

C O R P O R A T E D E S C R I P T I O N

The forerunner of Yamaha Corporation was founded in 1887 by Torakusu Yamaha. On October 12, 1897, Nippon Gakki, Co., Ltd., was incorporated (the corporate name was changed to Yamaha Corporation on the occasion of its 100th anniversary), and Yamaha celebrated its 110th year of operation in 1997.

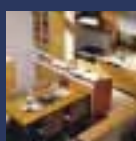
Yamaha is one of the world's leading manufacturers of pianos; electronic musical instruments; and wind, string, and percussion instruments. At the same time, the Company has grown through a broad spectrum of business activities, including electronic devices and equipment, professional audio equipment, and audiovisual equipment.

To continue growing in the 21st century, in 1997 Yamaha launched its new management strategy called New Values 21 (NV21). The Yamaha Group will make a concerted effort to become a truly global enterprise that fulfills its corporate mission of contributing to enriching the quality of life of people worldwide.

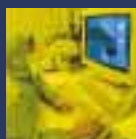
B U S I N E S S S E G M E N T S



M U S I C A L I N S T R U M E N T S A N D A U D I O P R O D U C T S



F U R N I T U R E A N D H O U S E H O L D P R O D U C T S



E L E C T R O N I C E Q U I P M E N T A N D M E T A L P R O D U C T S



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FINANCIAL HIGHLIGHTS

Yamaha Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen (except where indicated)				
	1998	1997	1996	1995	1994
NONCONSOLIDATED:					
Net sales	¥417,218	¥402,910	¥383,134	¥338,949	¥316,177
Recurring profit	11,429	15,068	13,649	6,291	2,191
Net income.....	5,068	7,401	7,187	2,415	593
Stated capital	28,533	28,533	16,525	16,525	16,525
Number of shares outstanding	206,523,263	206,523,263	194,080,355	194,080,355	194,080,355
Shareholders' equity.....	164,665	161,726	131,927	125,904	124,652
Total assets	317,137	326,953	314,449	293,486	290,534
Shareholders' equity ratio (%).....	51.9	49.5	42.0	42.9	42.9
Shareholders' equity per share (yen)	797.32	783.09	679.76	648.72	642.27
Cash dividends per share (yen).....	10	9	7	6	6
[of which interim cash dividends per share]	5	4	3	3	3
Net income per share (yen)	24.54	37.87	37.03	12.45	3.06
Net income per share after full dilution (yen)	24.22	35.24	34.59	—	—
Dividend payout ratio (%).....	40.7	24.4	18.9	48.2	196.1
Number of employees.....	9,281	9,324	9,872	10,317	10,676
CONSOLIDATED:					
Net sales	¥608,990	¥604,746	¥531,236	¥482,554	¥445,607
Recurring profit	19,015	24,389	20,034	8,784	497
Net income (loss).....	13,475	14,066	9,430	5,339	(3,985)
Shareholders' equity.....	231,940	219,970	169,186	157,238	154,667
Total assets	544,465	549,162	513,905	471,105	471,994
Shareholders' equity per share (yen)	1,123.09	1,065.17	871.76	810.18	796.94
Net income (loss) per share (yen)	65.25	71.97	48.59	27.51	(20.53)
Net income per share after full dilution (yen)	62.86	65.83	44.89	—	—

Notes: 1) Figures for nonconsolidated and consolidated net sales do not include national consumption taxes.

2) Interim cash dividends for the fiscal year ended March 31, 1998, were decided at the Board of Directors meeting on November 13, 1997.

C O N S O L I D A T E D B A L A N C E S H E E T S

YAMAHA Corporation and Consolidated Subsidiaries
March 31, 1998 and 1997

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	1998	1997	1998
Current assets:			
Cash and bank deposits (Note 4)	¥ 20,871	¥ 30,540	\$ 157,994
Marketable securities (Note 4)	1,721	2,549	13,028
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates.....	3,873	2,758	29,319
Other.....	89,055	105,019	674,148
Less: Allowance for doubtful accounts.....	(4,345)	(4,489)	(32,892)
	88,583	103,288	670,575
Inventories.....	95,705	87,482	724,489
Refundable income taxes.....	3,393	2,481	25,685
Prepaid expenses and other current assets.....	7,131	5,510	53,982
Total current assets	217,408	231,853	1,645,783
Property, plant and equipment, net of accumulated depreciation (Notes 3 and 4):			
Land	45,305	45,038	342,960
Buildings and structures.....	91,544	88,560	692,990
Machinery and equipment	59,475	59,128	450,227
Construction in progress.....	5,989	10,395	45,337
Net property, plant and equipment.....	202,316	203,124	1,531,537
Investments and other assets:			
Investment securities (Note 4)	31,960	33,613	241,938
Investments in and advances to unconsolidated subsidiaries and affiliates	48,270	40,544	365,405
Long-term loans receivable.....	3,499	3,774	26,488
Lease deposits	5,881	5,944	44,519
Other assets.....	5,391	6,037	40,810
Total investments and other assets	95,002	89,914	719,167
Translation adjustments.....	29,737	24,269	225,110
Total assets	¥544,465	¥549,162	\$4,121,612

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	1998	1997	1998
Current liabilities:			
Short-term loans	¥ 45,782	¥38,590	\$ 346,571
Current portion of long-term debt	8,781	8,662	66,472
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	542	1,146	4,103
Other	42,479	40,088	321,567
	43,021	41,234	325,670
Accrued expenses	51,434	58,279	389,357
Income taxes payable	5,978	12,926	45,254
Employees' savings deposits	10,631	10,748	80,477
Advances received	7,819	9,276	59,190
Other current liabilities	7,958	11,606	60,242
Total current liabilities	181,409	191,327	1,373,270
Long-term liabilities:			
Long-term debt	41,871	48,242	316,964
Retirement benefits	40,264	41,668	304,799
Long-term deposits received	41,921	42,408	317,343
Other long-term liabilities	3,498	2,892	26,480
Total long-term liabilities	127,555	135,211	965,594
Minority interests	3,559	2,653	26,942
Contingent liabilities (Note 7)			
Shareholders' equity (Notes 5 and 11):			
Common stock, ¥50 par value:			
Authorized—700,000,000 shares;			
Issued —206,523,263 shares	28,533	28,533	215,995
Additional paid-in capital	26,924	26,924	203,815
Legal reserve	3,718	3,505	28,145
Retained earnings	172,767	161,029	1,307,850
	231,944	219,992	1,755,821
Treasury stock, at cost	(3)	(22)	(23)
Total shareholders' equity, net	231,940	219,970	1,755,791
Total liabilities and shareholders' equity	¥544,465	¥549,162	\$4,121,612

C O N S O L I D A T E D S T A T E M E N T S O F I N C O M E

YAMAHA Corporation and Consolidated Subsidiaries
Years ended March 31, 1998 and 1997

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	1998	1997	1998
Net sales	¥608,990	¥604,746	\$4,610,068
Cost of sales	416,435	409,255	3,152,422
Gross profit.....	192,556	195,490	1,457,653
Selling, general and administrative expenses (Note 6)	168,452	165,859	1,275,185
Operating income.....	24,103	29,631	182,460
Other income (expenses):			
Interest and dividend income.....	2,074	2,113	15,700
Interest expense and discounts on notes	(3,181)	(4,368)	(24,080)
Sales rebates	(4,147)	(3,682)	(31,393)
Loss on foreign exchange	(1,228)	(794)	(9,296)
Gain on sale of marketable securities and investment securities	1,880	2,526	14,232
Gain on sale or disposal of properties, net	(691)	(266)	(5,231)
Other, net.....	183	(806)	1,385
	(5,108)	(5,277)	(38,668)
Income before income taxes, minority interests, amortization and equity in loss	18,995	24,354	143,793
Income taxes	9,982	14,689	75,564
Income before minority interests, amortization and equity in loss.....	9,013	9,665	68,229
Minority interests in earnings of consolidated subsidiaries	485	90	3,671
Amortization of excess of cost over net assets acquired	97	101	734
Equity in loss of unconsolidated subsidiaries and affiliates.....	5,046	4,594	38,198
Net income.....	¥ 13,475	¥ 14,066	\$ 102,006

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YAMAHA Corporation and Consolidated Subsidiaries
Years ended March 31, 1998 and 1997

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	1998	1997	1998
Common stock			
Balance at beginning of year (1998—206,523,263 shares; 1997—194,080,355 shares)	¥ 28,533	¥ 16,525	\$ 215,995
Balance at end of year (1998—206,523,263 shares; 1997—206,523,263 shares)	¥ 28,533	¥ 28,533	\$ 215,995
Additional paid-in capital (Note 5)			
Balance at beginning of year.....	¥ 26,924	¥ 14,917	\$ 203,815
Balance at end of year	¥ 26,924	¥ 26,924	\$ 203,815
Legal reserve (Note 5)			
Balance at beginning of year.....	¥ 3,505	¥ 3,342	\$ 26,533
Add:			
Transfer from retained earnings	213	162	1,612
Balance at end of year	¥ 3,718	¥ 3,505	\$ 28,145
Retained earnings (Note 11)			
Balance at beginning of year.....	¥161,029	¥134,408	\$1,218,993
Add:			
Effect of change in scope of consolidation.....	368	374	2,786
Effect of change in interests in subsidiaries.....	257	287	1,945
Increase in foreign currency transactions arising from change in method of accounting	—	13,484	—
Other.....	—	191	—
Net income.....	13,475	14,066	102,006
Deduct:			
Decrease in consolidated subsidiaries	(16)	—	(121)
Cash dividends paid.....	(2,065)	(1,552)	(15,632)
Bonuses to directors and corporate auditors	(68)	(68)	(515)
Transfer to legal reserve.....	(213)	(162)	(1,612)
Balance at end of year	¥172,767	¥161,029	\$1,307,850

See notes to consolidated financial statements.

YAMAHA Corporation and Consolidated Subsidiaries
March 31, 1998 and 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

YAMAHA CORPORATION (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of the countries of their domicile. The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

(b) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company's investments in its consolidated subsidiaries are eliminated to the underlying net equity of the consolidated subsidiaries by the step-by-step method.

Certain foreign subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differ from that of the Company; however, the necessary adjustments are made when the effect of the difference is material.

Investments in significant affiliates (companies owned 20% to 50%) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Internal profit arising from transactions of assets among the consolidated group companies is fully eliminated. The excess of cost over underlying net assets at the date of acquisition is amortized over a period of five years on a straight-line basis if such excess is material, or charged to income when incurred if such excess is immaterial.

(c) Foreign currency translation

The revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect

at the balance sheet date. The balance sheet accounts, except for the components of shareholders' equity, are also translated into yen at the rate of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at historical exchange rates.

Current assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated at the exchange rates in effect at each balance sheet date when not hedged by forward exchange contracts, or at the contracted rates of exchange when hedged by forward exchange contracts. Other noncurrent assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated into yen at the historical rates of exchange in effect at the dates of the respective transactions.

(d) Marketable securities including those classified as investment securities

Marketable securities are stated at cost or at the lower of cost or market, cost being determined by the average method.

(e) Inventories

Inventories of the Company and the domestic consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the last-in, first-out method. Inventories of the foreign consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(f) Depreciation and amortization

Depreciation of property, plant and equipment is mainly computed by the declining-balance method based on the Corporation Tax Law of Japan except that certain consolidated subsidiaries employ the straight-line method at rates based on the estimated useful lives of the respective assets.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. For the Company and its consolidated subsidiaries, the amount of the allowance is determined based on (1) the maximum amount permitted to be charged to income under the Corporation Tax Law of Japan, (2) an estimated amount for probable doubtful accounts based on a review of the collectibility of individual receivables, and (3) an amount based on past experiences.

(h) Retirement benefits

Employees' retirement benefits:

The Company and its consolidated subsidiaries have retirement benefit plans covering substantially all their employees. Employees of the consolidated subsidiaries who terminate their employment are

entitled to lump-sum payments determined by reference to their current basic rate of pay, length of service and the conditions under which the termination occurs. Accrued employees' retirement benefits are stated at the amount which would be required to be paid if all employees covered by the plan voluntarily terminated their employment as of the balance sheet date.

In addition, certain group companies have introduced defined benefit pension plans covering certain employees who meet the stipulated eligibility requirements as to age and length of service. The balance of retirement allowances at the date of introduction of the pension plans has been amortized over the period of payment for past service cost.

Directors' retirement benefits:

The Company's directors are generally entitled to receive lump-sum payments based on the Company's internal rules. The Company provides retirement allowances for its directors at 100% under its internal rules and this balance is included in Retirement benefits in the balance sheets.

(i) Warranty reserve

A warranty reserve is provided to cover the costs for possible repairs which may be claimed by customers after group companies' sales. The amount is estimated based on a percentage of sales or sales volume considering past experience.

(j) Leases

Noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(k) Income taxes

Income taxes are principally calculated on taxable income and are charged to income on an accrual basis. Deferred income taxes are not provided by the Company and its consolidated subsidiaries for timing differences between financial and tax reporting except for deferred taxes relating to the elimination of internal profits between consolidated companies.

(l) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriation. See Note 11.

2. U.S. DOLLAR AMOUNTS

For the convenience of the reader, the accompanying financial statements with respect to the year ended March 31, 1998 have been presented in U.S. dollars by translating all yen amounts at ¥132.10=U.S.\$1.00, the exchange rate prevailing on March 31, 1998. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. ACCUMULATED DEPRECIATION

Accumulated depreciation at March 31, 1998 and 1997 was ¥230,376 million (\$1,743,952 thousand) and ¥205,825 million, respectively.

4. PLEDGED ASSETS

The assets pledged as collateral for long-term debt and certain other current liabilities at March 31, 1998 were as follows:

	Millions of yen		Thousands of U.S. dollars
Bank deposits.....	¥	30	\$ 227
Marketable securities.....		824	6,238
Property, plant and equipment		17,406	131,764
Investment securities.....		11,662	88,282

5. LEGAL RESERVE AND ADDITIONAL PAID-IN CAPITAL

In accordance with the Commercial Code of Japan, the Company has provided a legal reserve as an appropriation of retained earnings. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

6. RETIREMENT BENEFITS

The charges to income for retirement allowances of the Company and its consolidated subsidiaries for the years ended March 31, 1998 and 1997 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Provision for retirement allowances.....	¥4,278	¥1,683	\$32,385

7. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 1998 and 1997:

	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Export bills discounted with banks	¥1,866	¥2,409	\$14,126
As guarantors of indebtedness of others.....	209	1,977	1,582

8. AMOUNTS PER SHARE

Basic net income per share shown below is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common shares to be issued upon the conversion of convertible bonds.

Net assets per share are based on the number of shares of common stock outstanding at each balance sheet date.

	Yen		U.S. dollars
	1998	1997	1998
Net income:			
Basic.....	¥65.25	¥71.97	\$0.494
Diluted.....	62.86	65.83	0.476
	Yen		U.S. dollars
	1998	1997	1998
Net assets	¥1,123.09	¥1,065.17	\$8.502

9. LEASES

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥2,363 million (\$17,888 thousand) and ¥2,709 million for the years ended March 31, 1998 and 1997, respectively.

Future minimum lease payments subsequent to March 31, 1998 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
1999	¥1,917	\$14,512
2000 and thereafter.....	2,960	22,407
	¥4,878	\$36,927

10. SEGMENT INFORMATION

The business and geographical segment information and overseas sales for the Company and its consolidated subsidiaries for the years ended March 31, 1998 and 1997 are outlined as follows:

Business Segments

Year ended March 31, 1998	Millions of yen						Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Furniture and household products	Electronic equipment and metal products	Recreation	Others	Total		
I. Sales and operating income								
Sales to external customers.....	¥383,365	¥59,067	¥128,298	¥23,727	¥14,530	¥608,990	—	¥608,990
Intersegment sales or transfers.....	—	1,613	14,189	—	8,546	24,349	¥(24,349)	—
Total sales.....	383,365	60,681	142,488	23,727	23,077	633,340	(24,349)	608,990
Operating expenses.....	363,546	60,314	137,062	25,483	22,374	608,780	(23,893)	584,886
Operating income.....	19,819	367	5,425	(1,755)	702	24,559	(455)	24,103
II. Total assets, depreciation and capital expenditures								
Total assets	243,496	22,993	111,635	80,354	57,234	515,716	28,749	544,465
Depreciation.....	7,696	1,914	23,036	3,075	729	36,454	(1,054)	35,399
Capital expenditures.....	9,312	2,793	22,442	1,963	1,983	38,495	(1,428)	37,066

Year ended March 31, 1998	Thousands of U.S. dollars							Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Furniture and household products	Electronic equipment and metal products	Recreation	Others	Total			
I. Sales and operating income									
Sales to external customers.....	\$2,902,082	\$447,139	\$ 971,219	\$179,614	\$109,992	\$4,610,068	—	\$4,610,068	
Intersegment sales or transfers.	—	12,210	107,411	—	64,693	184,322	\$(184,322)	—	
Total sales.....	2,902,082	459,357	1,078,637	179,614	174,693	4,794,398	(184,322)	4,610,068	
Operating expenses.....	2,752,051	456,578	1,037,562	192,907	169,372	4,608,478	(180,871)	4,427,600	
Operating income.....	150,030	2,778	41,067	(13,285)	5,314	185,912	(3,444)	182,460	
II. Total assets, depreciation and capital expenditures									
Total assets	1,843,270	174,058	845,079	608,282	433,263	3,903,982	217,631	4,121,612	
Depreciation.....	58,259	14,489	174,383	23,278	5,519	275,958	(7,979)	267,971	
Capital expenditures	70,492	21,143	169,886	14,860	15,011	291,408	(10,810)	280,590	

Year ended March 31, 1997	Millions of yen							Eliminations or unallocated amounts	Consolidated
	Musical instruments and audio products	Furniture and household products	Electronic equipment and metal products	Recreation	Others	Total			
I. Sales and operating income									
Sales to external customers.....	¥374,977	¥73,200	¥119,828	¥23,786	¥12,954	¥604,746	—	¥604,746	
Intersegment sales or transfers.....	—	1,544	10,644	—	7,362	19,551	¥(19,551)	—	
Total sales.....	374,977	74,744	130,473	23,786	20,317	624,298	(19,551)	604,746	
Operating expenses.....	359,150	69,161	118,194	25,696	21,263	593,467	(18,351)	575,115	
Operating income.....	15,826	5,583	12,278	(1,910)	(946)	30,831	(1,199)	29,631	
II. Total assets, depreciation and capital expenditures									
Total assets	227,783	29,313	127,432	83,165	57,927	525,621	23,541	549,162	
Depreciation.....	7,132	1,368	20,317	3,302	586	32,707	(432)	32,275	
Capital expenditures	10,862	2,448	32,385	1,955	1,437	49,090	(1,686)	47,403	

Notes: a) Basis of segmentation

(1) Business segments are divided into categories based on the uses for each product in the market.

(2) Major products in each business segment:

Business segment	Major products
Musical instruments and audio products	Pianos, digital musical instruments, wind instruments, guitars, percussion instruments, educational musical instruments, pro-audios, audio products, music schools
Furniture and household products	System kitchens, bathtubs, washstands, furniture, housing components, sound equipment for household use
Electronic equipment and metal products	LSIs, thin film magnetic heads, CD-Rs, special metals
Recreation	Management of leisure facilities
Others	Sporting equipment (golf and archery), robots, automotive interior fittings

b) Eliminations or unallocated amounts of the total assets are mainly translation adjustments, which amounted to ¥29,737 million (\$225,110 thousand) and ¥24,269 million for the years ended March 31, 1998 and 1997, respectively.

Geographical Segments

Year ended March 31, 1998	Millions of yen						Consolidated
	Japan	North America and South America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	
I. Sales and operating income							
Sales to external customers.....	¥400,115	¥ 96,602	¥76,467	¥35,805	¥608,990	—	¥608,990
Intersegment sales or transfers.....	142,044	12,760	536	33,572	188,914	¥(188,914)	—
Total sales.....	542,160	109,362	77,003	69,378	797,904	(188,914)	608,990
Operating expenses.....	531,175	102,490	72,928	65,696	772,290	(187,403)	584,886
Operating income.....	¥ 10,985	¥ 6,872	¥ 4,074	¥ 3,681	¥ 25,613	¥ (1,510)	¥ 24,103
II. Total assets.....	¥438,048	¥ 40,776	¥32,567	¥23,239	¥534,631	¥ 9,834	¥544,465

Year ended March 31, 1998	Thousands of U.S. dollars						Consolidated
	Japan	North America and South America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	
I. Sales and operating income							
Sales to external customers.....	\$3,028,880	\$731,279	\$578,857	\$271,045	\$4,610,068	—	\$4,610,068
Intersegment sales or transfers.....	1,075,276	96,593	4,058	254,141	1,430,083	\$(1,430,083)	—
Total sales.....	4,104,164	827,873	582,914	525,193	6,040,151	(1,430,083)	4,610,068
Operating expenses.....	4,021,007	775,852	552,067	497,320	5,846,253	(1,418,645)	4,427,600
Operating income.....	\$ 83,157	\$ 52,021	\$ 30,840	\$ 27,865	\$ 193,891	\$ (11,431)	\$ 182,460
II. Total assets.....	\$3,316,033	\$308,675	\$246,533	\$175,920	\$4,047,169	\$ 74,444	\$4,121,612

Year ended March 31, 1997	Millions of yen				Consolidated
	Japan	Foreign	Total	Eliminations or unallocated amounts	
I. Sales and operating income					
Sales to external customers.....	¥430,522	¥174,223	¥604,746	—	¥604,746
Intersegment sales or transfers.....	106,894	38,085	144,979	¥(144,979)	—
Total sales.....	537,417	212,309	749,726	(144,979)	604,746
Operating expenses.....	516,068	202,644	718,713	(143,598)	575,115
Operating income.....	¥ 21,348	¥ 9,664	¥ 31,012	¥ (1,381)	¥ 29,631
II. Total assets.....	¥456,553	¥ 85,057	¥541,611	¥ 7,550	¥549,162

Notes: a) Geographical segments are divided into categories based on their geographical proximity.

b) Major nations or regions included in each geographical segment:

- (1) North America and South America—U.S.A., Canada
- (2) Europe—Germany, England
- (3) Asia, Oceania and other areas—Singapore, Australia

c) Eliminations or unallocated amounts of total assets are mainly translation adjustments, which amounted to ¥29,737 million (\$225,110 thousand) and ¥24,269 million as of March 31, 1998 and 1997, respectively.

Overseas Sales

Year ended March 31, 1998	Millions of yen			
	North America and South America	Europe	Asia, Oceania and other areas	Total
Overseas sales:				
Overseas sales	¥98,792	¥79,619	¥74,365	¥252,777
Consolidated net sales	—	—	—	608,990
% of consolidated net sales	16.2%	13.1%	12.2%	41.5%

Year ended March 31, 1998	Thousands of U.S. dollars			
	North America and South America	Europe	Asia, Oceania and other areas	Total
Overseas sales:				
Overseas sales	\$747,858	\$602,718	\$562,945	\$1,913,528
Consolidated net sales	—	—	—	4,610,068
% of consolidated net sales	16.2%	13.1%	12.2%	41.5%

Year ended March 31, 1997	Millions of yen		
	Foreign net sales	Consolidated net sales	Ratio (%) of foreign net sales to consolidated net sales
	¥210,669	¥604,746	34.8%

Notes: a) Overseas sales are sales of the Company and its consolidated subsidiaries in foreign countries.

b) Geographical areas are divided into categories based on their geographical proximity.

c) Major nations or regions included in each geographical area:

- (1) North America and South America—U.S.A., Canada
- (2) Europe—Germany, England
- (3) Asia, Oceania and other areas—Singapore, Australia

11. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 1998, were approved at a shareholders' meeting held on June 26, 1998:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00=U.S.\$0.038 per share)	¥1,032	\$7,812
Transfer to legal reserve	110	833
Bonuses to directors and corporate auditors	54	409
	¥1,196	\$9,054

R E P O R T O F I N D E P E N D E N T A U D I T O R S

The Board of Directors
YAMAHA CORPORATION

We have audited the accompanying consolidated balance sheets of YAMAHA CORPORATION and consolidated subsidiaries as of March 31, 1998 and 1997, and the related consolidated statements of income and shareholders' equity for the years then ended, all expressed in yen. Our examinations were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of YAMAHA CORPORATION and consolidated subsidiaries at March 31, 1998 and 1997, and the consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 1998 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.



Hamamatsu, Japan
June 26, 1998

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Chairman and Representative Director
Seisuke Ueshima

President and Representative Director
Kazukiyo Ishimura

Senior Managing Director and Representative Director
Shuji Ito

Managing Directors
Shigebumi Suzuki

Katsuhiko Kishida

Directors
Yasunari Nagata

Hiroshi Hashimoto

Noriyuki Egawa

Kunihiro Maejima

Masatada Wachi

Takamasa Kaneko

Yoshihiro Umeda

Haruki Koike

Shinya Hanamoto

Shigeo Harikae

Hirokazu Kato

Corporate Auditors
(*Kansayaku*)

Tomoyuki Mohri

Naomoto Ota

Hisatake Chatani

Shunji Tanaka

(As of June 26, 1998)

MAJOR CONSOLIDATED SUBSIDIARIES

OVERSEAS

Yamaha Musique France S.A.
Motoki Takahashi

Yamaha Systems Technology
Singapore Pte.Ltd.
Kozaburo Kume

AMERICAN REGION

Yamaha Corporation of America
Noriyuki Egawa

Yamaha Electronique France S.A.
Motoki Takahashi

P.T. Yamaha Indonesia
Minoru Nagano

Yamaha Electronics Corp., USA
Kenji Iida

Yamaha Electronique Alsace S.A.
Takuaki Kato

P.T. Yamaha Music Manufacturing
Indonesia
Hideo Ohashi

Yamaha Music Manufacturing, Inc.
Yoshinobu Ishikawa

Yamaha-Kemble Music (U.K.) Ltd.
Noriyuki Kon

P.T. Yamaha Music Indonesia
(Distributor)
Masami Takeuchi

Yamaha Exporting, Inc.
Noriyuki Egawa

Kemble & Company Ltd.
Noboru Yamashita

Yamaha Musical Products, Inc.
Noriyuki Egawa

Yamaha Electronics (U.K.) Ltd.
Shigehiro Takenouchi

Yamaha Music Australia Pty.Ltd.
Keisuke Kobayashi

Yamaha Canada Music Ltd.
Mitsuru Umemura

Yamaha-Hazen Electrónica
Musical, S.A.
Yasushi Matsuzaki

Yamaha Electronics Manufacturing
(M) Sdn. Bhd.
Masaru Ida

Yamaha de México, S.A. de C.V.
Kunio Ooki

Yamaha Musica Italia s.p.a.
Masahiko Maruhashi

Yamaha de Panamá, S.A.
Toshiaki Yamashita

JAPAN

EUROPEAN REGION

Yamaha Europa G.m.b.H.
Shigeo Harikae

ASIA-OCEANIA REGION

Taiwan Yamaha Musical Inst. Mfg.
Co., Ltd.
Kazuhiko Ishizaki

Yamaha Plans Co., Ltd.
Shinya Hanamoto

Yamaha Elektronik Europa G.m.b.H.
Kensei Shoji

Kaohsiung Yamaha Co., Ltd.
Shuzo Imai

Yamaha Music Tokyo Co., Ltd.
Morihiro Kondo

Yamaha Scandinavia A.B.
Masahito Kato

Tianjin Yamaha Electronic Musical
Instruments, Inc.
Yoshimasa Yoshikawa

Yamaha Music Nishitokyo Co., Ltd.
Tsutomu Ikeda

Yamaha Music Yokohama Co., Ltd.
Akimi Sano

Yamaha Music Niigata Co., Ltd. Satoshi Horiguchi	Yamaha Music Hiroshima Co., Ltd. Toru Kamei	Haimurubushi Inc. Takaji Tagata
Yamaha Music Kitakanto Co., Ltd. Tsunehiko Nishi	Yamaha Music Okayama Co., Ltd. Hisashi Nakagaki	Yamaha Credit Corporation Shinya Hanamoto
Yamaha Music Higashikanto Co., Ltd. Hiroshi Iio	Yamaha Music Trading Corporation Nagamasa Hirao	Yamaha Insurance Service Co., Ltd. Ikuo Yamada
Yamaha Music Osaka Co., Ltd. Yoshitoshi Fujino	Yamaha Music Media Corporation Yoshinori Umeya	Yamaha Fine Technologies Co., Ltd. Akira Ikeya
Yamaha Music Kobe Co., Ltd. Kazunori Umehara	Yamaha Sound Technologies Inc. Hiromitsu Hashimoto	(As of August 1, 1998)
Yamaha Music Matsuyama Co., Ltd. Shigeaki Masai	Yamaha Livingtec Corporation Isao Masuda	
Yamaha Music Nagoya Co., Ltd. Tatsuo Takeishi	YP Living Chemical Corporation Eiji Ota	
Yamaha Music Hamamatsu Co., Ltd. Kozan Ishizuka	YP Living Wood Corporation Masayuki Nojima	
Yamaha Music Kanazawa Co., Ltd. Hiroaki Morioka	Yamaha Kagoshima Semiconductor Inc. Kazuyuki Aramaki	
Yamaha Music Kyusyu Co., Ltd. Kiichi Nakamura	Yamaha Metanix Corporation Haruhisa Kawase	
Yamaha Music Hokkaido Co., Ltd. Toshiro Sugino	Yamaha Resort Corporation Takaji Tagata	
Yamaha Music Tohoku Co., Ltd. Masamitsu Miura	Kiroro Development Corporation Takaji Tagata	

Note: The names listed with subsidiaries are
the names of the company presidents.

I N V E S T O R I N F O R M A T I O N

Head Office

10-1, Nakazawa-cho, Hamamatsu,
Shizuoka Pref. 430-8650, Japan

Accounting Division:

Tel: (053) 460-2141

Fax: (053) 464-8554

General Administration Division:

Tel: (053) 460-2211

Fax: (053) 460-2525

Fiscal Year-End Date

March 31

Dividends

Year-end: To the shareholders of record on March 31

Interim: To the shareholders of record on September 30

Date of Establishment

October 1897

Stated Capital

¥28,533 million

Number of Common Stock

Authorized: 700,000 thousand shares

Issued: 206,523 thousand shares

Number of Shareholders

14,138

Number of Employees

9,281

Stock Exchange Listings

Tokyo, Osaka, and Nagoya, First Section, Code No. 7951

Transfer Agent and Registrar

The Chuo Trust and Banking Co., Ltd., Nagoya Branch

Stock Transfer Agency Department

Address: 2-20-25, Nishiki, Naka-ku,

Nagoya 460-8685, Japan

Tel: (052) 231-1145

Newspaper for Official Notice

Nihon Keizai Shimbun

Annual General Meeting of Shareholders

The annual general meeting of shareholders of the Corporation is normally held in late June each year in Hamamatsu, Japan. In addition, the Corporation may hold an extraordinary general meeting of shareholders as necessary, giving at least two weeks' prior notice to shareholders. Notice to nonresident shareholders of any shareholders' meeting will be mailed to their standing proxies or to their mailing addresses in Japan.

Auditor

Showa Ota & Co.

Main Shareholders

	Percentage of Total Shares (%)
The Dai-Ichi Kangyo Bank, Ltd.	4.80
The Fuji Bank, Ltd.	4.80
The Sumitomo Bank, Ltd.	4.80
The Sumitomo Marine & Fire Insurance, Co., Ltd.	4.54
The Shizuoka Bank, Limited	4.04

(As of March 31, 1998)