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

July 31, 2009
YAMAHA CORPORATION

Overview of Performance in the First Quarter

■ First quarter sales and operating income declined year-on-year. Sales were lower than previous projections (made on April 30), but operating income exceeded projections, resulting in a net loss of ¥2.9 billion.

Year-on-year

- Net sales declined by 19.3% (¥23.9 billion). Discounting the impact of exchange rates (-¥8.0 billion), sales fell by 12.9% (¥15.9 billion).
- Despite the effects of cost reductions, operating income declined by ¥5.4 billion, due to factors including falling sales, the impact of unfavorable exchange rates (¥3.8 billion) associated with the strong yen, and investment losses on retirement benefit obligations.

Compared to previous projections

- Discounting the impact of exchange rates (+¥2.8 billion), actual net sales fell by 7.6% (¥7.9 billion).
- Despite downward pressure on sales, factors including the impact of exchange rates (¥0.4 billion) and cost reductions resulted in operating income of ¥0.2 billion, ¥0.9 billion higher than the previously projected operating loss.

■ Inventories

- Inventories at the end of the first quarter were down ¥1.2 billion year-on-year. Discounting the impact of newly-consolidated subsidiaries and exchange rates (¥10.4 billion), actual inventories were up ¥6.4 billion year-on-year, chiefly due to increases in musical instrument inventories. Actual inventories were ¥1.7 billion lower than previous projections.

Performance in the First Quarter

➢ **Sales and income declined year-on-year. Sales were lower than previous projections, but operating income was higher.**

(Billions of yen)

	FY2009.3 (1Q) results	FY2010.3 (1Q) results	Change from same period of previous year	Previous projections (Apr. 30, 2009)	Change from previous projections
Net sales	123.3	99.4	-19.3%	104.5	-4.9%
Operating income (Operating income ratio)	5.6	0.2 (0.2%)	-95.8%	-0.7	–
Ordinary income	5.7	-0.5	–	-1.4	–
Net income	1.1	-2.9	–	-2.3	–

Currency exchange rates (yen)

		FY2009.3 (1Q) results	FY2010.3 (1Q) results	Previous projections (Apr. 30, 2009)
Net sales	US$	105	97	95
	EUR	163	133	120
Operating income	US$	104	97	95
	EUR	155	124	120

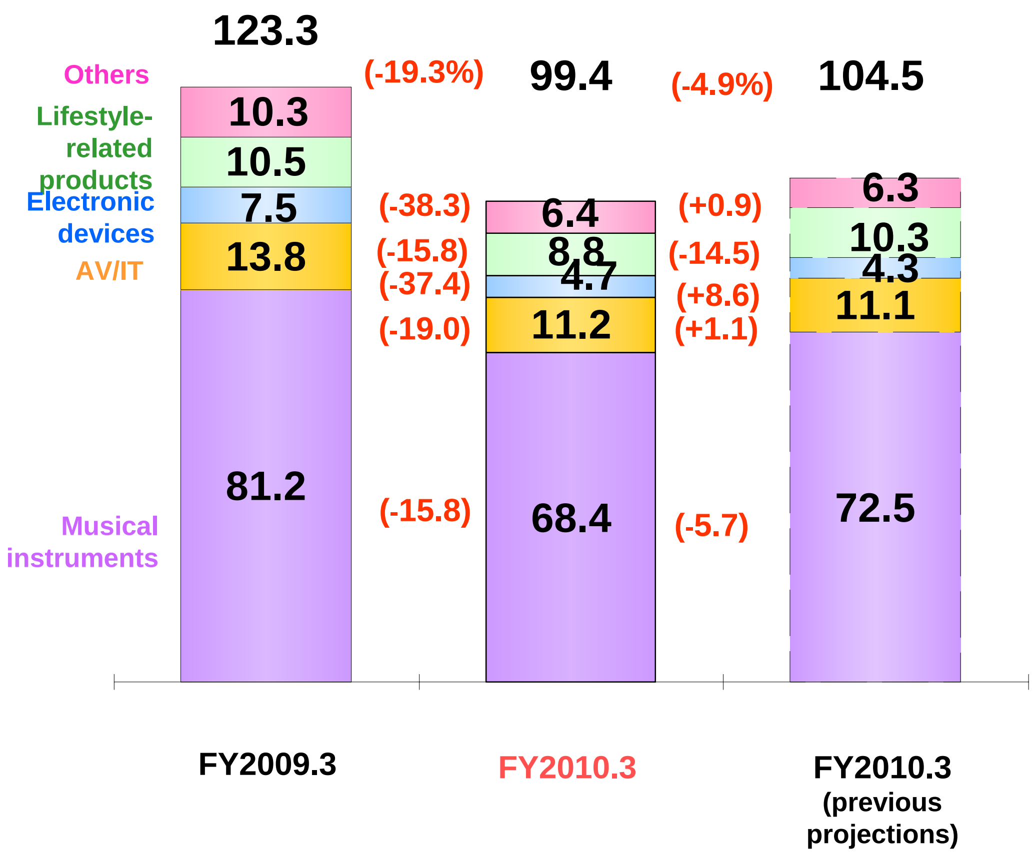
Performance by Business Segment in the First Quarter

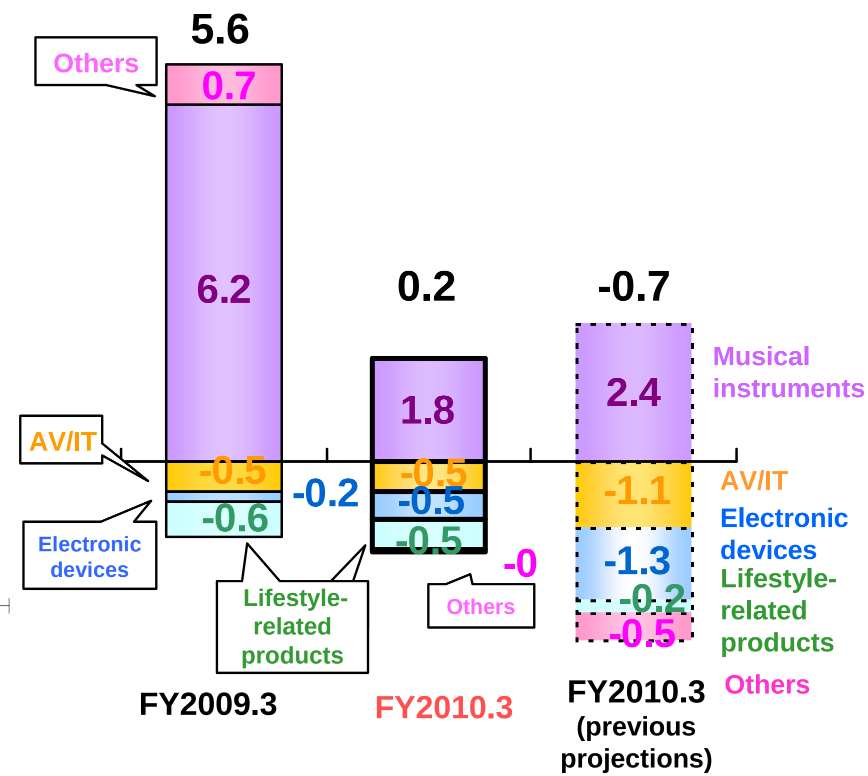
YAMAHA

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: -¥8.0 billion (musical instruments -¥6.3 billion, AV/IT -¥1.6 billion)

Versus previous projections: +¥2.8 billion (musical instruments +2.2 billion, AV/IT +0.6 billion)

Impact of exchange rates

Year-on-year: -¥3.8 billion (musical instruments -¥3.0 billion, AV/IT -¥0.8 billion)

Versus previous projections: +¥0.4 billion (musical instruments +0.4 billion)

Business Environment in 2-4Q and Full Year Outlook

2-4Q Business Environment

- Ongoing global recession
  - · Although there are some signs that the U.S. economy is bottoming out, economic activity is patchy in Europe and sluggish in Japan. Fundamental trends in China indicate a revival of consumption, and emerging markets are also showing signs of recovery.
  - · B2B business is showing signs of a turnaround (automotive, mobile phone, and pachinko-related business)
- Continuing strong yen

2-4Q Overview and Priority Policies

- Focus on sales activities aimed at year-end period of high demand, especially for musical instruments and audio products
- Continue measures to boost profitability
  - · Continue to reduce expenses and cut costs
  - · Review capital expenditure and R&D expenses
  - · Reduce inventories through temporary suspensions of all operations at Yamaha Corporation factories in Japan: shut down production for 7 days between September and March (with exceptions of 10 days for pianos and 11 days for wind instruments)
  - · Effectively launch new products

Full Year Performance Forecast

- Due to uncertainty over the economic outlook, no revisions were made in the previous projections in the first quarter and they remain unchanged.

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

➢ **Estimated exchange rates for 2-4Q: US$=¥95, EUR=¥120**

(Billions of yen, %)

	FY2009.3 results	FY2010.3 projections	Increase / decrease	Change from same period of 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	—

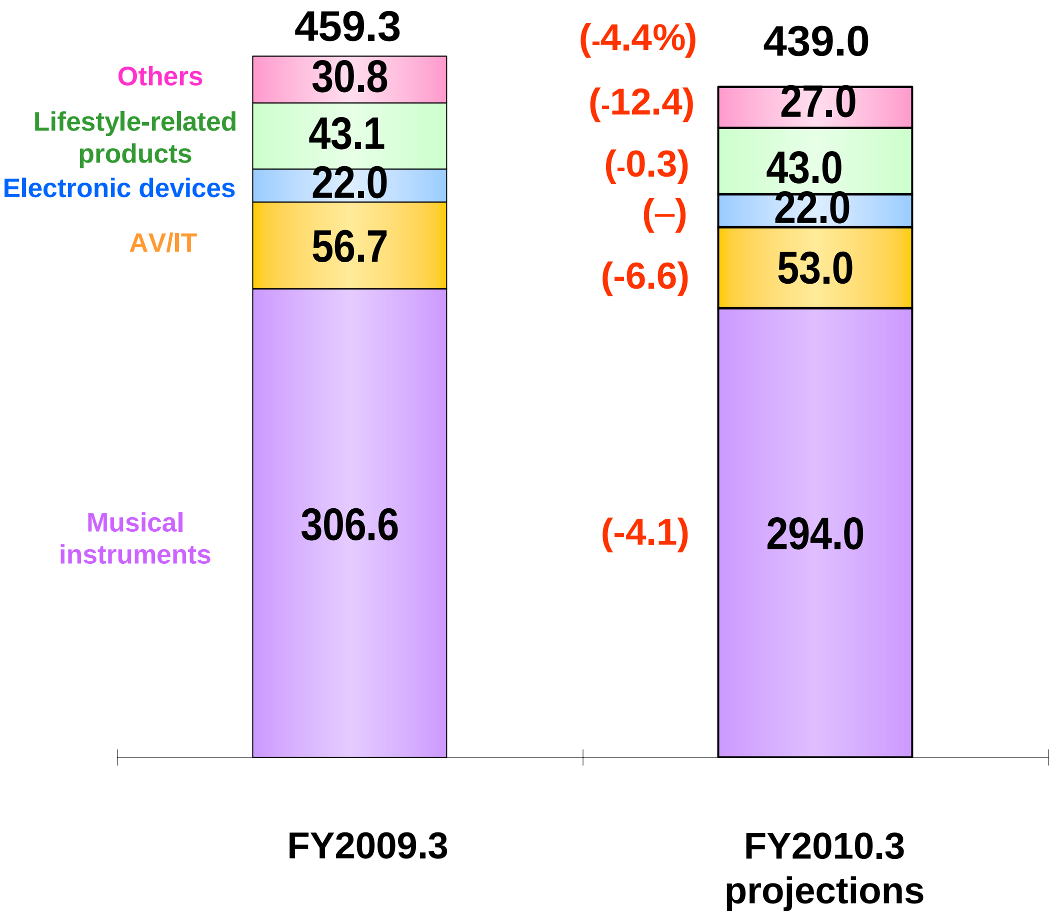
Currency exchange rates (yen)

				(2-4Q)
Net sales	US$	101	96	95
	EUR	144	123	120
Operating income	US$	102	96	95
	EUR	153	121	120

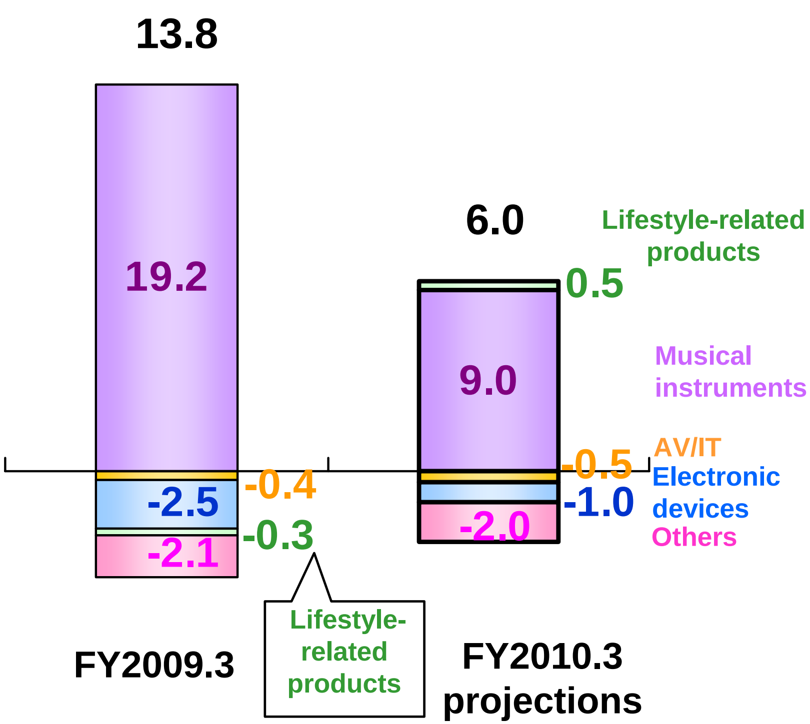
FY2010.3 Full Year Forecast for Performance by Business Segment

(Billions of yen)

Net Sales



Operating Income



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

Impact of exchange rates
Year-on-year: -¥25.5 billion (musical instruments -¥20.0 billion, AV/IT -¥5.4 billion, semiconductors-¥0.1 billion)

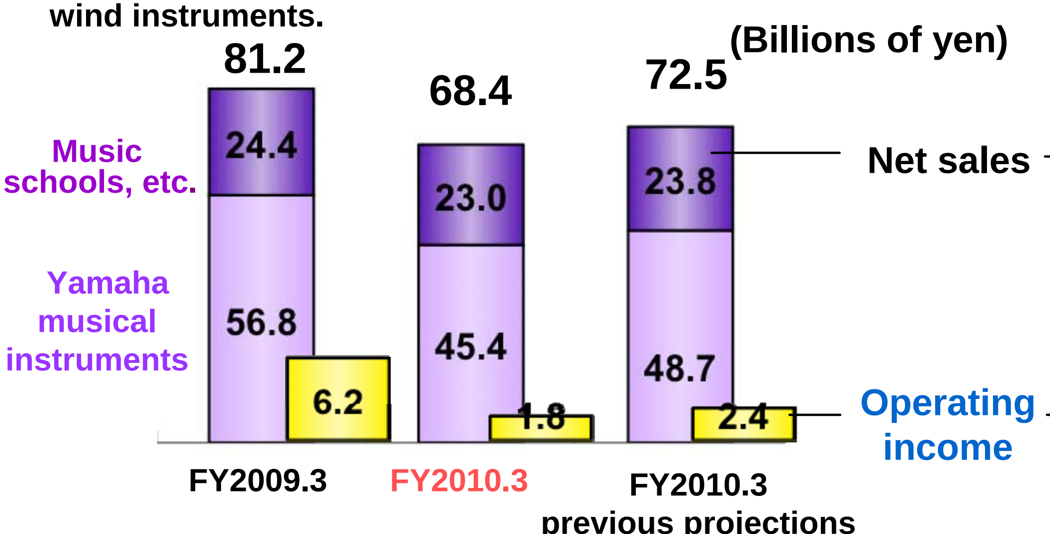
Impact of exchange rates
Year-on-year: -¥19.9 billion (musical instruments -¥15.9 billion, AV/IT -¥4.1 billion, semiconductors+¥0.1 billion)

Musical Instruments

YAMAHA

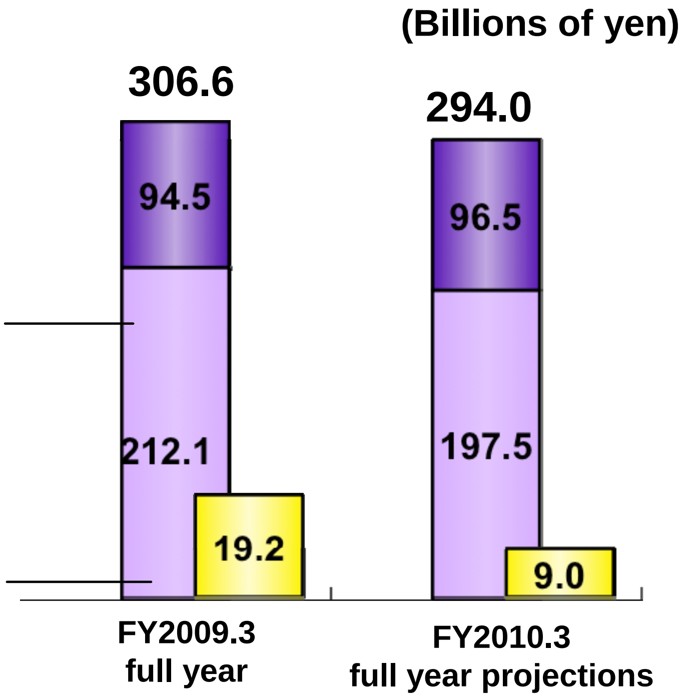
1Q Overview

- Sales and income declined year-on-year and against previous projection.
- Discounting the impact of exchange rates, actual sales declined by 8.0% (¥6.5 billion) year-on-year. Actual sales were 8.7% (¥6.3 billion) below previous projections.
- Piano sales drove strong performance in China. Although North American sales of professional audio equipment were sluggish, they are recovering from January-March, 2009 sales. The slowdown in European sales worsened, especially for pianos and professional audio equipment.
  The Japanese market also showed weak demand.
- Operating income declined year-on-year due to factors including falling sales, unfavorable exchange rates, and investment losses on retirement benefit obligations. Previous projections were not met due to lower sales.
- Inventories showed surpluses, especially for pianos and wind instruments.



Full Year Overview and Priority Policies

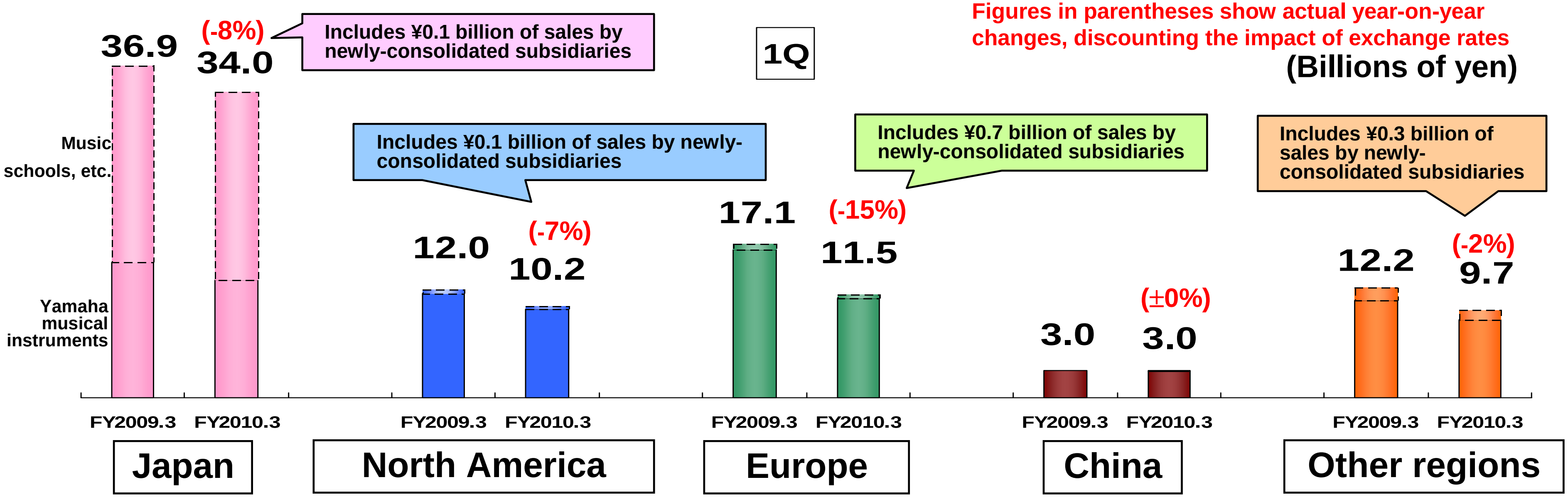
- Ensure new products are launched for key year-end sales push in Europe and the U.S.
- Increase sales in growth markets (China, Latin America, Middle East, Eastern Europe, etc.) and put Russian and Indian sales subsidiaries on track
- Reduce expenses and adjust inventories

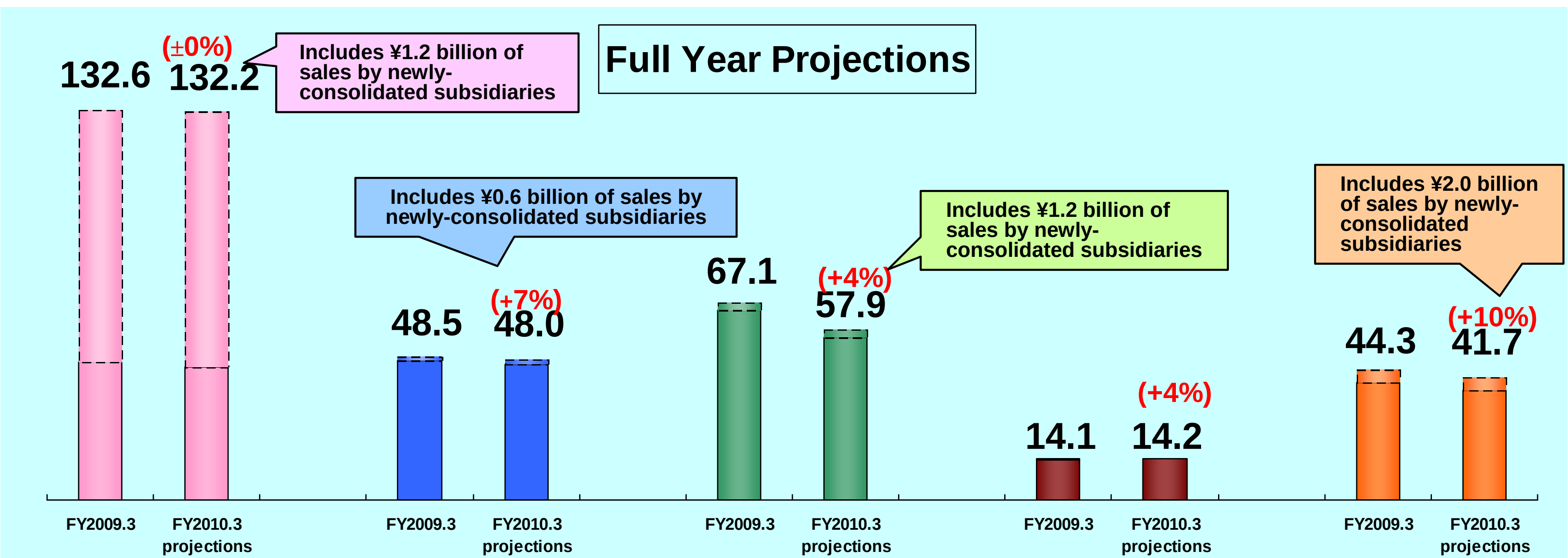


Musical Instruments: Sales by Region

Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

(Billions of yen)





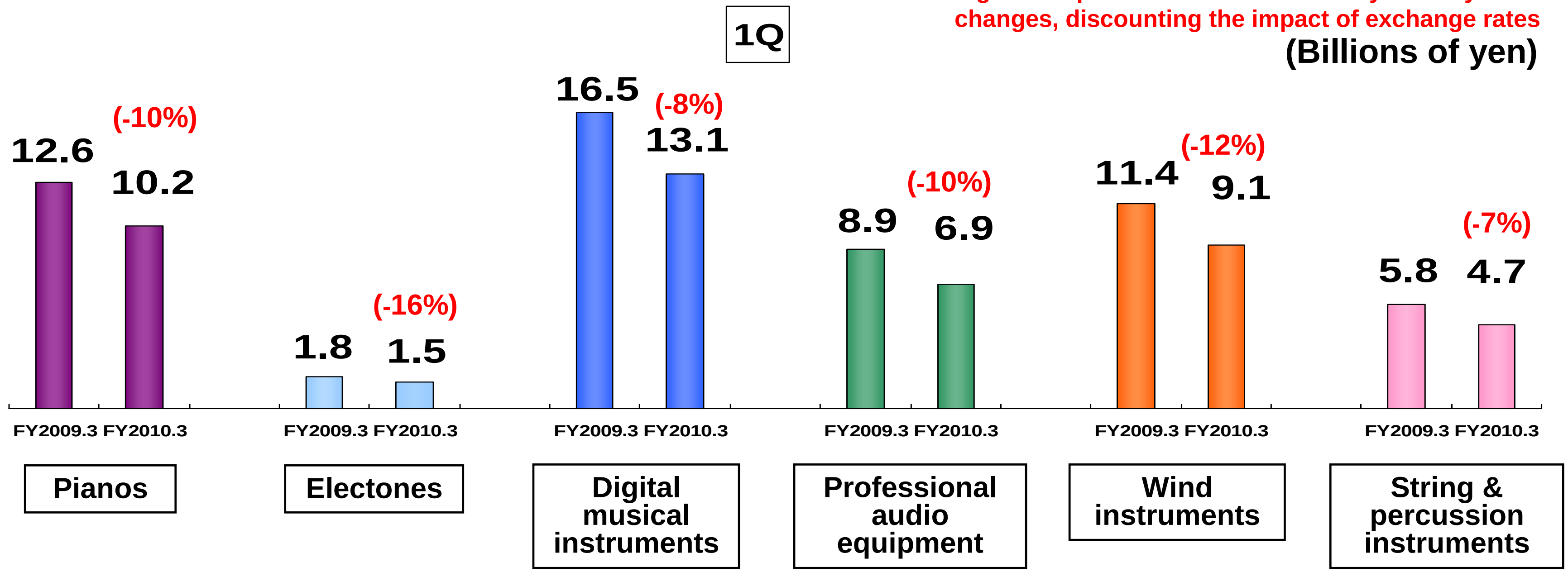
Musical Instruments (Sales by Region)

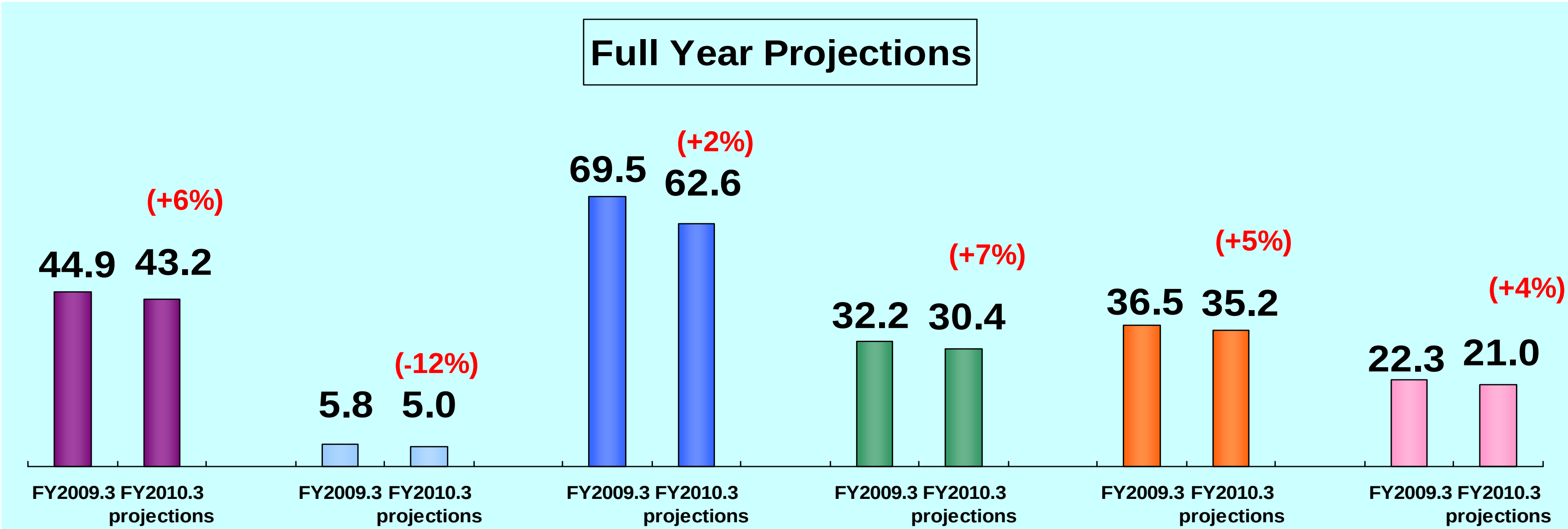
	Musical Instrument Sales by Region
Japan	In the face of weak consumption caused by uncertainty over economic prospects, the rush of orders to beat piano price rises has not reached the level expected. Digital pianos and wind instruments, in particular, continue to lag, and overall sales are well below targets and last year’s figures. Looking ahead to the end of the year, the Company aims to boost sales through new product launches and stronger sales promotion.
North America	Amid greater customer interest in low-priced products, sales of cheaper digital pianos, portable keyboards, and guitars are beginning to recover. However, products such as pianos and wind instruments continue to struggle, and overall musical instrument sales are down year-on-year. Reduced investment by corporate customers means there is no sign of recovery for professional audio equipment. The Company aims to achieve higher sales by launching new products and expanding sales channels for keyboard instruments.
Europe	Markets in Southern and Eastern Europe are shrinking due to the impact of the economic crisis. Stores are having more difficulties raising finance, and sales of pianos and professional audio equipment are sluggish. Looking ahead to the end of the year, the Company aims to recover lost ground by partially refunding price increases and offering flexible terms of sale.
China	Despite temporary stagnation in industrialized coastal regions, sales are generally in line with targets. Pianos are a key product, and sales will be expanded by developing sales channels and enhancing the product line-up.
Asia-Pacific	Although the economic downturn has slowed business in the Middle East, robust sales continue in Asia, Oceania, and Latin America. 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 broadly in line with targets. Although results will continue to differ from one country to another, generally strong performance is anticipated.

Musical Instruments: Sales by Product Category

Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

(Billions of yen)





Musical Instruments: Sales by Product Category

	Sales by Product Category
Pianos	Despite a short-lived spike in demand driven by price rises, the Japanese market continues its overall trend of gradual contraction, and sales in Asia are down from the previous year as Taiwan and Korea struggle. European sales have fallen sharply. Expanded sales channels in North America helped bolster sales, which only declined slightly. Growth in China is being maintained. 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.
Digital musical instruments	Digital pianos are struggling in Japan and Europe in the face of a sharp drop in unit prices and low-end consumer needs. Electone sales continue to lag in Japan. Portable keyboard sales have dropped sharply in Europe and the Asia-Pacific region, but are growing in North America, Japan, and China. 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.
Wind instruments	Sales of mid-range and high-end products to individual consumers in North America and Japan fell significantly year-on-year. Sales of low-priced products for school rentals are also declining amid a gradual market contraction. In Europe, the decline has been minimized by steady sales in the UK and Germany. Asian region sales are generally weak. The Company aims to increase sales by featuring Yamaha musicians in its sales promotion activities.
Guitars and drums	Driven by key acoustic-electric models, acoustic guitar sales remain robust, especially in North America and Asia, but electric guitar sales are sluggish. Acoustic drums are struggling in all regions amid a contraction in overall demand. Electronic drum sales are decreasing as demand falls off, especially in North America. The company will continue to make up for shortfalls by expanding sales channels to increase its share of the acoustic guitar market and launching drum products featuring new technology.
Professional audio equipment	Corporate customers continue to postpone or withhold investment due to deteriorating economic conditions. Sales is sluggish in Europe, North America, and Japan, and sales of key digital mixer products are flat. PA equipment for musical instruments are selling well in North 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.

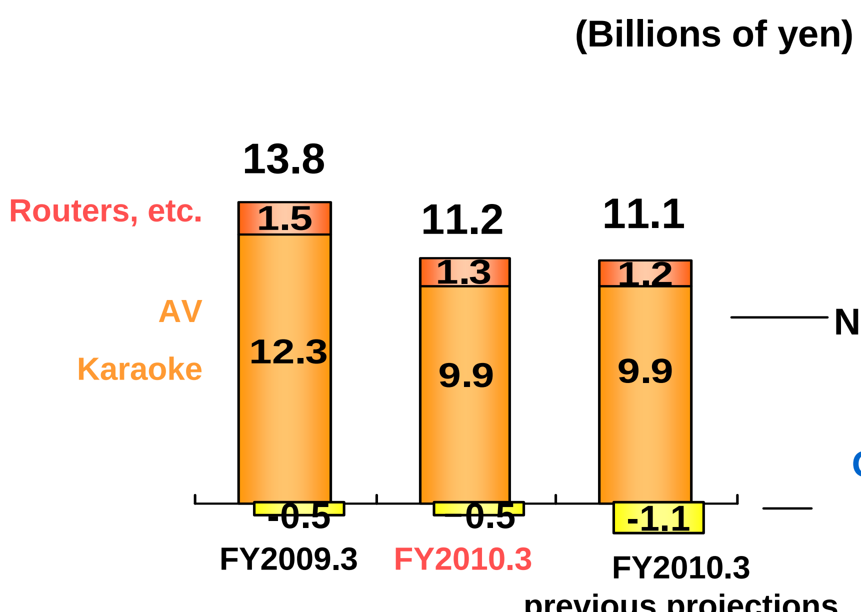
AV/IT

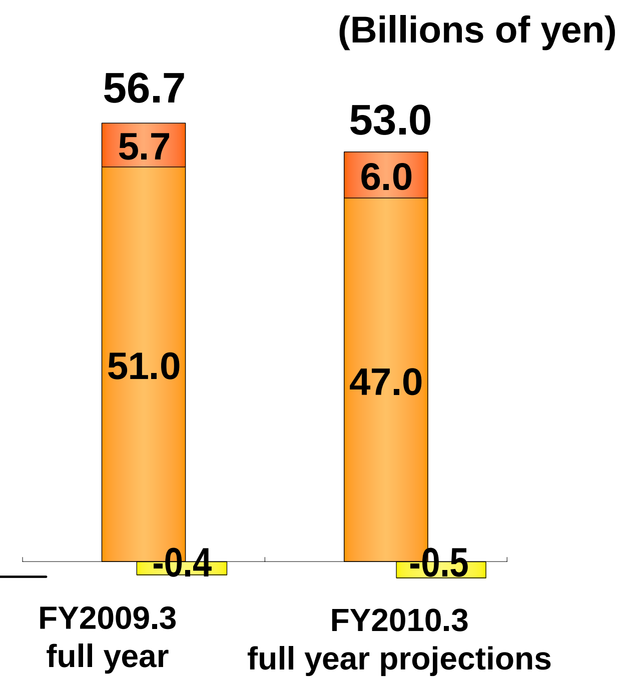
1Q Overview

- Sales declined year-on-year, but income rose slightly. Operating losses were smaller than previously projected.
- Discounting the impact of exchange rates, actual sales declined by 7.2% (¥1.0 billion) year-on-year.
- Although audio sales were strong in Japan, especially for front surround systems, they were slow in North America.

Full Year Overview and Priority Policies

- Build AV business in line with market changes
  - Increase sales of mid- to high-range receivers
  - Expand sales of front surround systems
  - Reinforce 2 channel HiFi business by expanding product lineup
  - Develop and launch new product categories such as desktop audio systems
  - Reduce manufacturing costs through in-house production of components and reduction of material costs
- Expand share of router market by emphasizing product superiority





Electronic Devices

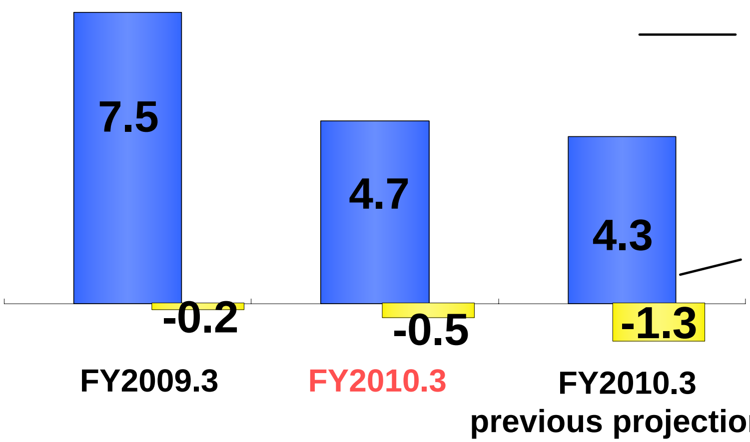
1Q Overview

- Sales decreased year-on-year. Due to lower depreciation expenses resulting from fixed asset impairment carried out in the previous year, operating losses were only slightly larger. Sales and income were higher than previous projections.
- Sales of sound generators for mobile phones continued to fall. Digital amplifier sales rose year-on-year.
- Inventories were at broadly appropriate levels.

Full Year Overview and Priority Policies

- 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.

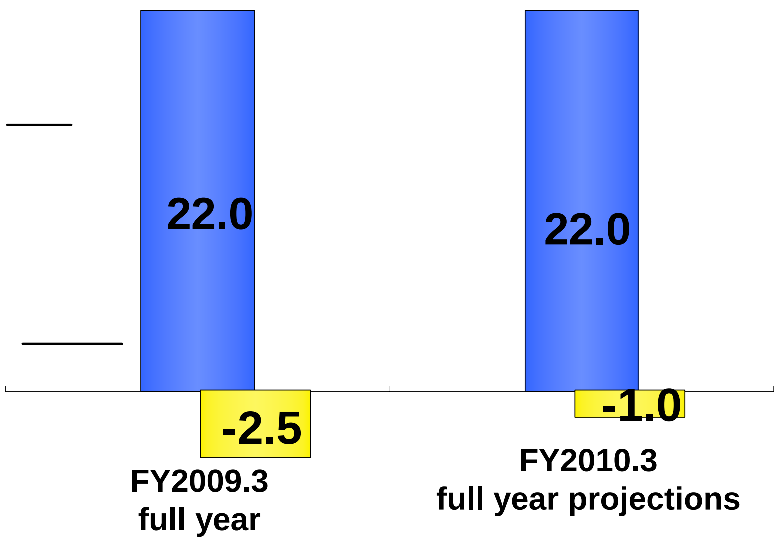
(Billions of yen)



Net sales

Operating income

(Billions of yen)



Lifestyle-Related Products

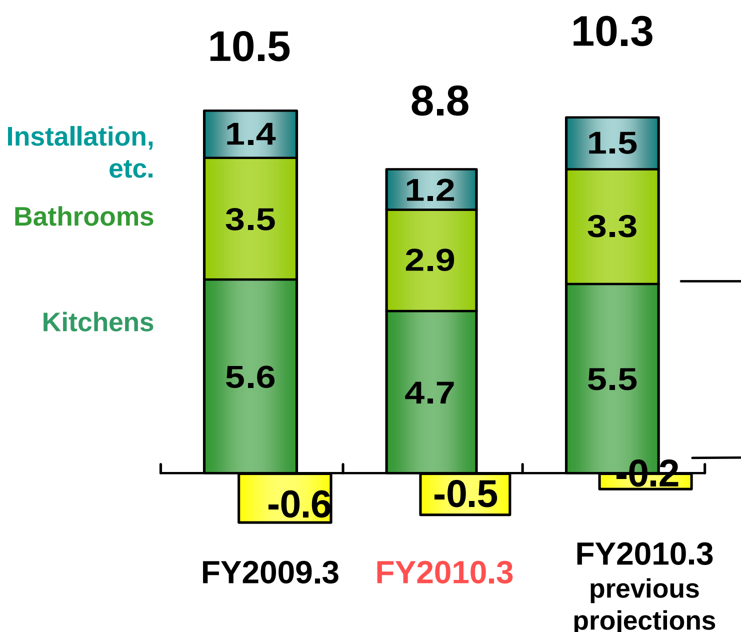
1Q Overview

- Sales and income were lower than previous projections. Sales were down year-on-year, but income was up, partly due to cost reductions.
- As new housing starts continued their downward trend, system kitchen and bathroom sales declined year-on-year and against previous projections.
- Efforts to strengthen remodeling business resulted in a slight rise in the proportion of remodeling sales (from 25% of previous year to 27%).

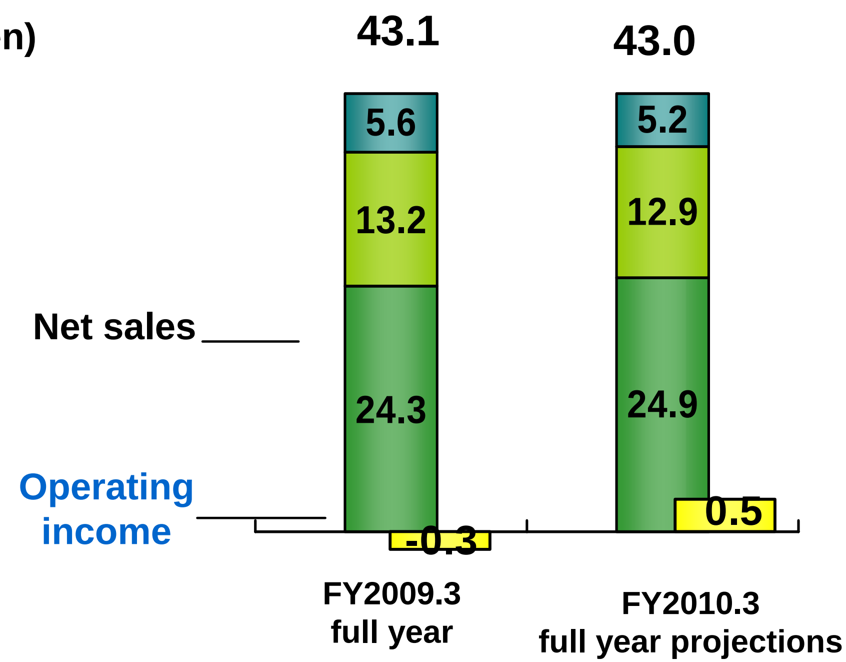
Full Year Overview and Priority Policies

- Reinforce remodeling business (develop sales channels with strengths in remodeling and sell remodeling components) to achieve full year sales in line with previous year.
- Cut production costs by exhaustively reducing expenses, seeking lower materials prices, and improving productivity.

(Billions of yen)



(Billions of yen)



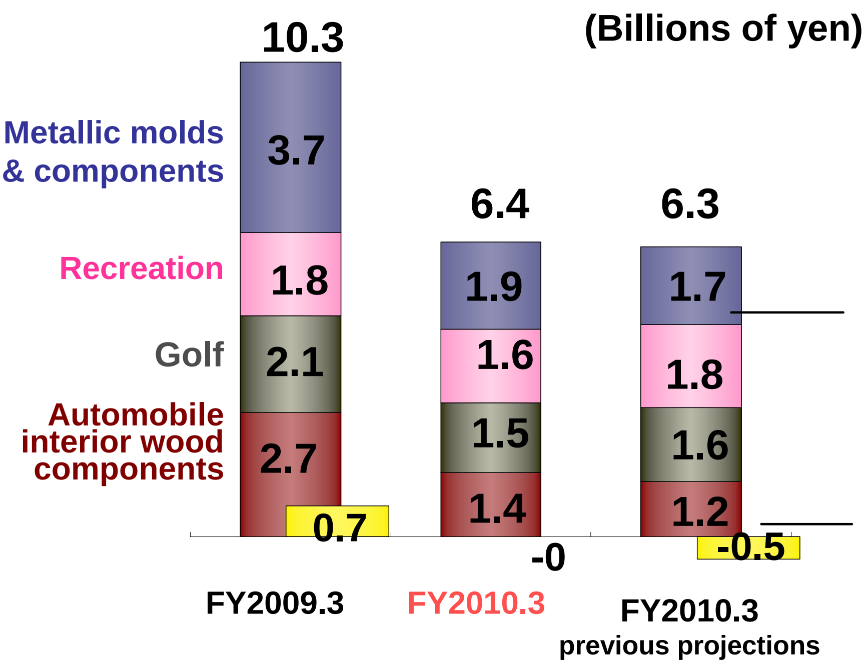
Others

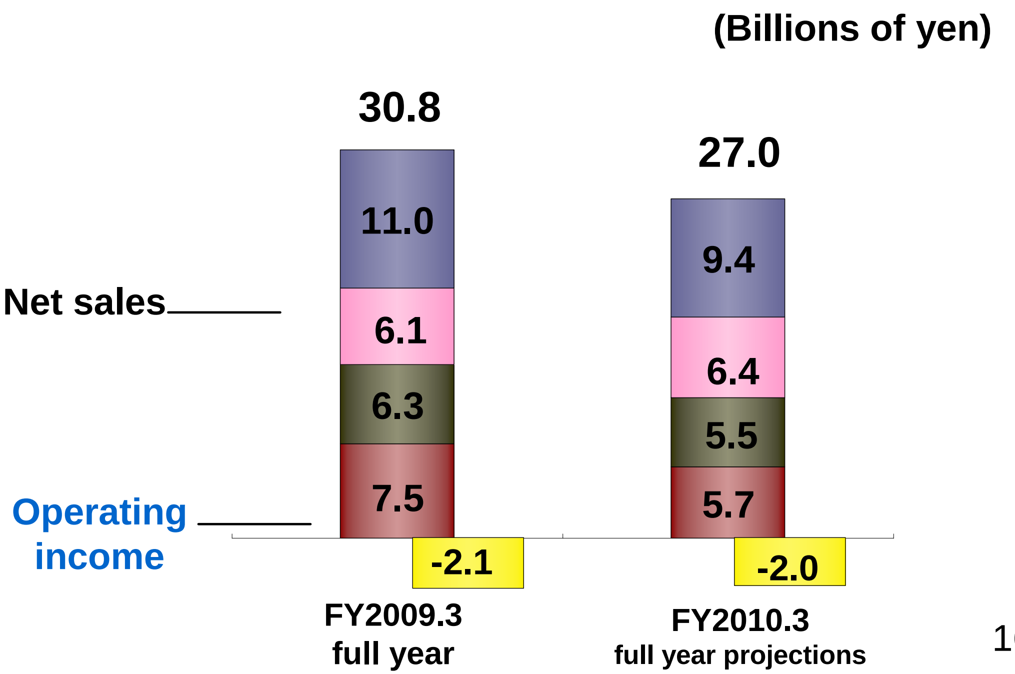
1Q Overview

- Sales were higher than previous projections. Operating losses were much smaller, partly due to fixed-cost reductions. Sales and income declined year-on-year.
- Factory automation orders bottomed out. Orders for automobile interior wood components and magnesium molded parts began to recover as inventory adjustments by finished product manufacturers took effect.

Full Year Overview and Priority Policies

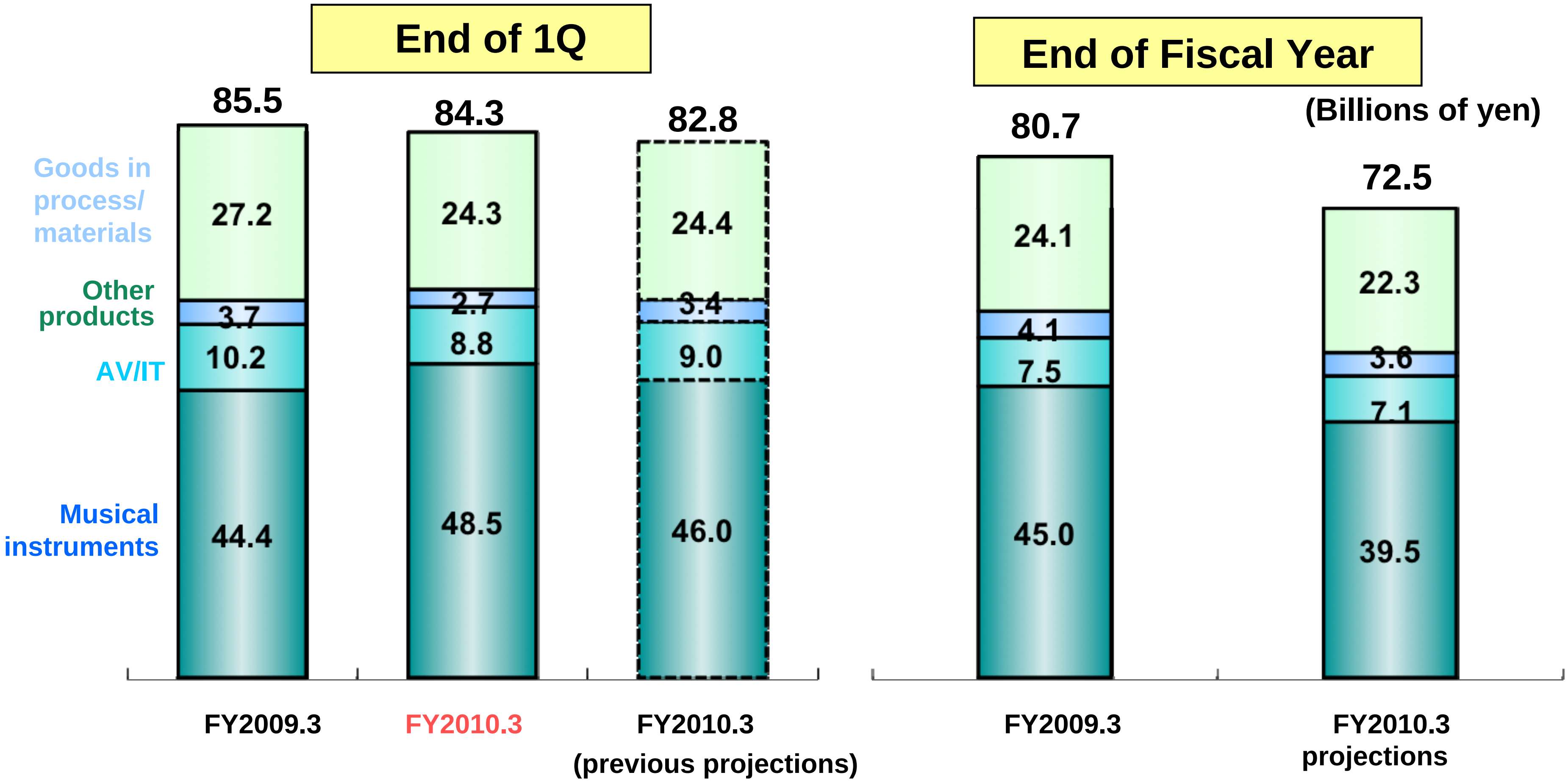
- Lower the break-even point for automobile interior wood components by increasing production and reducing expenses.
- Expand share of golf market by developing competitive new products.
- Aim for return to profitability in the recreation business over the full year by proposing packages that make the most of facilities' attractions and reducing fixed costs.
- Achieve smooth withdrawal from production of magnesium molded parts.





Inventories

- Inventories at the end of 1Q were ¥1.2 billion lower than the same quarter of the previous year (discounting the impact of newly consolidated subsidiaries and exchange rates, actual inventories rose by ¥6.4 billion).
- Discounting the impact of exchange rates, actual inventories were ¥1.7 billion lower than previous projections.



Balance Sheet Summary

(Billions of yen)

	As of end of 1Q			Full year (2009 actual, 2010 projection)		
	As of June 30, 2008	As of June 30, 2009	Change	As of March 31, 2009	As of March 31, 2010	Change
Cash and deposits	66.5	36.5	-30.0	41.4	38.8	-2.6
Notes and accounts receivable	68.5	52.5	-16.0	50.5	66.0	15.5
Inventories	85.5	84.3	-1.2	80.7	72.5	-8.2
Other current assets	28.7	24.3	-4.4	29.5	26.2	-3.3
Fixed assets	269.8	212.3	-57.5	206.9	211.6	4.7
Total assets	519.0	409.9	-109.1	409.0	415.1	6.1
Notes and accounts payable	37.9	25.8	-12.1	25.6	33.6	8.0
Short- and long-term loans	22.9	19.6	-3.3	19.2	16.9	-2.3
Resort membership deposits	17.0	16.6	-0.4	16.7	16.6	-0.1
Other liabilities	108.2	93.0	-15.2	95.7	105.7	10.0
Total net assets	333.0	254.9	-78.1	251.8	242.3	-9.5
Total liabilities and net assets	519.0	409.9	-109.1	409.0	415.1	6.1

Note: Balance of cash and deposits includes negotiable deposits

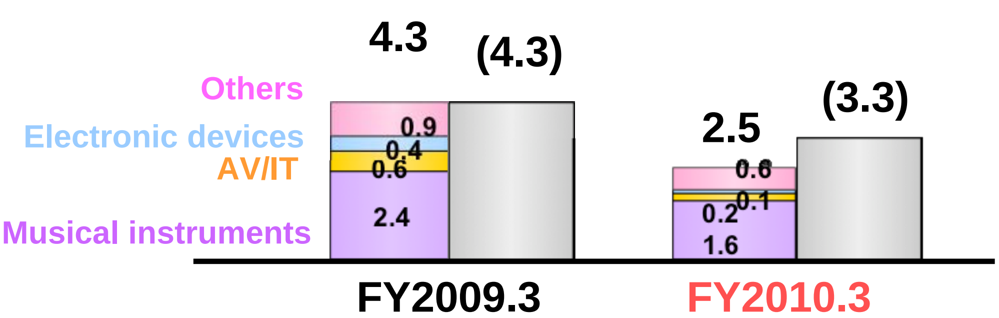
Appendix

Capital Expenditure/Depreciation/R&D Expenses

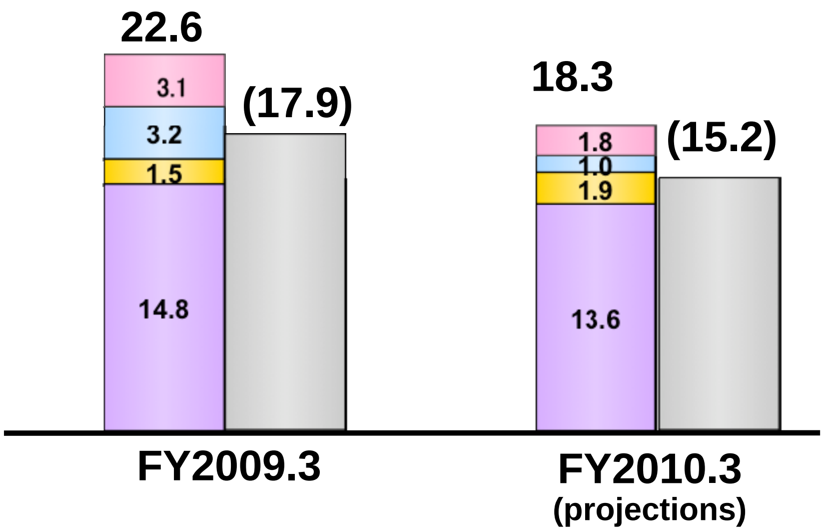
(Billions of yen)

Capital Expenditure (Depreciation)

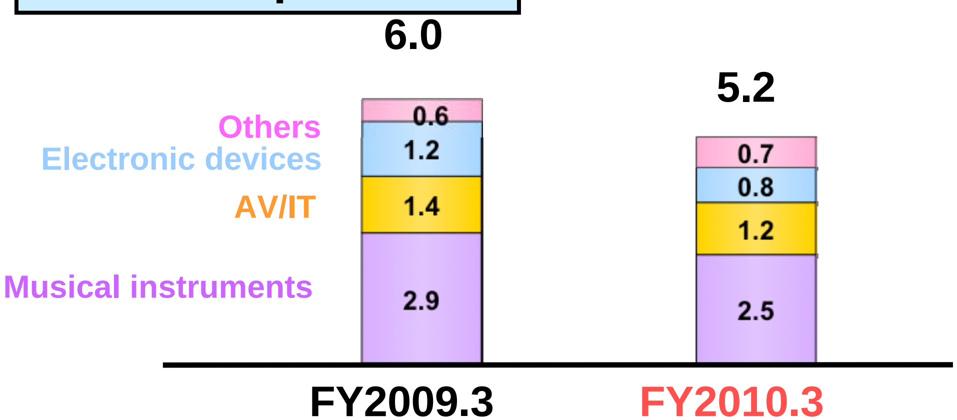
1Q

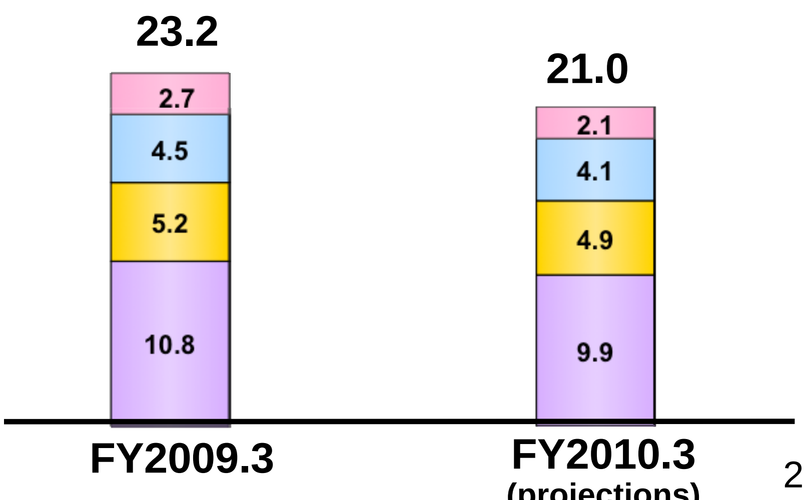


Full Year



R&D Expenses





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

(Billions of yen)

	FY2009.3 (1Q) results	FY2010.3 (1Q) results	FY2010.3 (1Q) previous projections
Non-operating income/loss			
Net financial income (loss)	0.7	0.2	0.1
Other	-0.6	-0.9	-0.8
Total	+0.1	-0.7	-0.7
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.2	-0.1	0
Other	0	0	-0.2
Total	-0.2	-0.1	-0.2
Income taxes and other expenses			
Income taxes - current	1.1	0.7	0.4
Income taxes - deferred	3.2	1.5	0.3
Minority interests in income	0.1	0.1	0
Total	4.4	2.3	0.7

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

YAMAHA

(Billions of yen)

	FY2009.3 results	FY2010.3 projections
Non-operating income/loss		
Net financial income (loss)	2.0	0
Other	-3.8	-3.0
Total	-1.8	-3.0
Extraordinary income/loss		
Income from (loss on) disposal of fixed assets	-0.7	- 0.5
Other	-23.5	- 0.5
Total	-24.2	-1.0
Income taxes and other expenses		
Income taxes - current	3.8	2.4
Income taxes - deferred	4.9	-0.4
Minority interests in income	-0.3	0
Total	8.4	2.0

·Yamaha Motor Co., Ltd. dividend 1.1

· Impairment loss -15.3
· Restructuring expenses -4.9
· Revaluation loss on investment in affiliates -3.3

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.