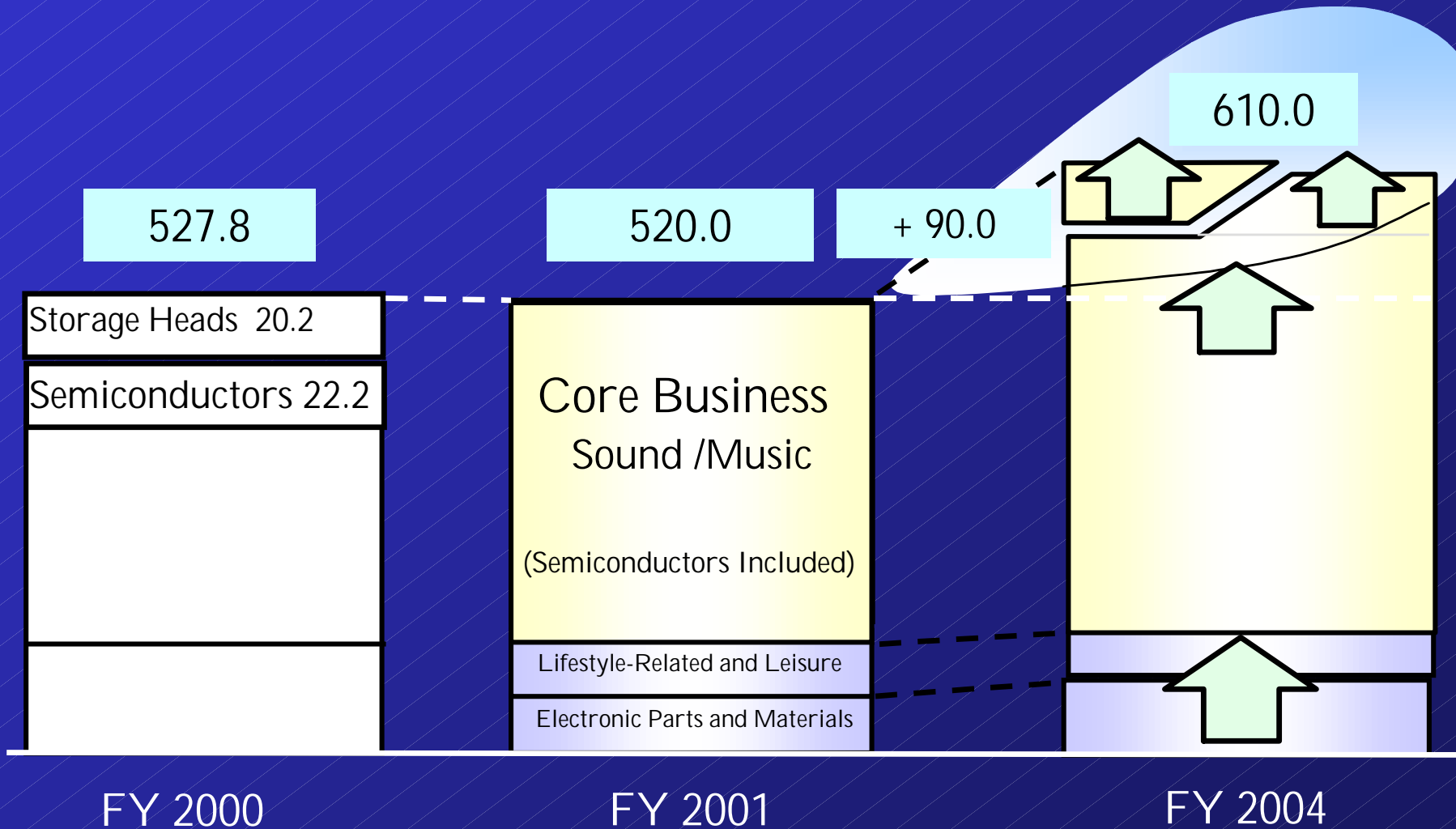
*Yamaha Music Media Corporation

**Yamaha Music Communications

Strategies for Growth



(billions of yen)



Breakdown of Growth (+¥90 billion)



- Core Businesses + 63.5
(413.5 → 477.0)
- Lifestyle Related and Leisure + 6.5
(71.5 → 78.0)
- Electronic Parts and Materials + 20.0
(35.0 → 55.0)

1-1. Core Businesses

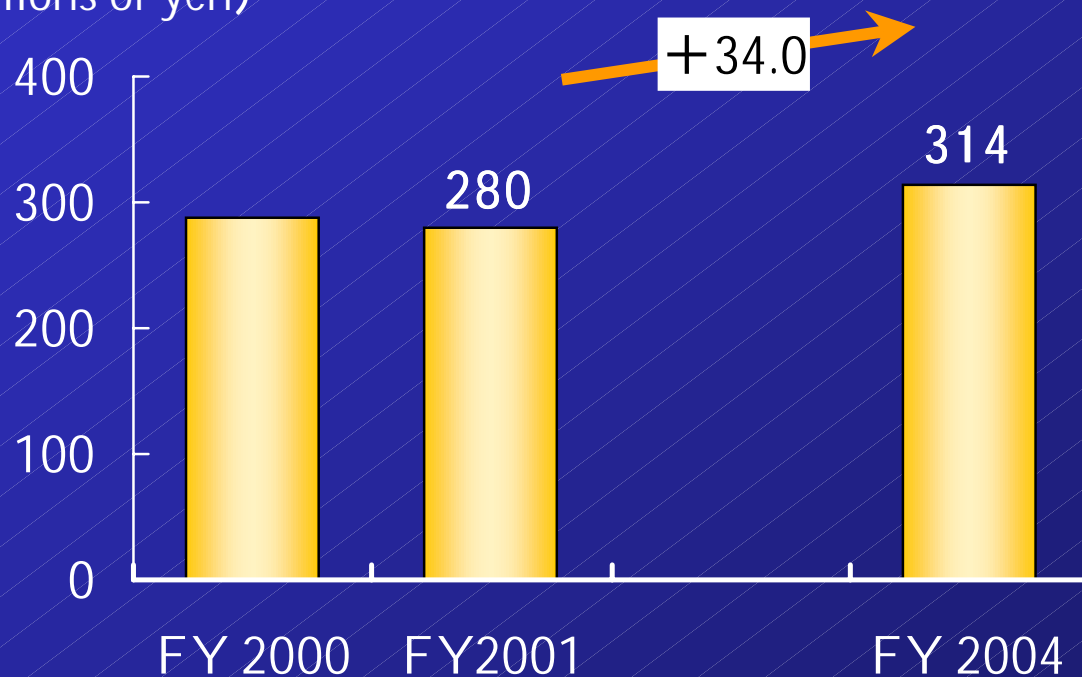
YAMAHA is working hard to maximize the output of its core businesses (musical instruments and audiovisual equipment) in a manner that sustains the growth of each separate business as well as the Company's global operations on a consolidated base.

Musical Instruments



- The global market for musical instruments is growing.
- Therefore, we plan to Increase sales 12% over the next three years by building a competitive advantage in various markets.

(billions of yen)



Breakdown of Growth for Musical Instruments



(billions of yen)

	FY 2001	FY 2004	+/-	
Pianos	56.9	61.0	+4.1	(+7.2%)
Home Keyboards	63.9	69.7	+5.8	(+9.1%)
Wind, String, and Percussion Instruments	51.9	63.0	+11.1	(+21.4%)
Pro Audio / Synthesizers	27.0	37.0	+10.0	(+37.0%)
Music Schools	45.5	48.5	+3.0	(+6.6%)
Other	34.8	34.8	-	(-)
Total	280.0	314.0	+34.0	(+12.1%)

Musical Instruments



■ 4 Major Policies

Strengthen YAMAHA's professional audio business through the development of the music production equipment sub-market

Expand business in the Chinese market

Improve sales network in Japan for musical instruments

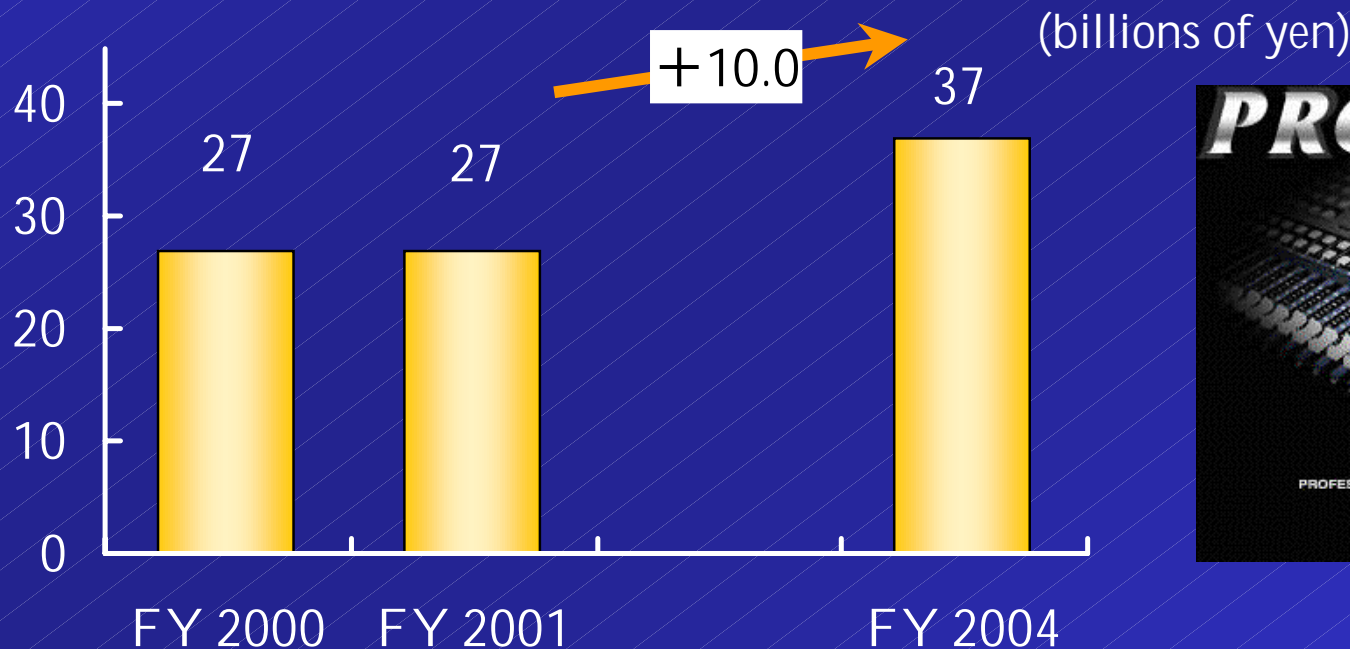
Increase the number of adult music students

Expanding YAMAHA's Professional Audio Business through the Music Production Market



— YAMAHA is determined to expand its operations in the promising market for music production through:

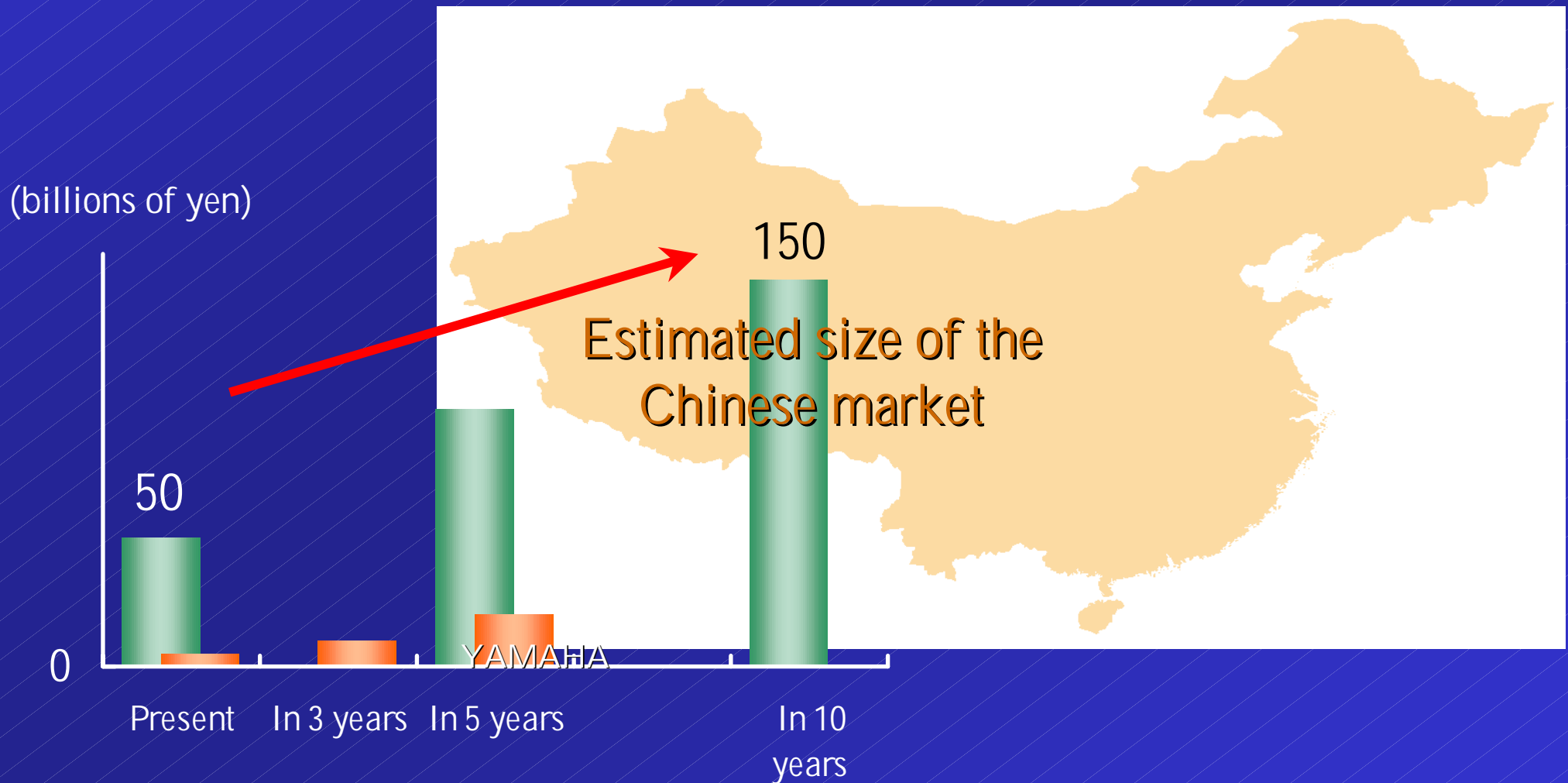
- Expanding its presence in the market for digital mixers
- Developing new effect processors
- Strengthening its position in the market for workstations
- Developing its line of sound system- related products (processors, networks, powered speakers, etc.)



Chinese Market



— With the Chinese market for musical instruments expanding rapidly, YAMAHA is accelerating its efforts to develop and implement plans for local production and marketing in China.

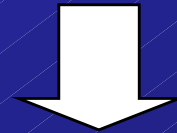


Improved Organization of Sales and Marketing System in Japan



Background : Depressed market conditions and major changes in marketing and sales networks

Goals: Decentralized decision making
Creating front-line specialists
Increased efficiency and business consolidation
Reinforced customer ties

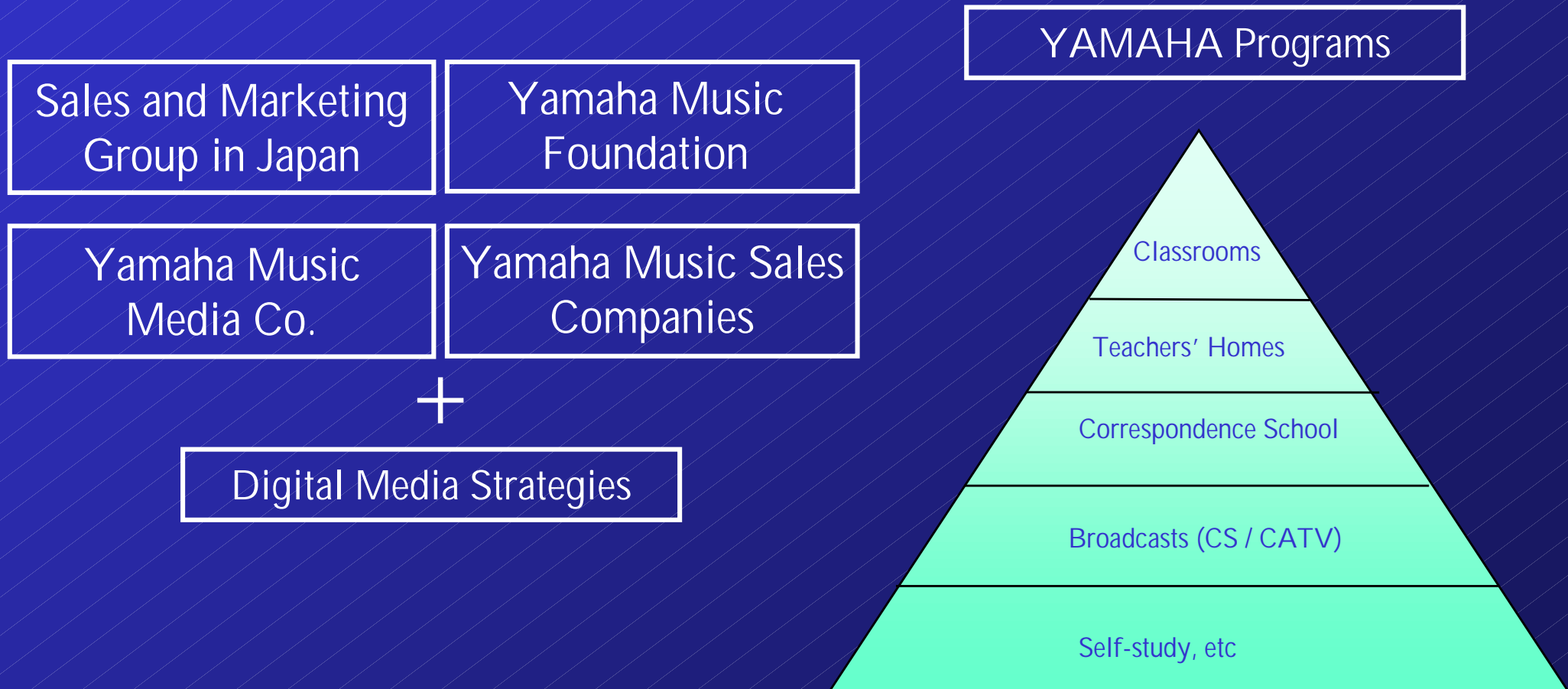


Starting this spring, YAMAHA will begin taking steps aimed at radically reforming its sales structure for musical instruments in Japan.

Aggressive Strategies to Develop the Market for Adult Students

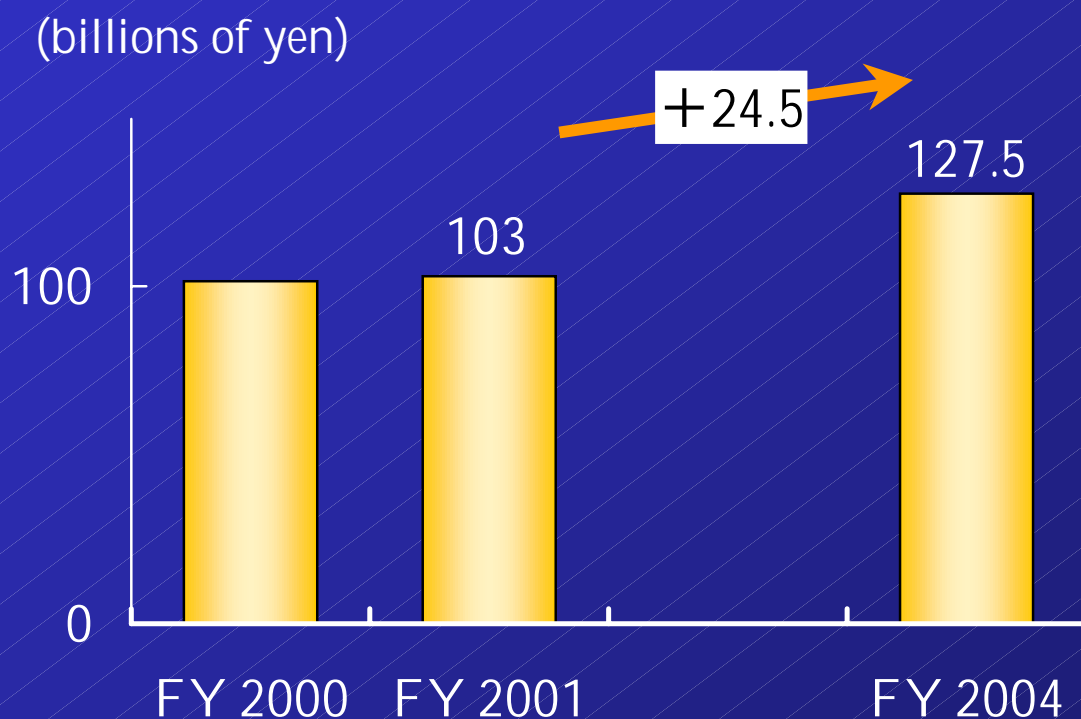


— YAMAHA is driving demand in the music education market by aggressively implementing adult-oriented strategies.



YAMAHA's strategy to become the #1 home theater producer includes:

- More competitive CD-R/RW products with improved sales potential
- Continued growth in router sales and the development of products through the fusion of AV / IT technology.

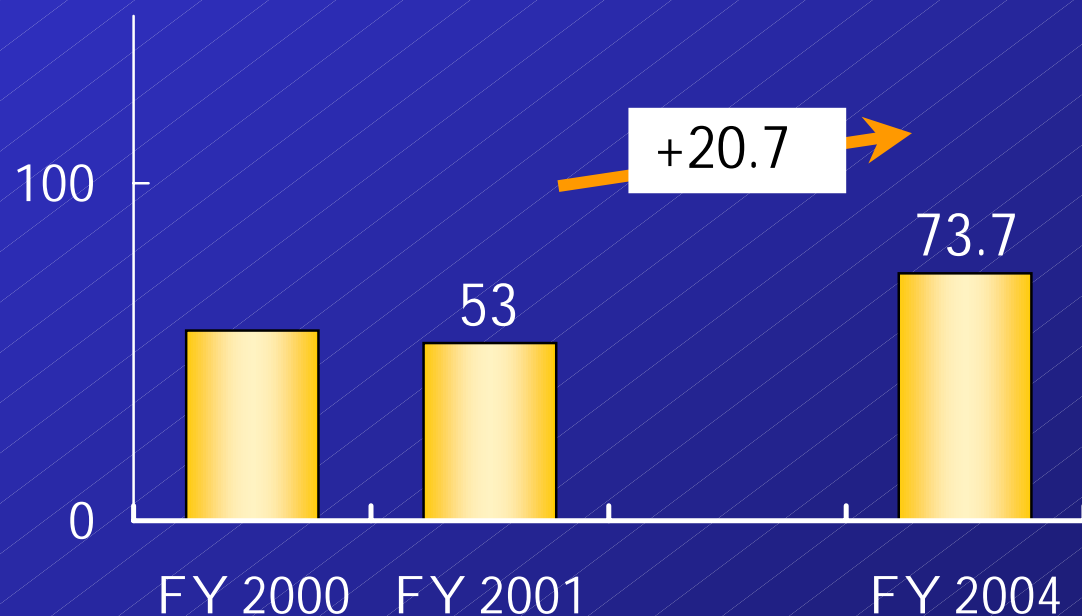


Strategy to become # 1 in Home Theaters



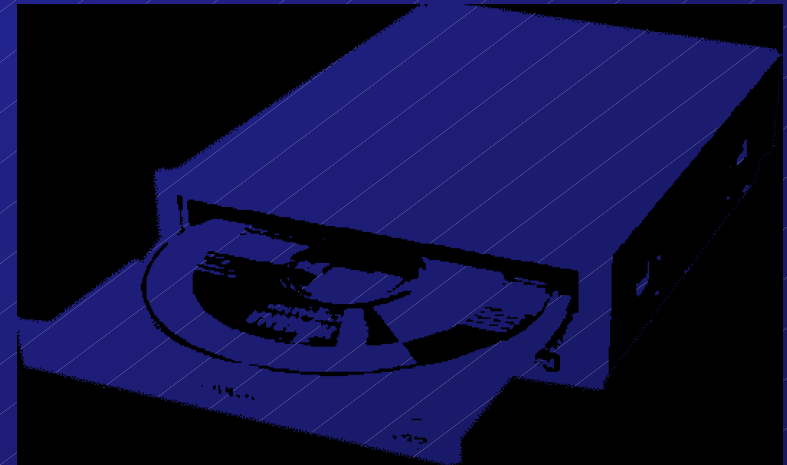
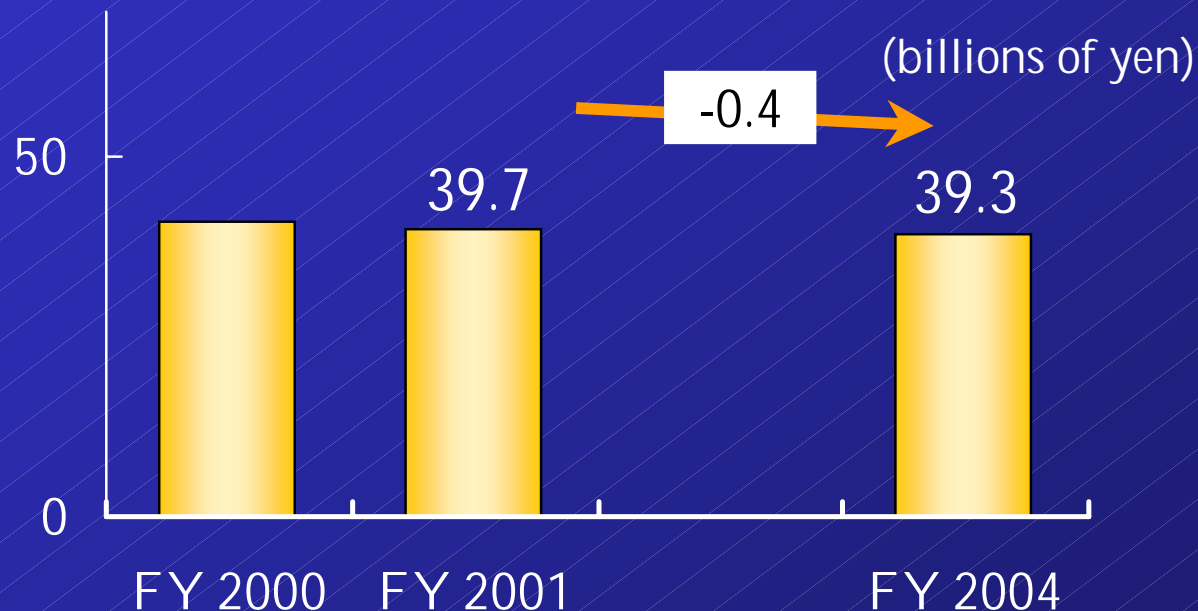
— YAMAHA has entered the visual entertainment industry and is striving to provide customers with total solution home theaters.

(billions of yen)



—YAMAHA is challenging itself to build a strong position in the after market for external devices through focusing on equipment speed and dependability.

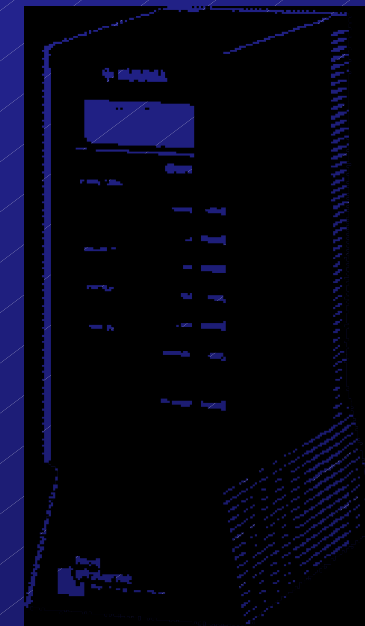
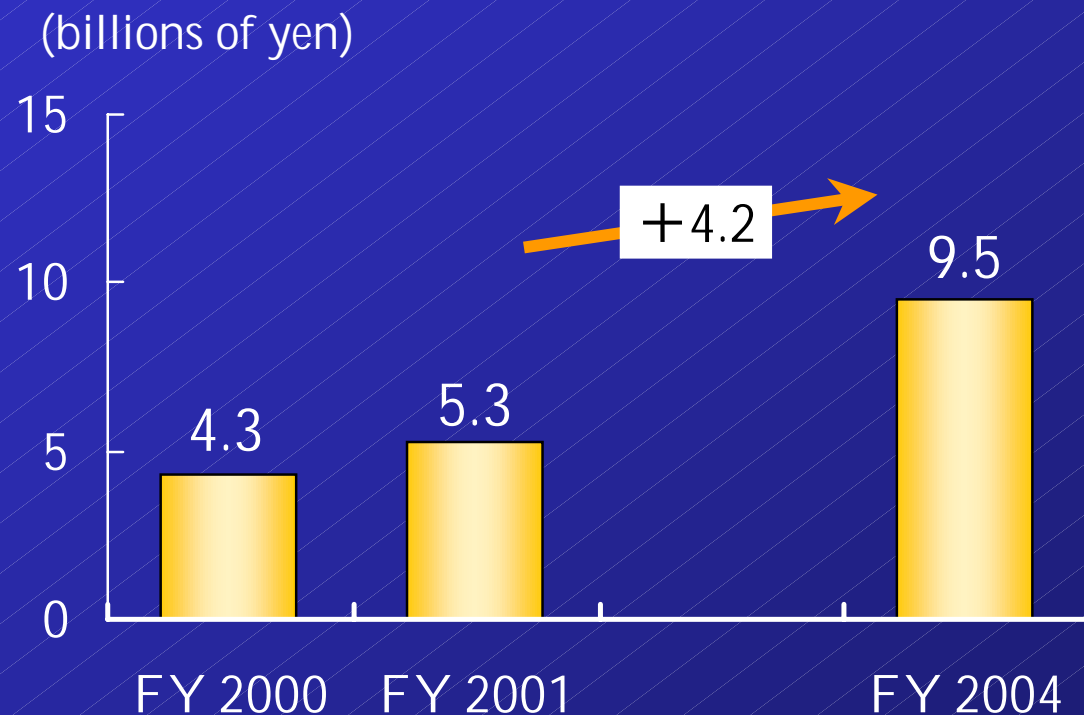
- At least two new models to be released every year
- Development of a range of models adapted to multiple applications



Continued Growth in Router Sales



Concentrating on edge routers for individual and small office and home office(SOHO) consumers, YAMAHA is aiming for medium-term sales of ¥10 billion.

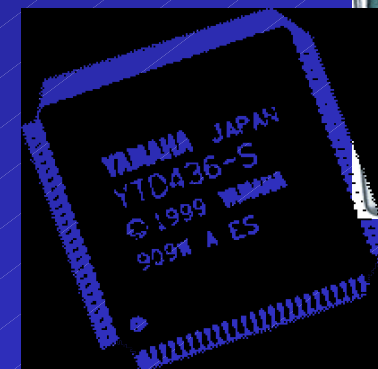
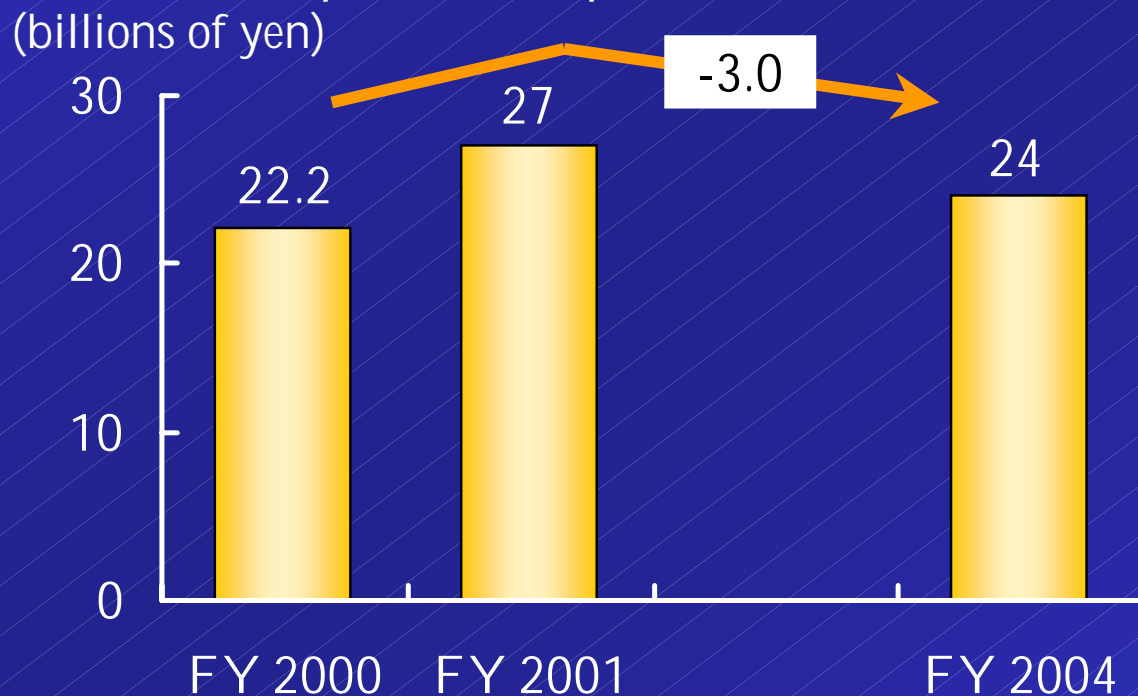


Semiconductors



—YAMAHA intends to strengthen its earning power through intelligent sound- and network-centered devices by:

- Expanding its mobile phone audio chip business
- Making efforts to secure the number one share of the market for amusement-related products
- Making improvements in its line of audio digital sound field processors products (DSP, etc.)



Plans for Digital Media Business



Yamaha Music Media

Develop digital media content and expand business through strategic alliances

Yamaha Music Communications

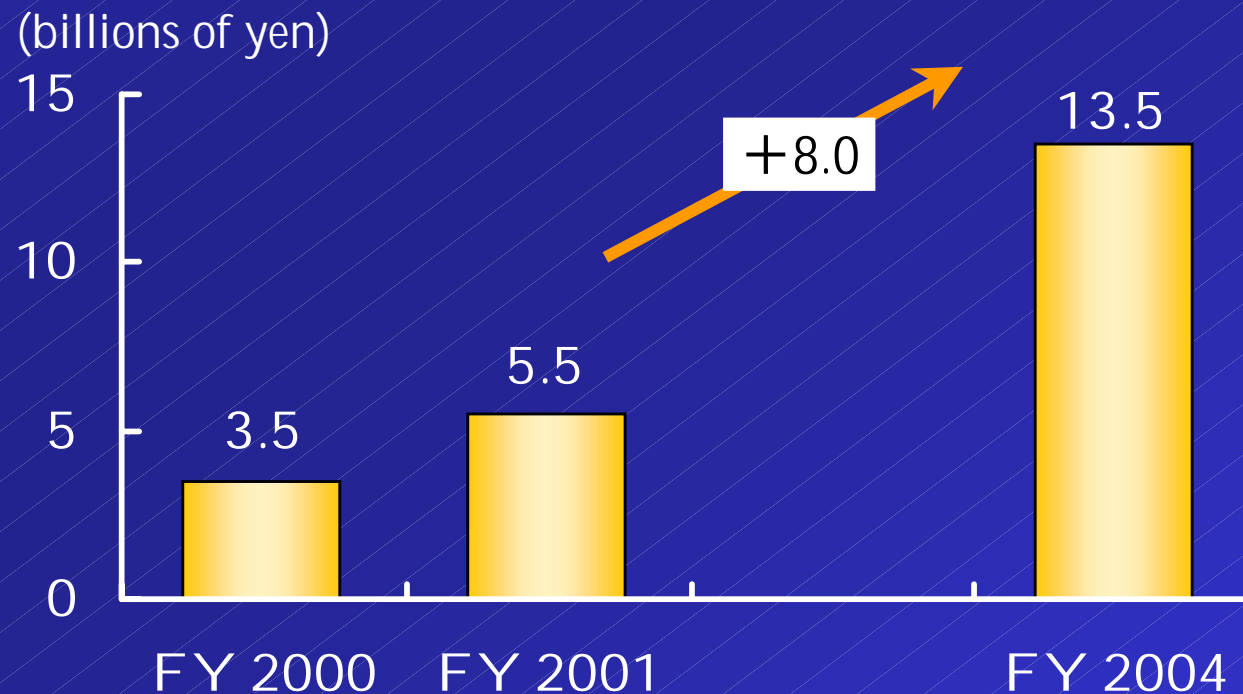
Discover new artists

Content

Improve mobile content and work towards increased globalization

Digital Media Promotion

Start new businesses



Review of Strategies for Digital Media Businesses



Projects	Targets	Status
•Music Front	Search for artists via Internet	3,000 songs; First debut in December
•Music Portal Site	MidRadio, electronic score distribution	Site opened in December
•Ringer Melody Distribution Service	Sound chips	¥6.0 billion by end of fiscal 2001
	Develop content	1.35 million members by the end of January, 2001
•New Concept Keyboard for Internet	Development in DMI division	
•Project "Furin"	Create next-generation sound chips and new applications	
•Increase investments in Yamaha Music Media	Establish content business base	Target of ¥10 billion
•Yamaha Music Interactive	Create record company and handle CD copyrights (record company)	New artists released
•Yamaha Music Communications	Handle musical score copyrights and electronic musical score leadership	YMH Digital Music Publishing LLC established

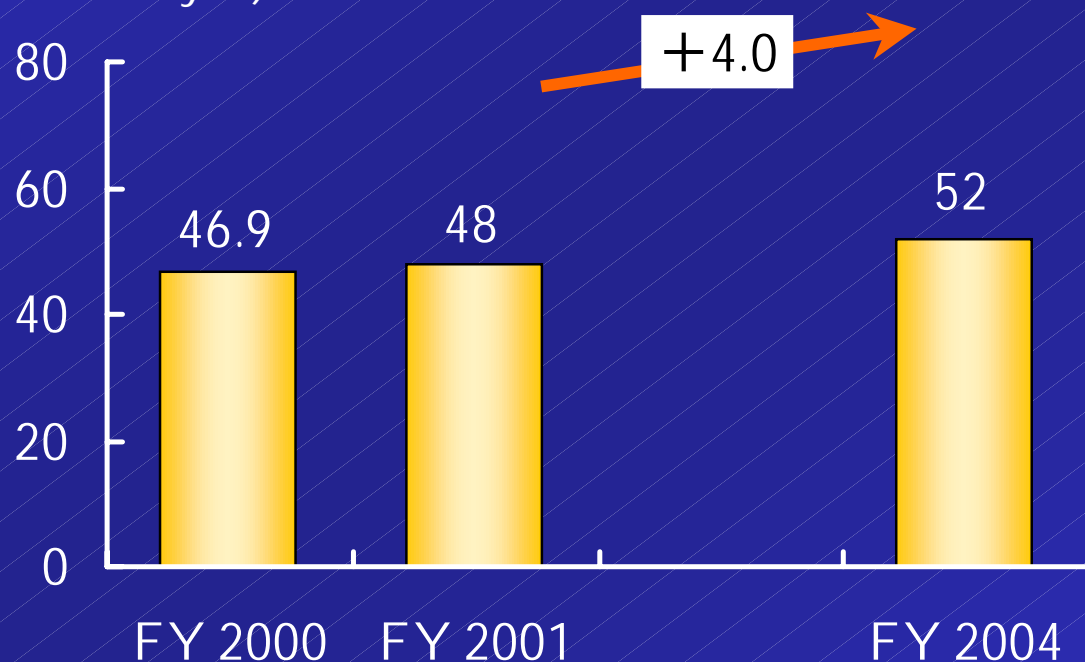
1-2. Lifestyle Related and Leisure

Faced with a flagging economy, YAMAHA is analyzing its options and looking for ways to strengthen its business base and improve profitability.

— With severe economic conditions denting profits, YAMAHA is looking to improve the quality and sales potential of its products to solidify its business base by:

- Making customers' homes into "Life Resorts"
- YAMAHA is concentrating on the market for mid- to high-end products with its system bathtubs and bathrooms.

(billions of yen)

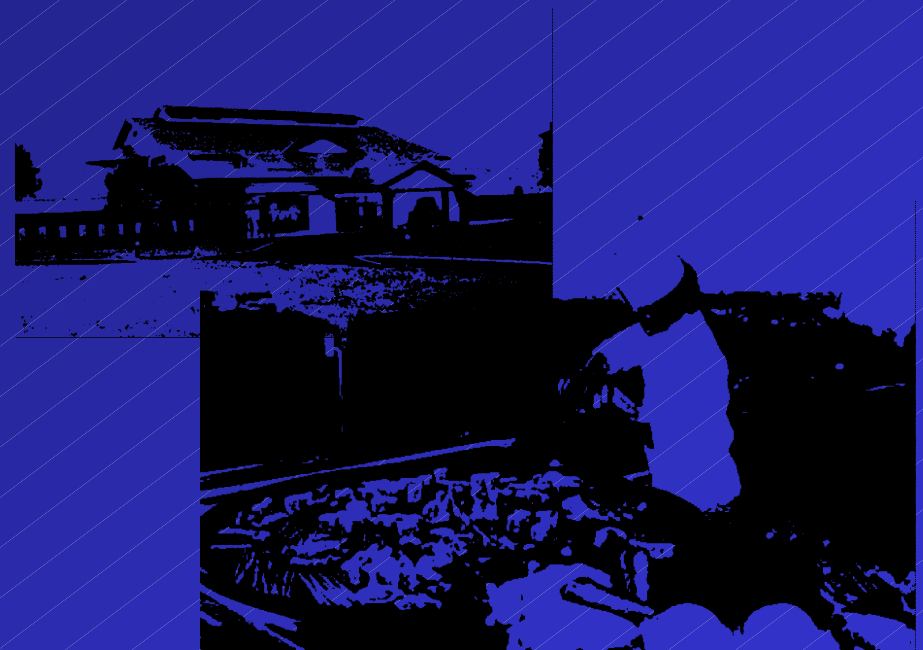
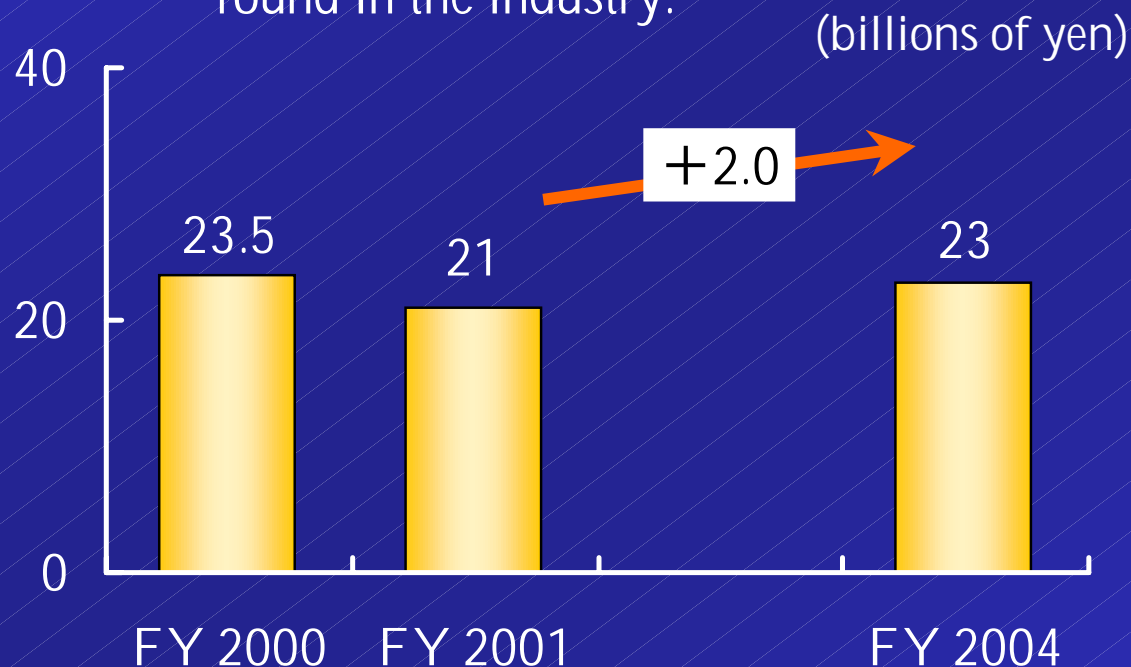


Recreation (Yamaha Resort Corporation)



YAMAHA is working to make structural improvements in all of its facilities and is reinforcing its existing operational framework.

- Profitable segments of the Company are contributing to overall brand and Group value and reputation.
- YAMAHA is streamlining its operations by selectively concentrating its resources on the most profitable and promising segments of its business.
- In April 2002, the Company will move towards establishing resort management-related subsidiary companies that will reflect the region-specific competitive conditions to be found in the industry.



Action Plan for Resorts



- Selectively allocate resources and continue working to improve profitability for all facilities

Tsumagoi

Nemu

Kiroro

- Leverage the reputations of these resorts to improve the image of the entire resort system

Katsuragi
Kitanomaru

Toba

- Make specific adjustments to ensure that each resort meets the demands of its respective market

Haimurubushi

Sunza

1-3. Electronic Parts and Materials

YAMAHA will foster balanced business growth by drawing on the strengths of the various technologies it has developed in its core businesses.

Electronic Metal Parts (Yamaha Metanix Corporation.)

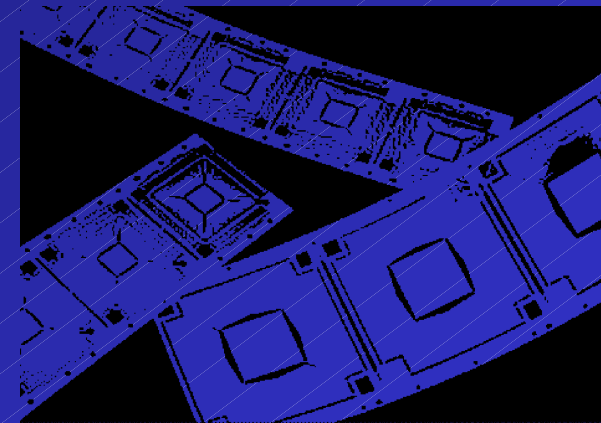
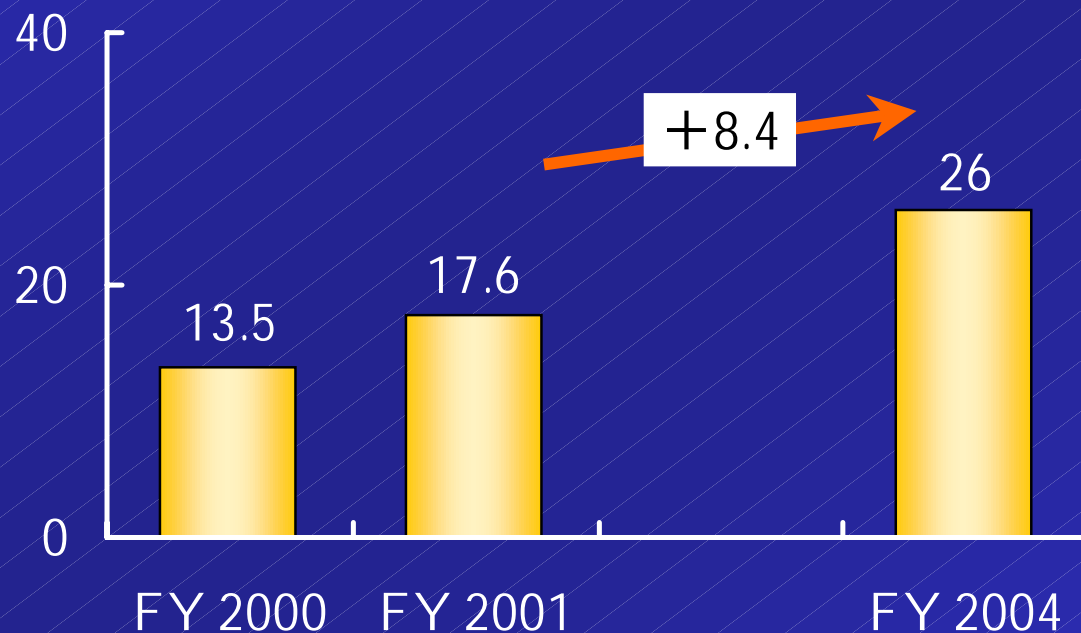


YAMAHA is integrating its information- and communication management resources to increase the value of its products.

The Company is taking steps to:

- Lay the foundations for its invar business
- Commercialize new types of materials
- Expand its processed goods business

(billions of yen)



Factory Automation (FA), Molds, and Parts (Yamaha Fine Technologies Co., Ltd.)

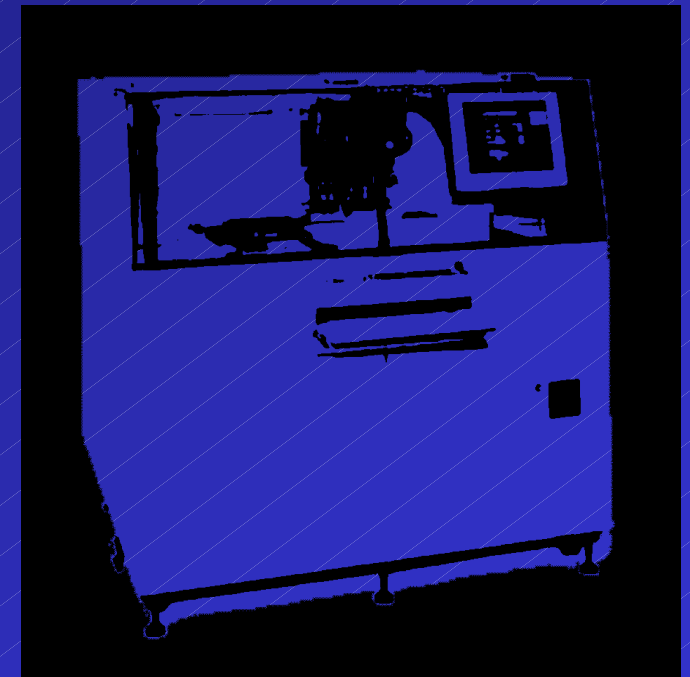
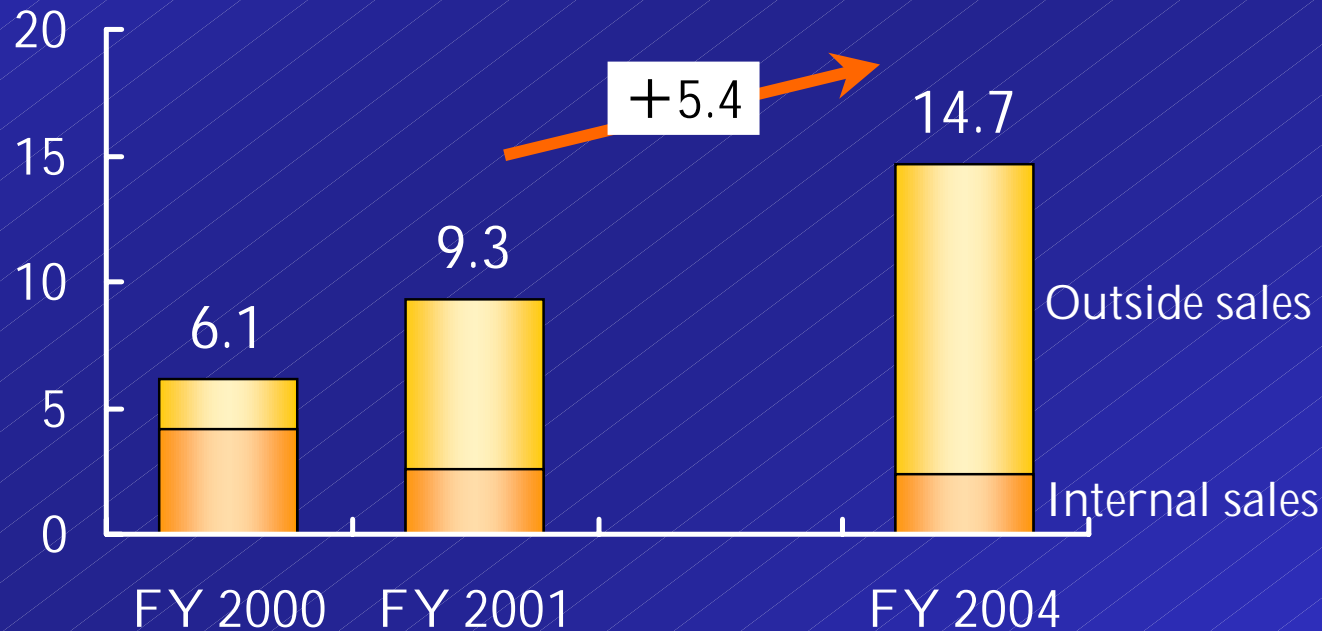


— YAMAHA will broaden its customer base through a total solution approach built on synergies from its FA-, molds-, and parts-related business segments, and it will work to strengthen its business with customers outside the YAMAHA Group.

■ Goals: Sales Growth for molds and magnesium parts

■ Precision machinery, leak testers, and robots are at the heart of FA

(billions of yen)



Car Components

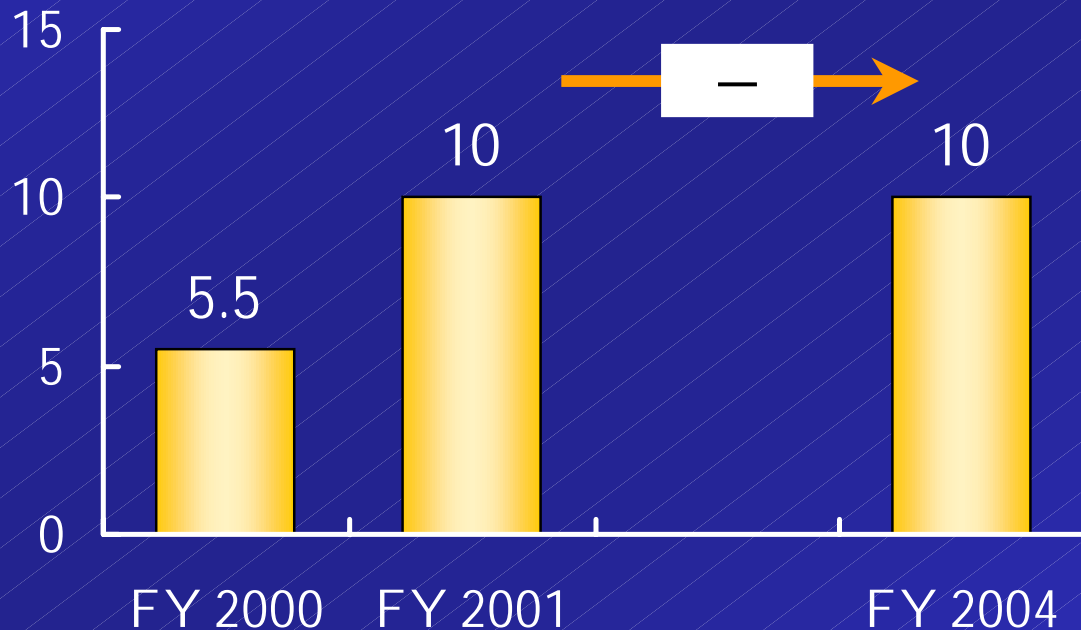


— It is projected that YAMAHA's car component business will continue to generate annual revenues of ¥10 billion.

Targets include:

- Strengthening the Company's competitive edge in the market for panels and steering wheels
- Securing a wider customer base

(billions of yen)



1-4. Generating New Business

YAMAHA has been incubating a thermoelectric modules business, and it is now taking steps to make it fully operational.

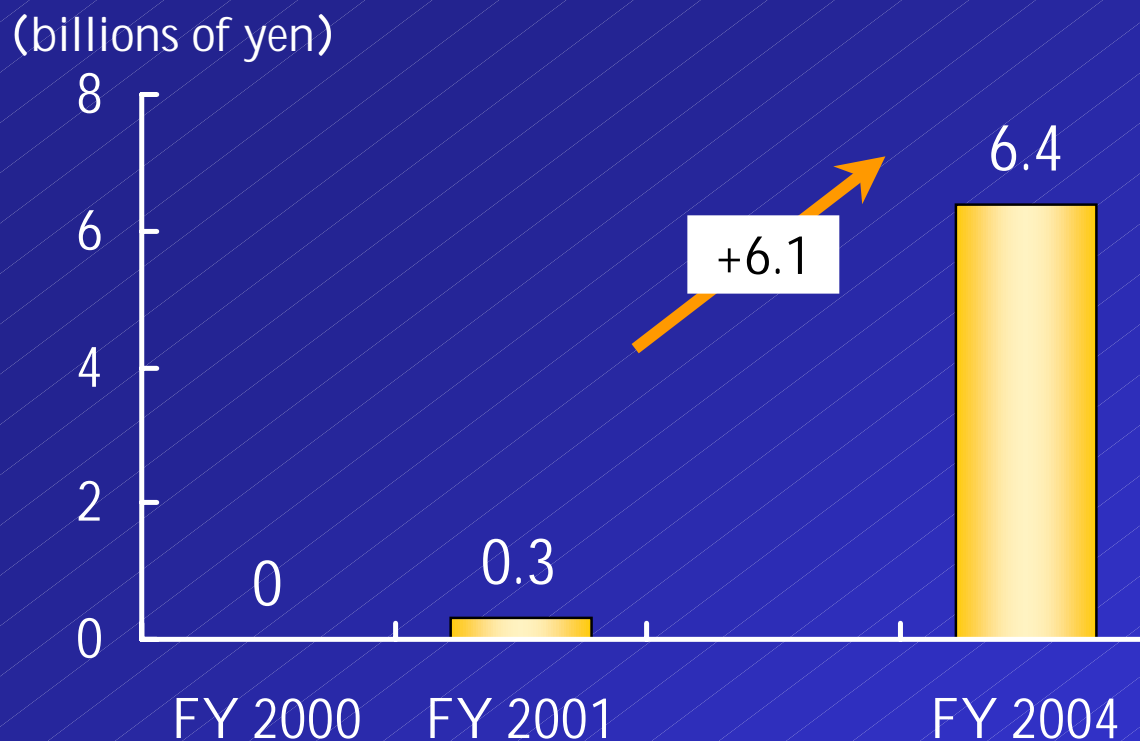
Thermoelectric Modules



— YAMAHA will secure a strong position in the market for parts related to light-wave communication by employing its existing metal and materials technology.

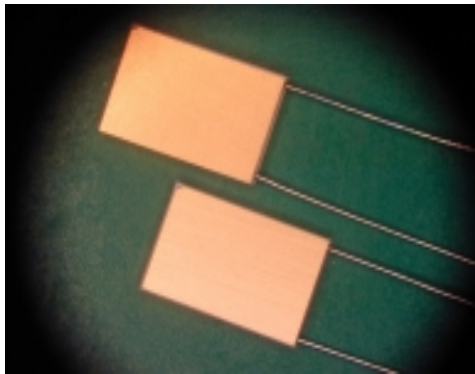
Other plans include:

- Risk reduction through flexible business models that make use of alliances as well as licensing agreements through which YAMAHA supplies technology to other companies
- Capital investment of ¥500 million per year

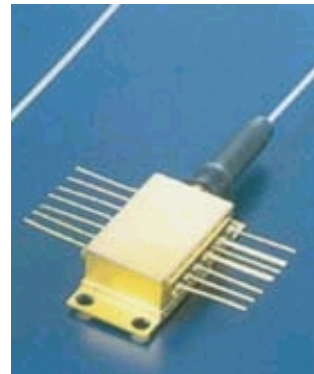


- Components made from endothermic elements can be used in laser modules to amplify wave frequencies used in light-wave communication (Peltier Module).

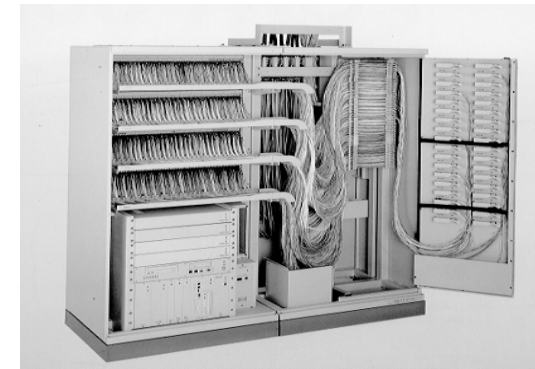
Peltier Module



Laser Module



Light-Wave Communication System



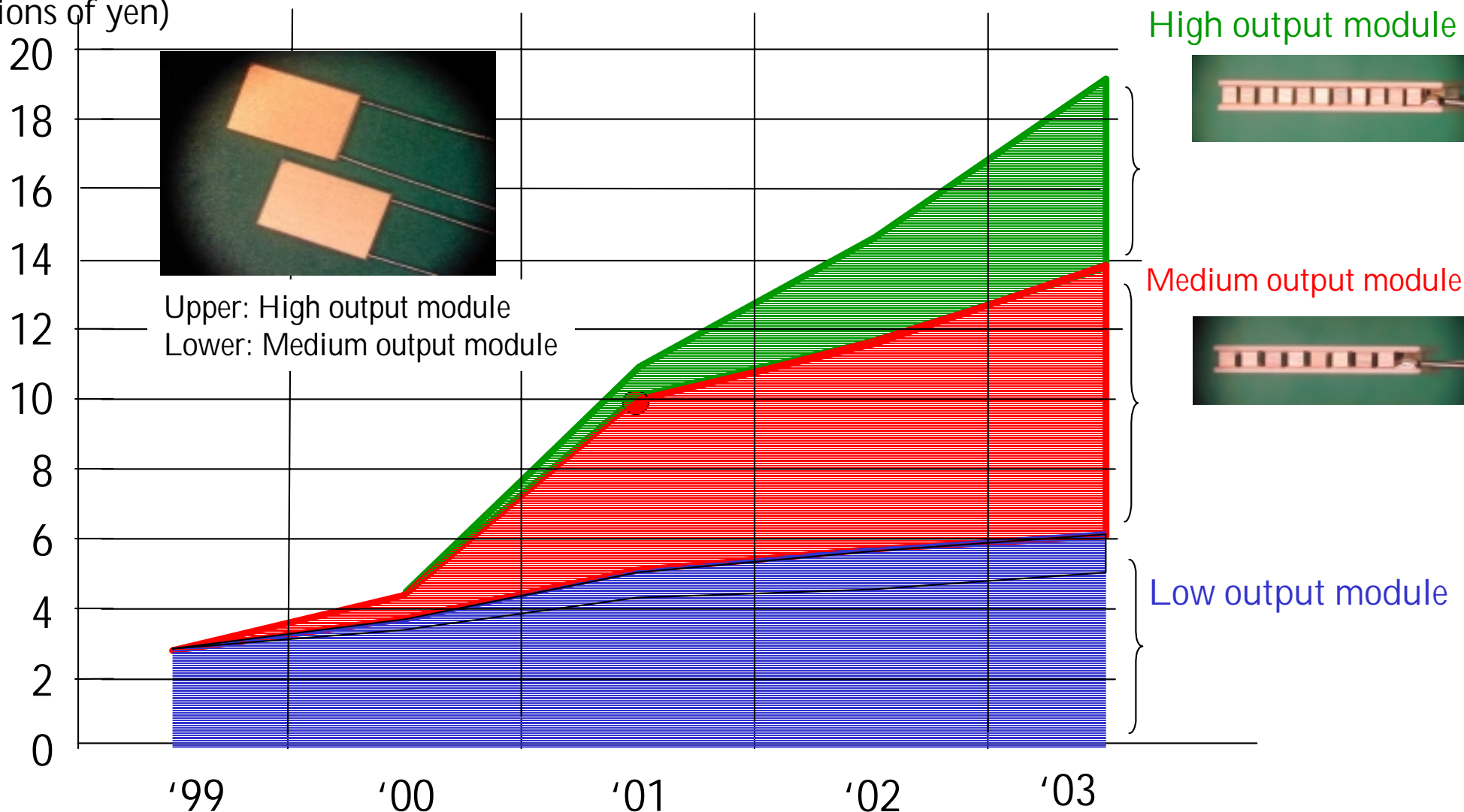
Market Projections



□ YAMAHA's basic strategy

YAMAHA will make use of its superior technology (high-efficiency and high-density packaging) to create businesses focusing on the lucrative market for modules with medium- to high-output capabilities.

(billions of yen)



2. Targets



Numerical Targets for the YAMAHA Group



— Targets for the term ending March 2004 are as follows:

< Consolidated > < Non-consolidated >

Net Sales

¥610 billion

¥380 billion

Recurring Income

¥30 billion

¥15 billion

Return on Equity

9.5%

7.5%

Free Cash Flow

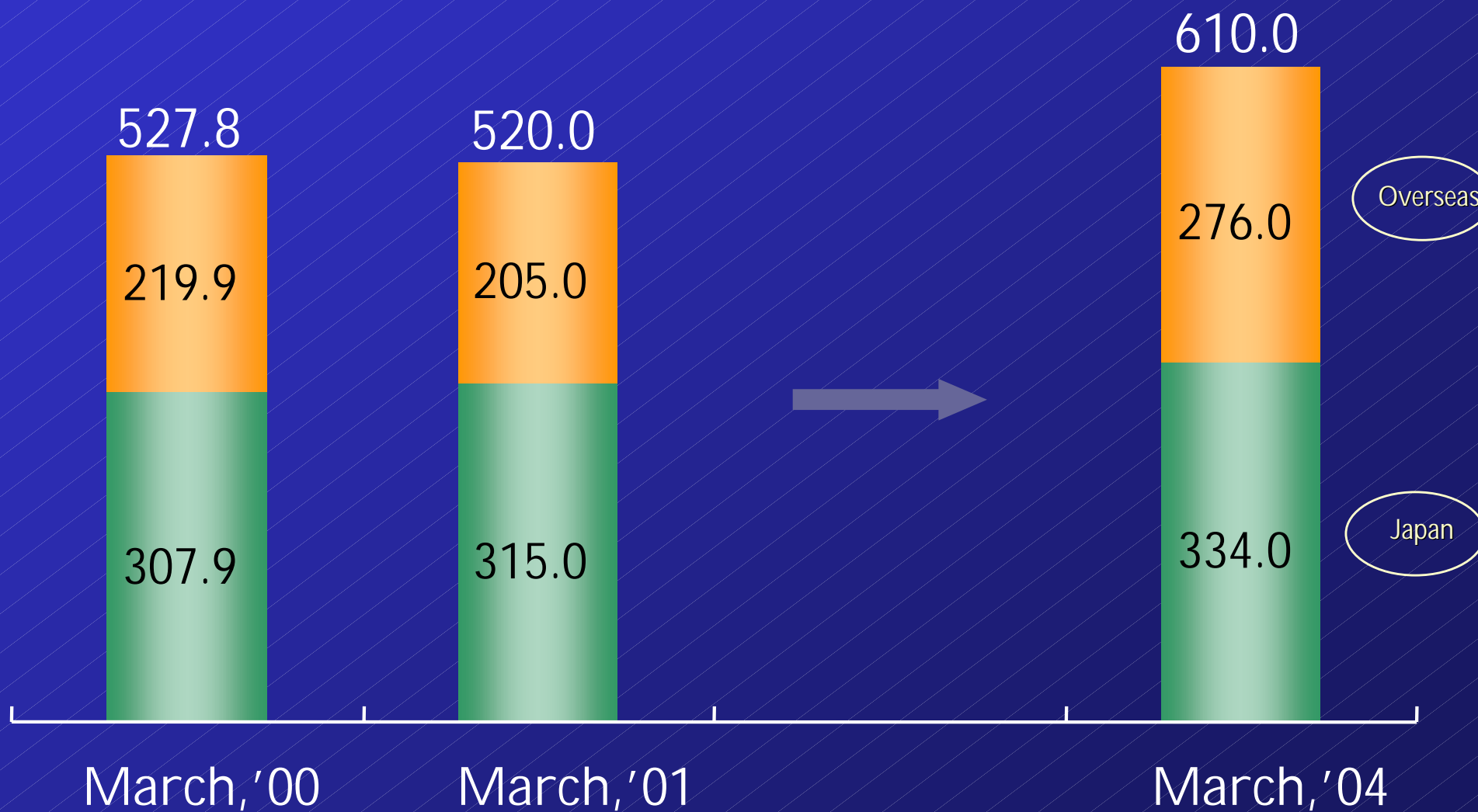
¥17 billion

¥11 billion

Net Sales



(billions of yen)



Exchange Rate



(yen)

<March,'01> <March,'04>

US dollar

107

110

euro

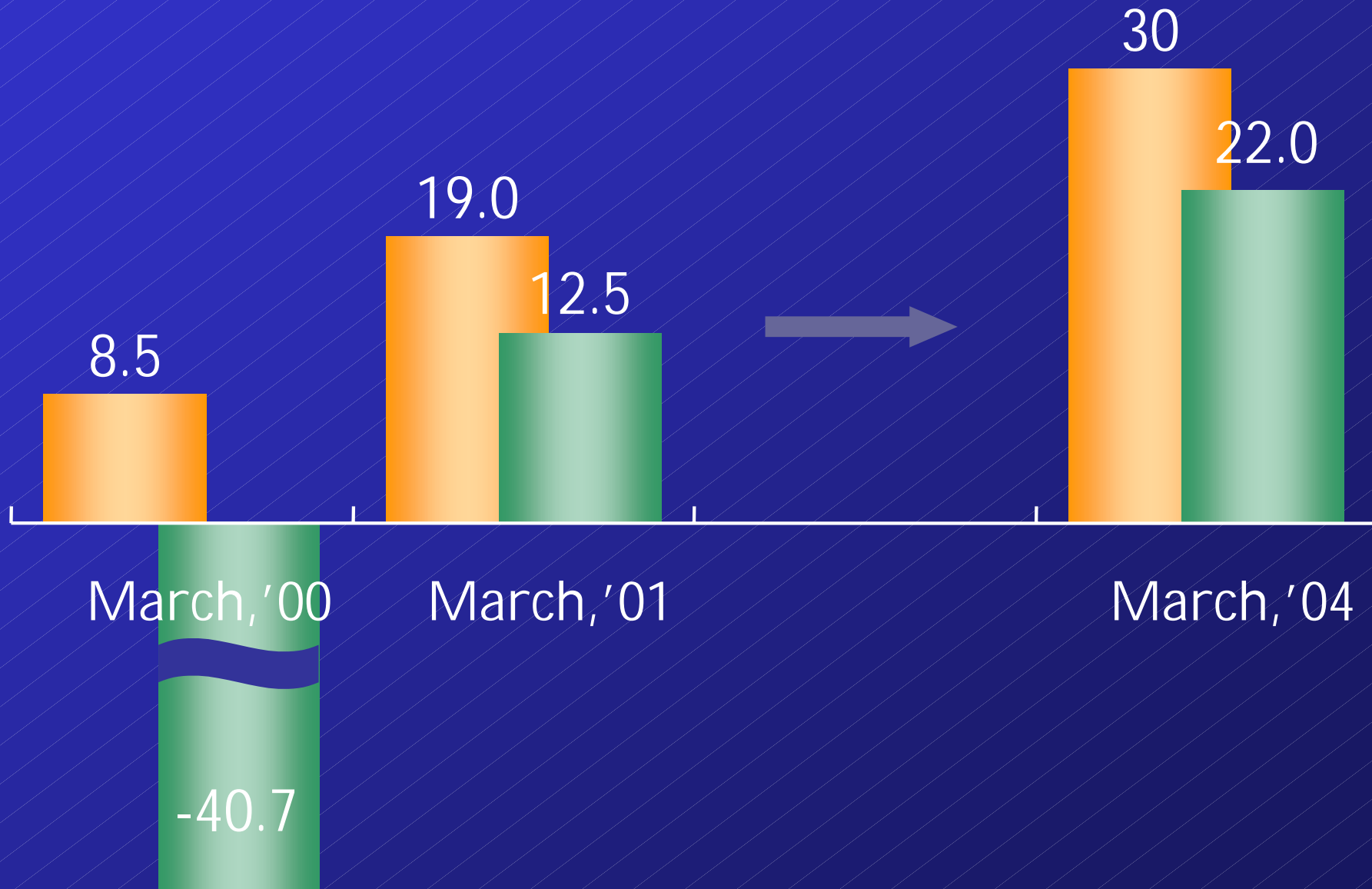
97

100

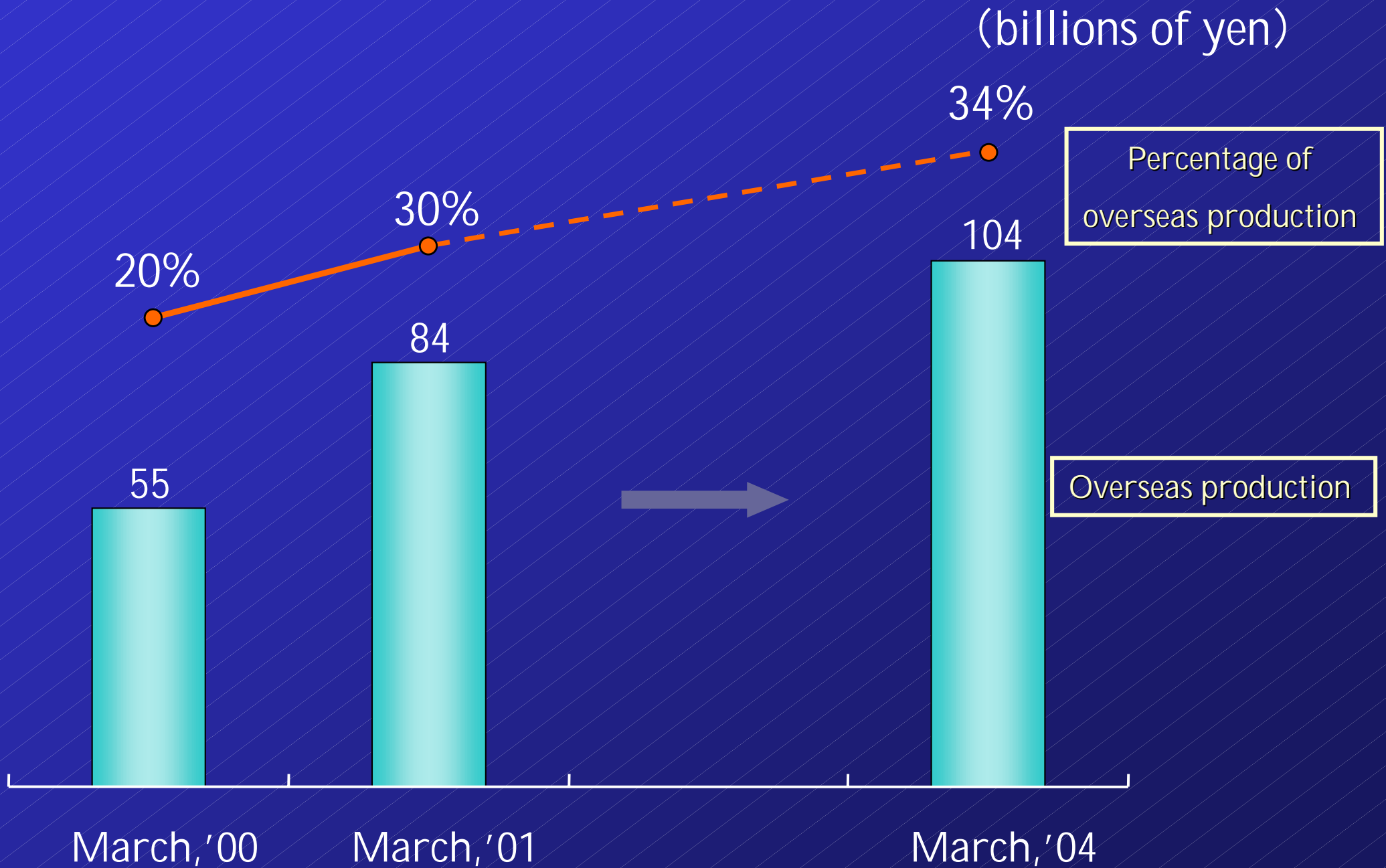
Recurring Income/Net Income (Loss)



(billions of yen)



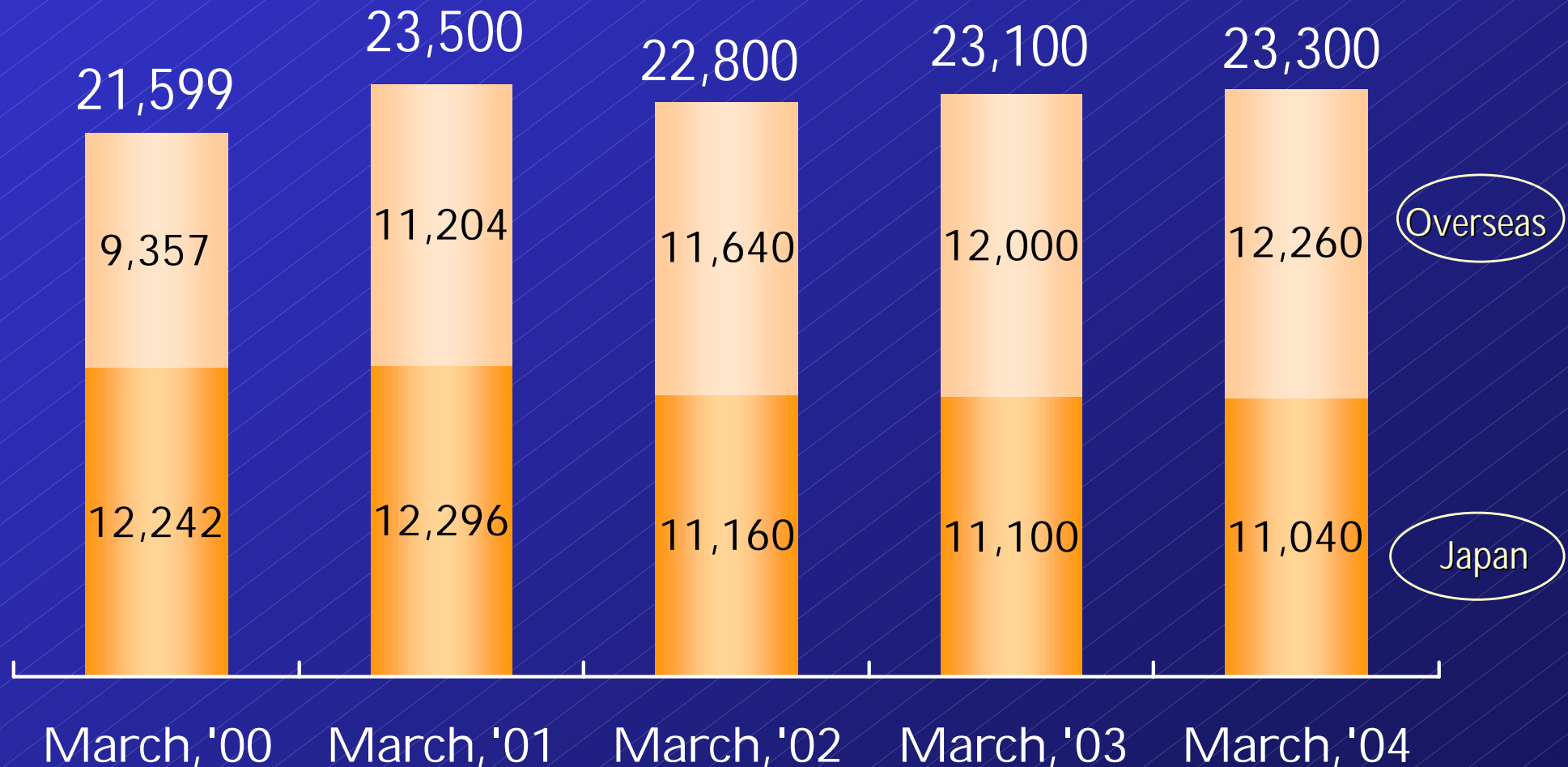
Overseas Production



Projected Number of Employees



(number of employees)



Capital Investment (depreciation)



(billions of yen)

