

**Presentation of Financial
Statements for Fiscal 2002**

May 20, 2002

YAMAHA CORPORATION

Review of Fiscal 2002

Financial Summary for the Fiscal Year Ended March 31, 2002

- Net sales and operating income decreased compared with the previous interim term; net loss recorded for the first time in two years.
- Consolidated net sales fell ¥14.7 billion (2.8%) from the previous term. Net sales contracted ¥35.1 billion (6.8%), excluding gains on foreign exchange (¥20.4 billion).
- Operating income decreased 52.0% to ¥11.0 billion compared with the previous term. Gains on foreign exchange due to the weak yen totaled ¥6.7 billion.
- Substantial inventory reduction achieved; size of inventories close to optimal levels. (Decreased ¥20.2 billion compared with the end of September; decreased ¥13.4 billion compared with the end of the previous term.)
Accounts receivable contracted ¥13.9 billion.
Free cash flow improved (¥18.6 billion in the black).
Actual interest bearing liabilities decreased ¥15.3 billion.
- Carried out revaluation of land for business use to ensure the accurate valuation of assets. An ¥8.2 billion reserve for land revaluation was recorded as a portion of shareholders' equity.

Performance Outline

(Billions of Yen)

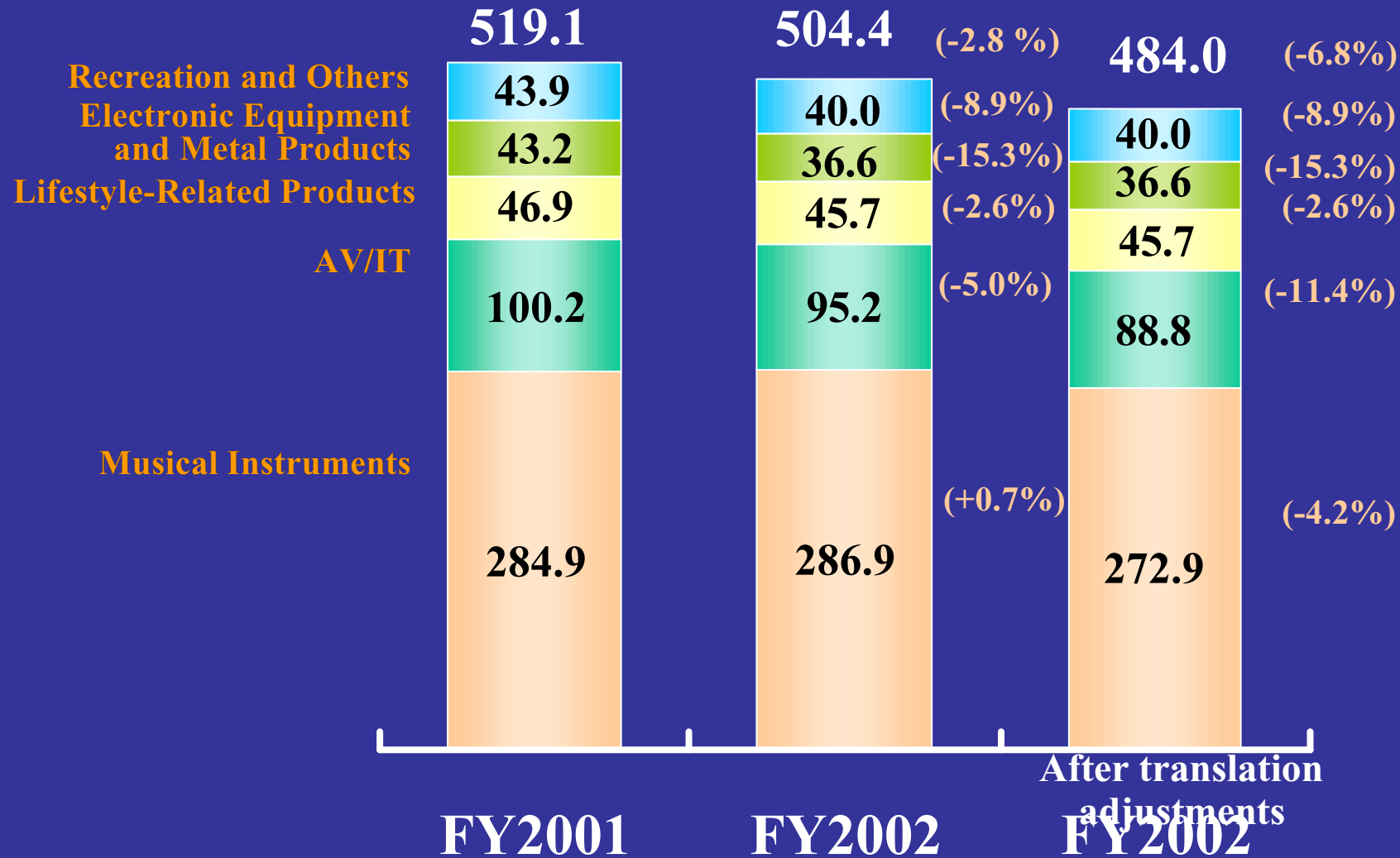
	FY2001	FY2002	Increase/ (Decrease)	Initial Projection (announced on Nov. 16, 2001)
Net Sales	519.1	504.4	(14.7)	505.5
Operating Income Operating Income Ratio (%)	23.0 4.4%	11.0 2.1%	(12.0)	13.0
Recurring Profit Recurring Profit Ratio (%)	19.2 3.7%	7.6 1.5%	(11.6)	10.0
Net Income Net Income Ratio (%)	13.3 2.6%	(10.3) (2.0)%	(23.6)	9.0
EPS (Yen)	64.5	(49.7)	—	43.5
ROE (%)	6.4	(5.2)	—	4.6
Dividends per Share (Yen)	7.00	8.00	—	8.00

Currency Exchange Rate

		FY2001	FY2002	Impact (Billions of Yen)
Net Sales	US\$	¥110	¥125	+ ¥11.3
	EUR	¥100	¥110	+ ¥5.1
	Others			+ ¥4.0
	Total			+ ¥20.4
Profit	US\$	¥108	¥124	+ ¥2.5
	EUR	¥98	¥107	+ ¥3.5
	Others			+ ¥0.7
	Total			+ ¥6.7

Net Sales by Business Segment

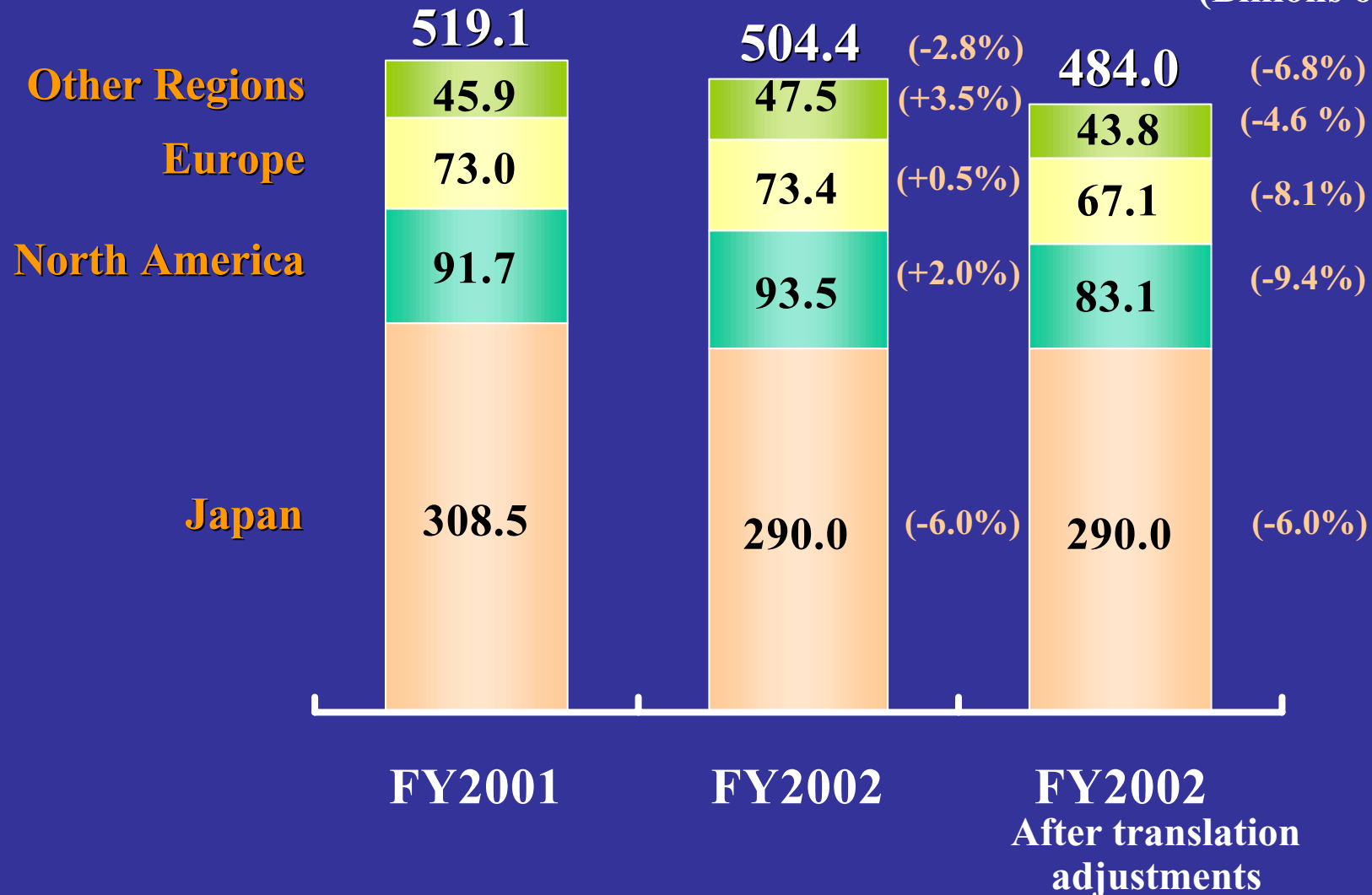
(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

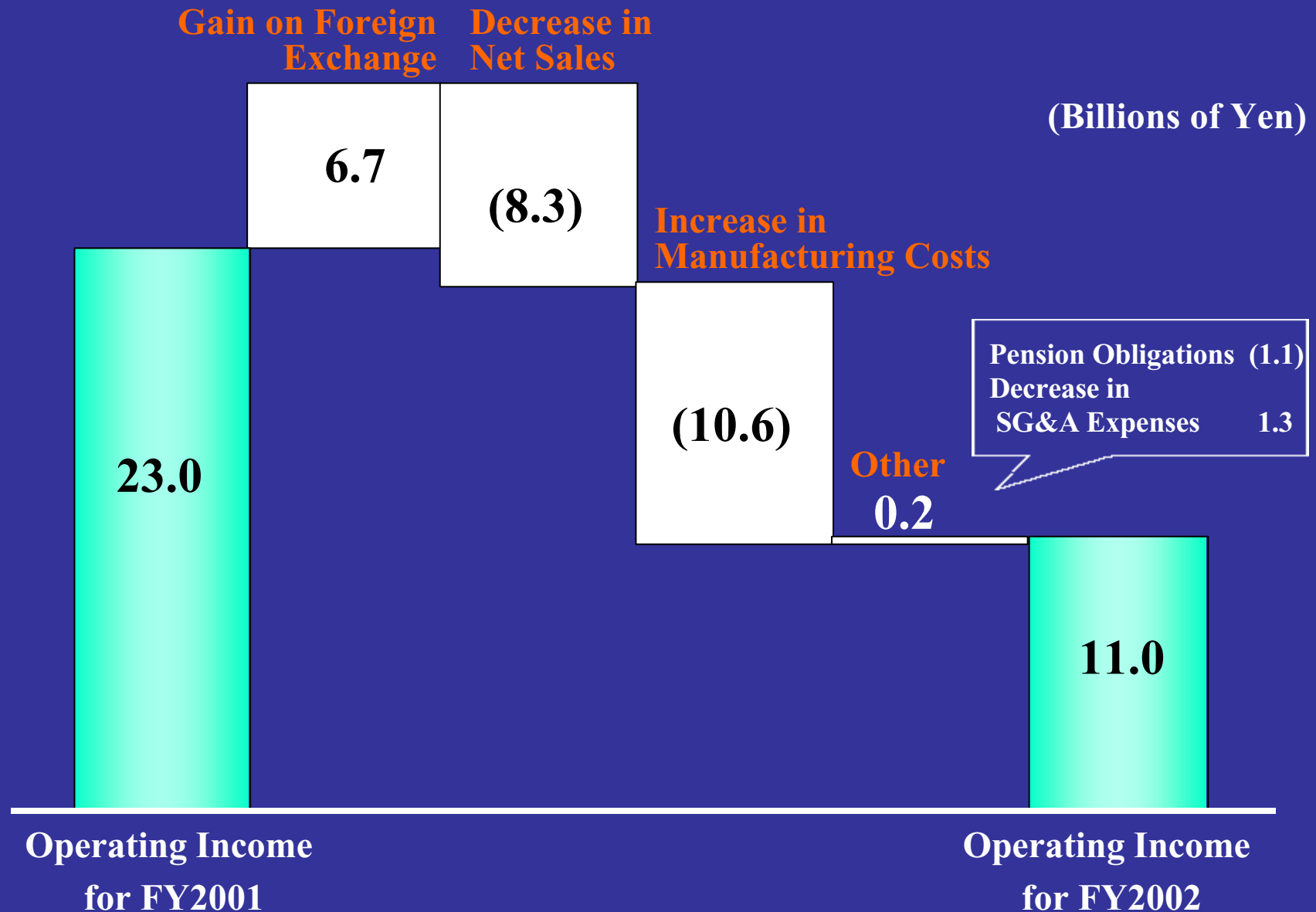
Net Sales by Region

(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Breakdown of Operating Income/Loss



Operating Income by Business Segment

(Billions of Yen)

	FY2001	FY2002	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	12.3	4.7	(7.6)	6.3	(13.9)
AV/IT	3.9	3.0	(0.9)	0.4	(1.3)
Lifestyle-Related Products	0.9	1.0	0.1		0.1
Electronic Equipment and Metal Products	6.7	4.4	(2.3)		(2.3)
Recreation	(1.3)	(1.7)	(0.4)		(0.4)
Others	0.5	(0.4)	(0.9)		(0.9)
TOTAL	23.0	11.0	(12.0)	6.7	(18.7)

Operating Income by Region

(Billions of Yen)

	FY2001	FY2002	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Japan	13.4	3.2	(10.2)	6.6	(16.8)
North America	5.8	3.4	(2.4)	0.2	(2.6)
Europe	1.3	0.6	(0.7)	(0.1)	(0.6)
Other Regions	3.0	3.7	0.7		0.7
Elimination	(0.5)	0.1	0.6		0.6
TOTAL	23.0	11.0	(12.0)	6.7	(18.7)

Non-Operating Income/Expenses

(Billions of Yen)

	FY2001	FY2002	Increase/ (Decrease)
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	2.4	3.0	0.6
Financial Gains/Losses	(1.9)	(2.2)	(0.3)
Other Non-Operating Income/Expenses	(4.3)	(4.2)	0.1
TOTAL	(3.8)	(3.4)	0.4

Other Profit / Losses

(Billions of Yen)

	FY2001	FY2002	Increase/ (Decrease)
Gain/Loss on Sale of Fixed Assets	4.1	(1.7)	(5.8)
Gain on Sale of Investment Securities	3.2	3.7	0.5
Loss from Revaluation on Investment Securities	(0.5)	(14.9)	(14.4)
Amortization of Unfunded Retirement Benefits	(2.8)	—	2.8
Special Retirement Benefits	—	(1.0)	(1.0)
Others	0.2	0.4	0.2
Total	4.2	(13.5)	(17.7)

Medium-Term Management Plan and Forecast for Fiscal 2003

Medium-Term Management Plan

< Striving for Growth >

- Accelerate growth in the Core Business segment

Musical Instruments

Increase market share in existing operating domains

Expand sales in high growth fields (professional audio products for music production market)

Expand business in the rapidly growing Chinese market

AV/IT

Expand home theater business, including visual products

Add value to IT-related devices (CD-R/RW drives, DVD+RW, and routers) to survive in market

- Aim for growth by taking advantage of the recoveries now under way in the markets for IT-related products and materials (electronic metals and FA and metallic molds).
- Selectively allocate resources to enhance the profitability and operating bases of the recreation and lifestyle-related products business units.

Medium-Term Management Plan

< Strengthen Consolidated Group

Management and Enhance Enterprise Value >

- Improve the quality and efficiency of Group working practices using IT
- Raise employee productivity
- Take vigorous measures to overcome environmental problems
- Revise Group production strategies
- Promote Group-wide human resource system to strengthen competitiveness through merit-based compensation

Medium-Term Management Plan

< Financial Outlook >

(Billions of Yen)

	FY2002	FY2004
Net Sales	504.4	560.0
Operating Income	11.0	25.0
Recurring Profit	7.6	20.0
FCF	18.6	7.0
ROE(%)	(5.2)%	6.6%
		(9.0% for FY2005)

Forecasts of Results for FY2003

(Billions of Yen)

	FY2002 Results			FY2003 Forecasts			Increase/ (Decrease) Ratio
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	
Net Sales	248.7	255.7	504.4	250.0	280.0	530.0	5.1%
Operating Income	7.7	3.3	11.0 [2.1%]	9.0	12.0	21.0 [4.0%]	90.9%
Recurring Profit	7.5	0.1	7.6 [1.5%]	8.0	10.5	18.5 [3.5%]	140.3%
Net Income	7.2	(17.5)	(10.3) [(2.0)%]	6.5	7.5	14.0 [2.6%]	—
EPS (Yen)	—	—	(49.7)	—	—	67.8	—
ROE (%)	—	—	(5.2)	—	—	6.7	—
Dividends per Share (Yen)	4.00	4.00	8.00	4.00	4.00	8.00	—

Currency Exchange Rate

		FY2002 Results			FY2003 Forecasts			Impact
		1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	(Billions of Yen)
Net Sales	US\$	¥122	¥128	¥125	¥130	¥130	¥130	+ ¥4.1
	EUR	¥108	¥113	¥110	¥115	¥115	¥115	+ ¥2.5
	Others							+ ¥1.7
	Total							+ ¥8.3
Profit	US\$	¥122	¥127	¥124	¥130	¥130	¥130	+ ¥0.0
	EUR	¥106	¥108	¥107	¥115	¥115	¥115	+ ¥3.7
	Others							+ ¥0.2
	Total							+ ¥3.9

Operating Environment (1)

FY2002

FY2003

Musical Instruments

- Japanese market stagnated
- North American economies decelerated
- Asian market grew
- Expanded mobile-phone content business in Japan

- Continuing stagnation in Japanese market
- Signs of market recovery in North America
- Growth in Chinese market
- Flat growth projected for Japanese mobile-phone business; Overseas expansion expected

AV/IT

- Home theater market expanded and competition intensified
- Prices fell and competition intensified in market for CD-R/RW drives
- Router prices fell and market expanded due to the proliferation of broadband technologies

- Market for visual products (PDP and others) expected to expand
- Home theater market should expand and competition will increase
- Competition will continue to increase, while prices fall
- Full-scale provision of DVD products that combine video recording and play functions
- Prices expected to continue falling in the individual consumer market

Operating Environment (2)

FY2002

FY2003

Semiconductors

- Use of mobile phones became more widespread and inventory reductions were achieved

- Difficult sales growth expected for mobile phones in Japan
- Market development of i-mode in Europe

Electronic Metal

- Weak demand in semiconductor market

- Positive outlook for semiconductor market

Lifestyle-Related Products

- The number of owner-occupied housing starts declined

- Further decline in the number of owner-occupied housing starts

Resorts

- Returns per customer fell due to weak economy

- Continued slide in returns per customer

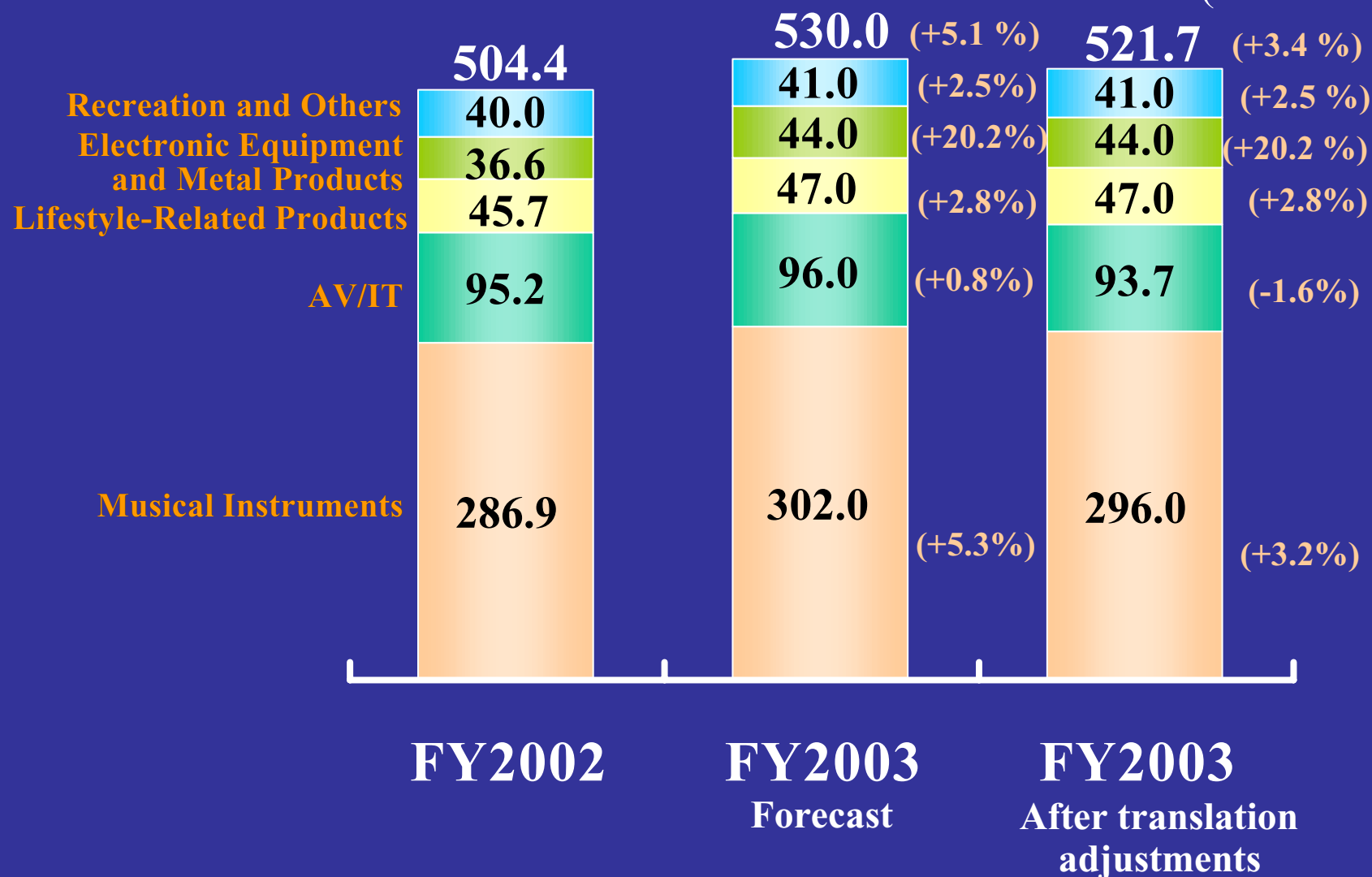
Outline of Plan to Increase Profits for FY 2003

(Billions of Yen)

- Restore profits by reducing inventories to optimal levels
 - Musical instruments, AV/IT ¥5.0
- Increase production in response to improved conditions in the IT market
 - Lead frame materials, magnesium parts ¥3.0
- Profit from weak yen
 - Musical instruments, AV/IT ¥3.9
- Reduce fixed expenses
 - Lifestyle-related products, recreation business ¥1.2
- Increased pension obligations ¥(3.0)

Forecasts of Net Sales by Business Segment

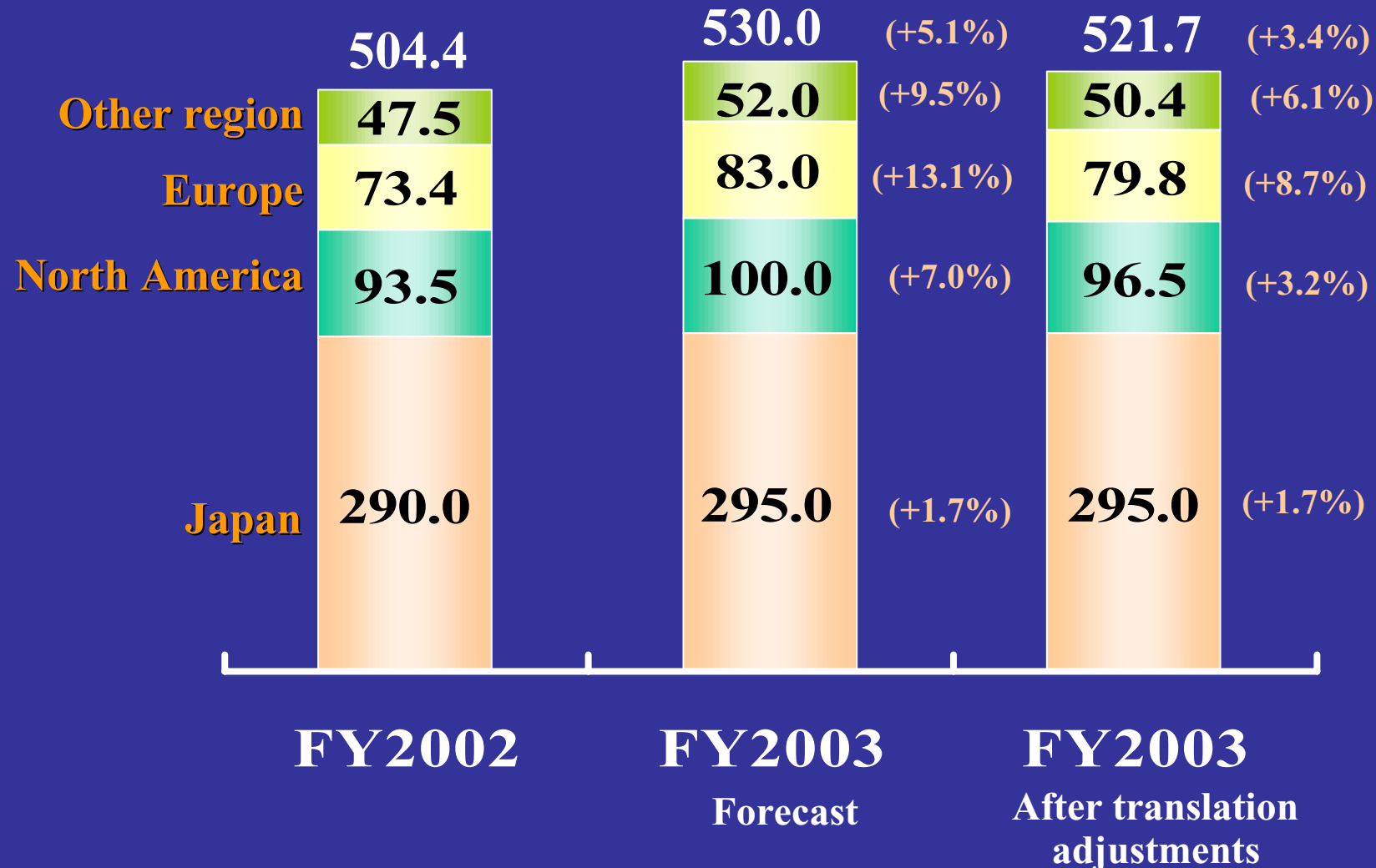
(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Forecasts of Net Sales by Region

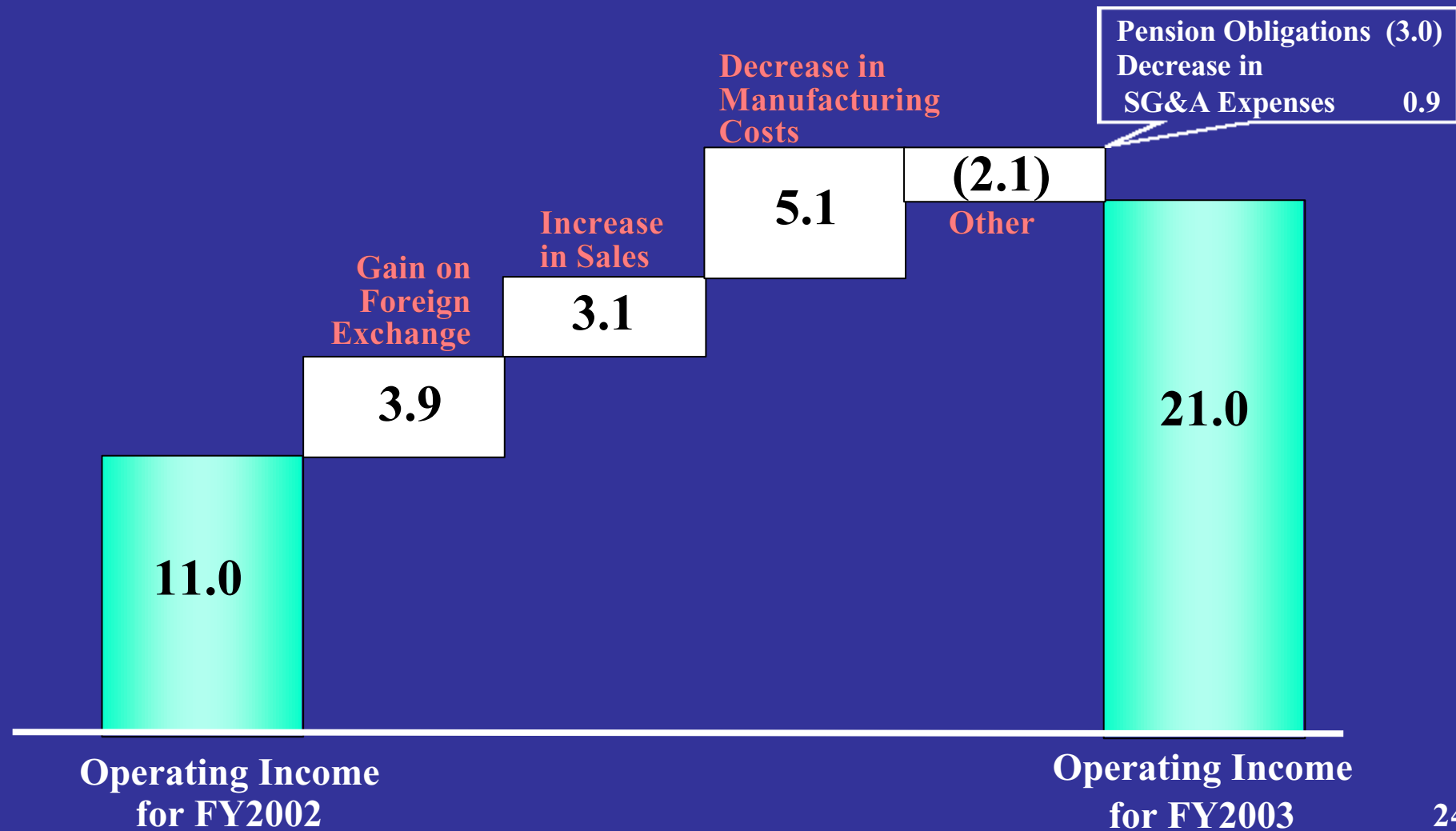
(Billions of Yen)



* Figures in parentheses represent changes from the previous period.

Forecasts of Breakdown of Operating Income/Loss

(Billions of Yen)



Forecasts of Operating Income by Business Segment

(Billions of Yen)

	FY2002 Results	FY2003 Forecasts	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Musical Instruments	4.7	10.4	5.7	3.0	2.7
AV/IT	3.0	3.5	0.5	0.9	(0.4)
Lifestyle-Related Products	1.0	1.6	0.6		0.6
Electronic Equipment and Metal Products	4.4	6.2	1.8		1.8
Recreation	(1.7)	(0.6)	1.1		1.1
Others	(0.4)	(0.1)	0.3		0.3
TOTAL	11.0	21.0	10.0	3.9	6.1

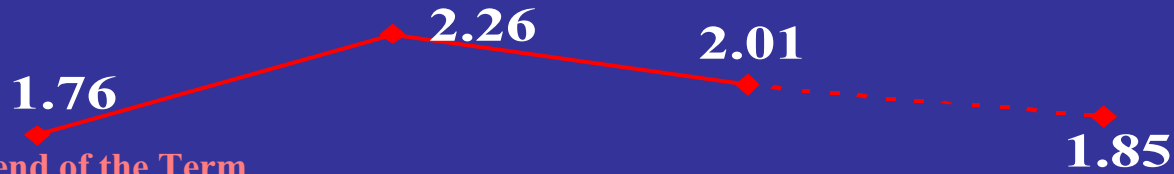
Forecasts of Operating Income by Region

(Billions of Yen)

	FY2002 Results	FY2003 Forecasts	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)
Japan	3.2	7.5	4.3	3.9	0.4
North America	3.4	6.0	2.6	—	2.6
Europe	0.6	3.0	2.4	—	2.4
Other Regions	3.7	4.0	0.3	—	0.3
Elimination	0.1	0.5	0.4	—	0.4
TOTAL	11.0	21.0	10.0	3.9	6.1

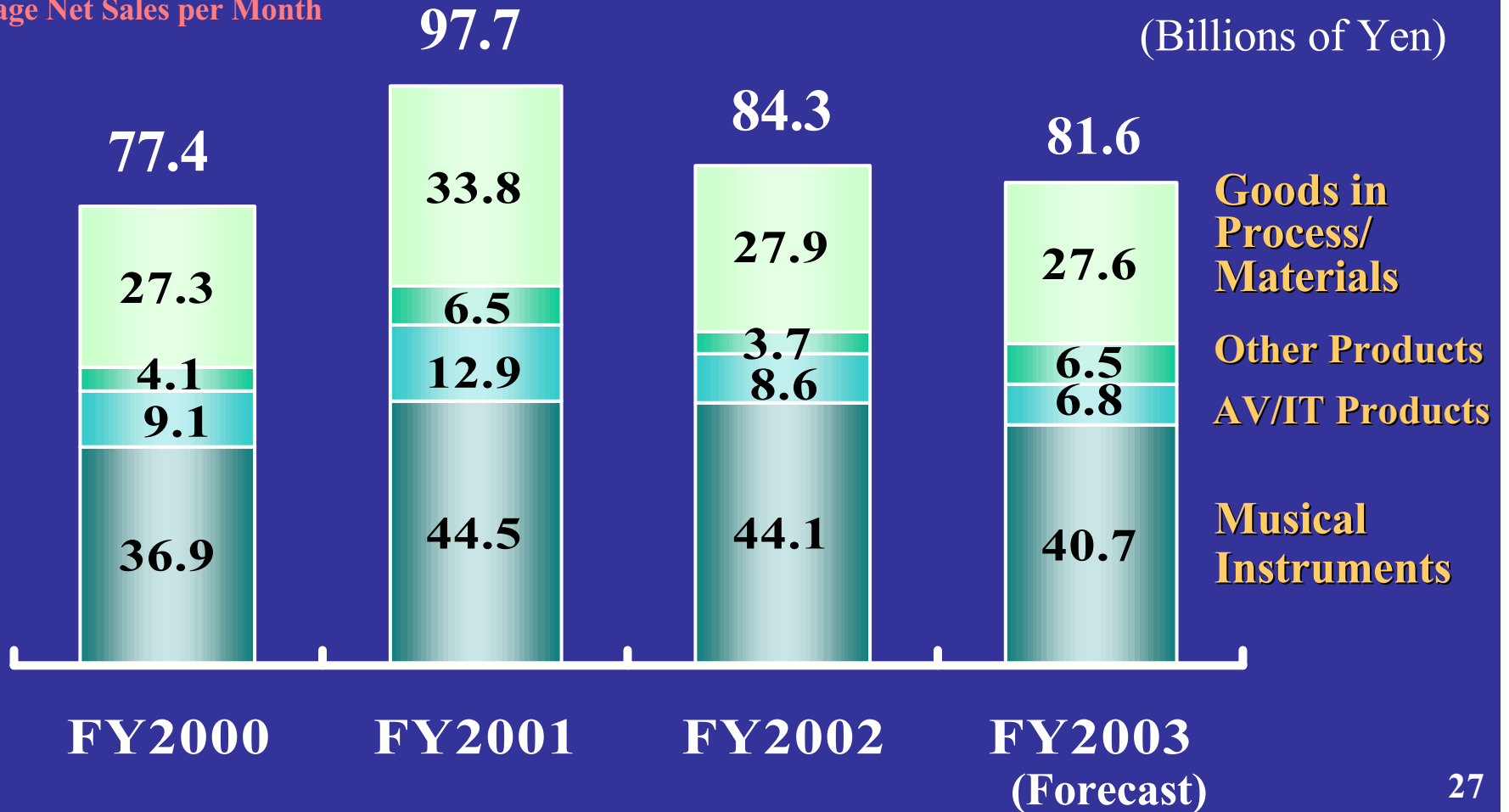
Inventories

Months



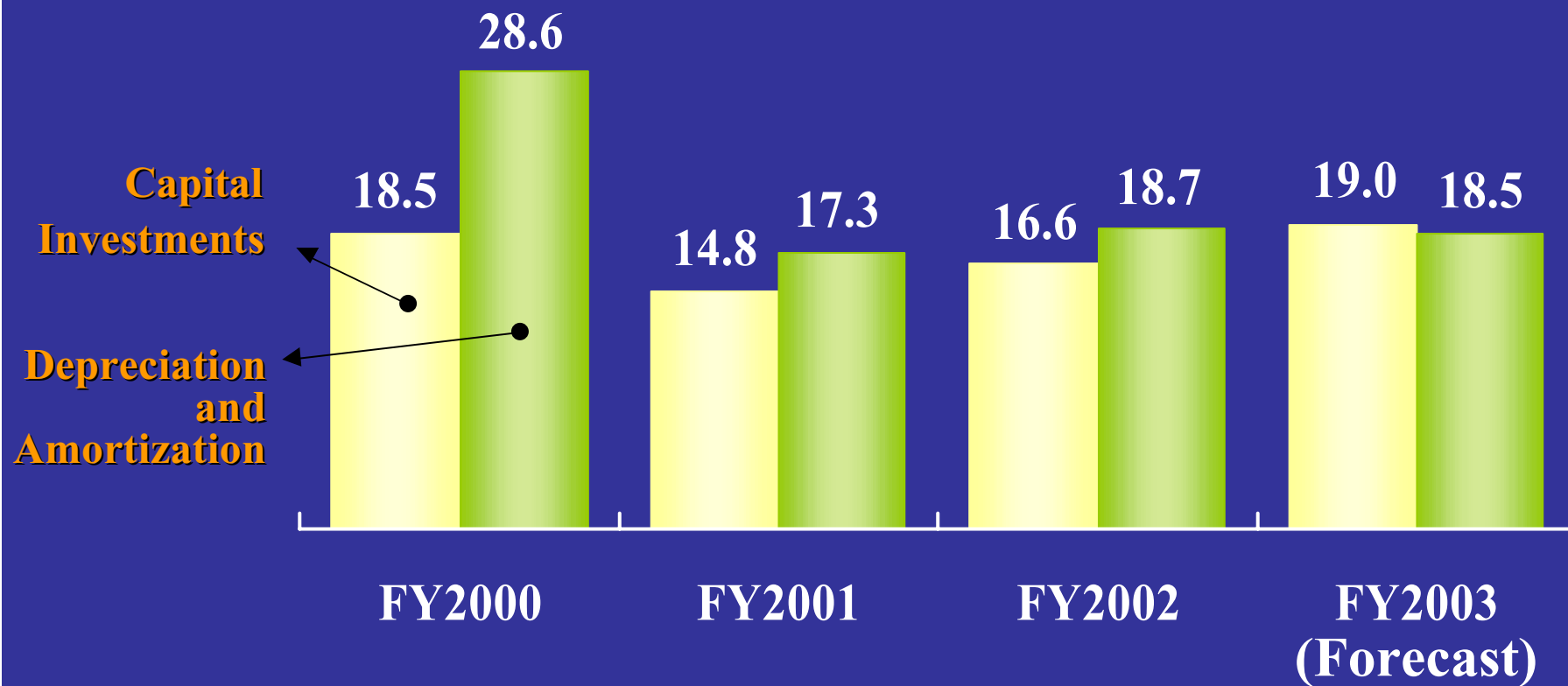
Inventories at the end of the Term
Average Net Sales per Month

(Billions of Yen)



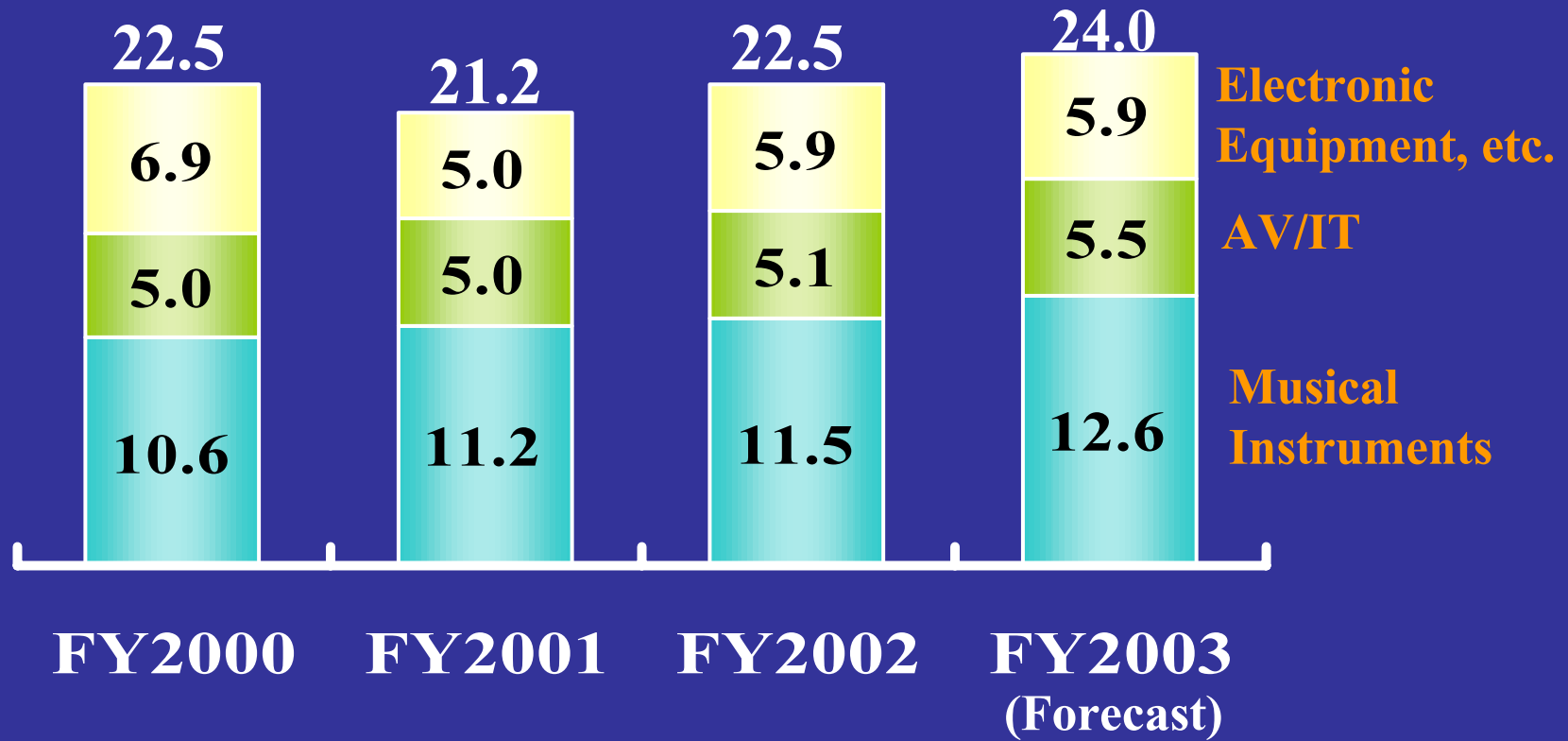
Capital Investments/ Depreciation and Amortization

(Billions of Yen)



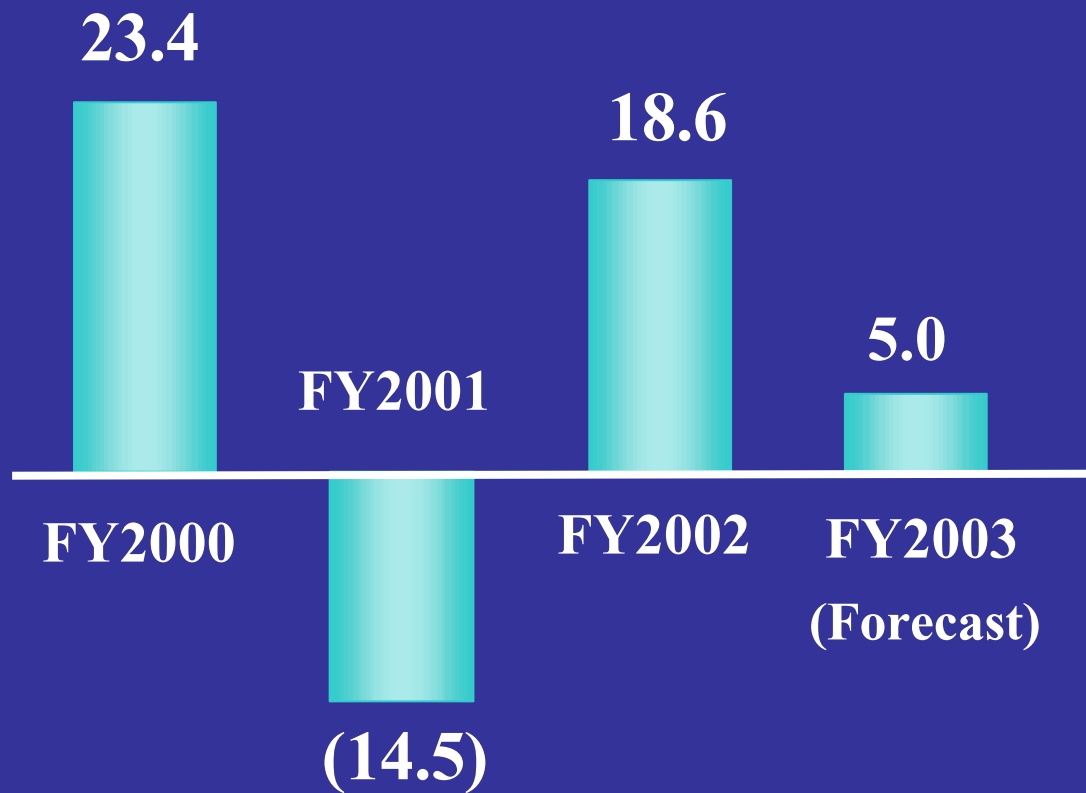
R&D Expenses

(Billions of Yen)



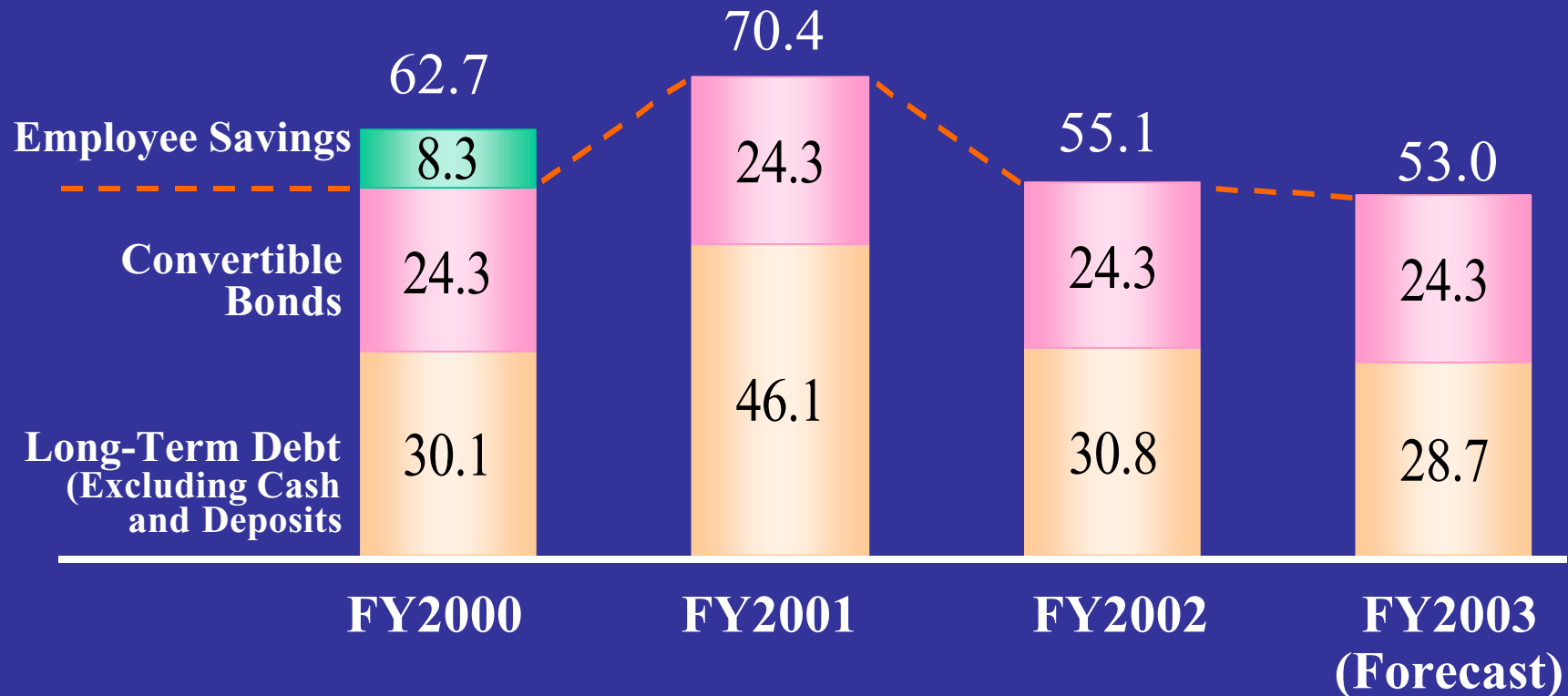
Free Cash Flow

(Billions of Yen)



Interest-Bearing Liabilities

(Billions of Yen)



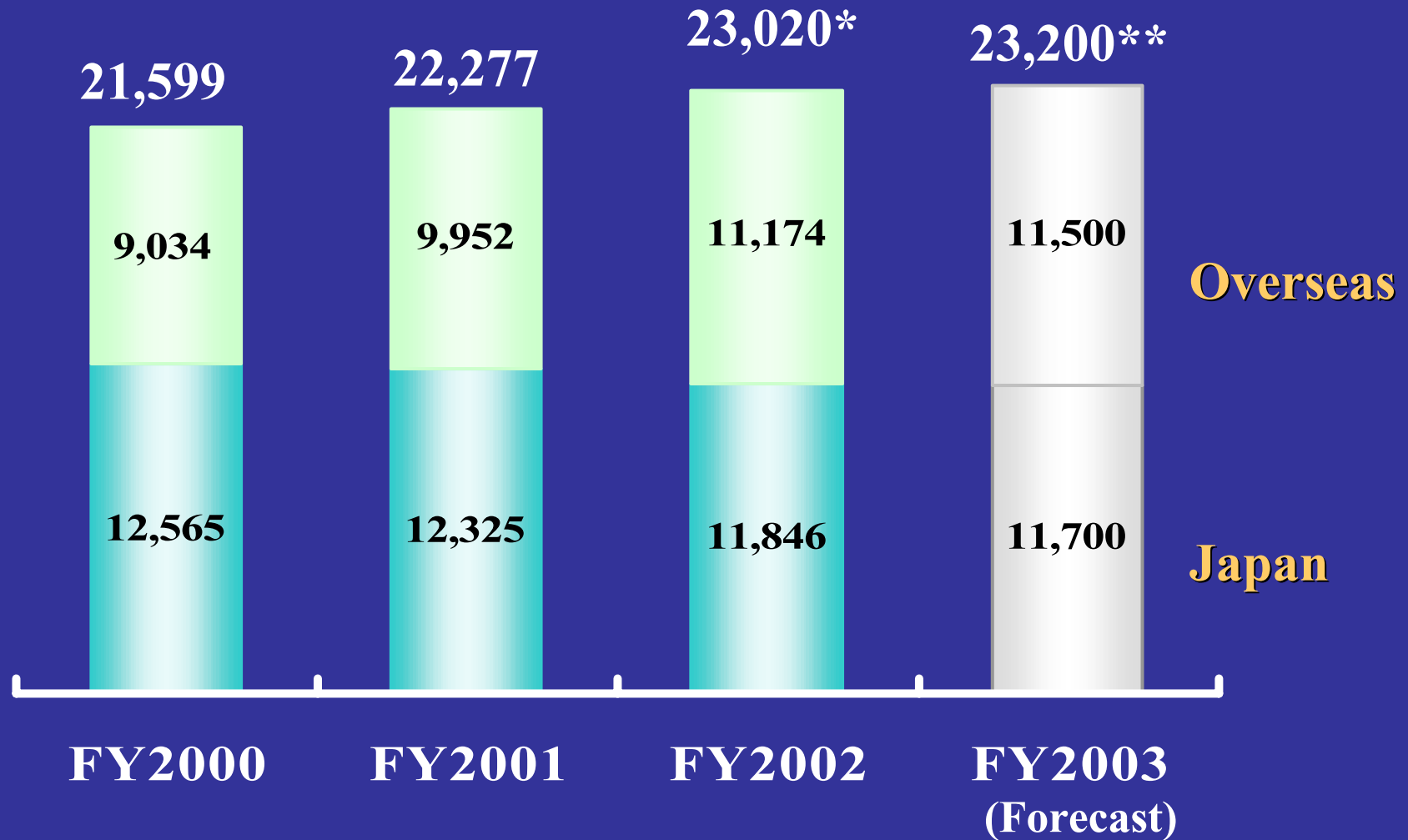
In addition, resort deposits total approximately ¥38.5 billion.

Balance Sheets

(Billions of Yen)

	As of March 31, 2001	As of Sept. 30, 2001	As of March 31, 2002	As of March 31, 2003
Cash and Bank Deposits	32.9	38.2	41.1	38.4
Accounts and Notes Receivable	85.7	79.6	71.8	77.0
Inventories	97.7	104.5	84.3	81.6
Other Current Assets	15.6	15.7	13.9	10.1
Fixed Assets	290.6	282.8	298.6	300.8
Total Assets	522.5	520.8	509.7	507.9
Accounts and Notes Payable	48.9	42.1	36.9	36.0
Short and Long Term Loans	79.0	95.4	71.8	67.1
Convertible Bonds	24.3	24.3	24.3	24.3
Other Liabilities	173.6	163.9	174.7	164.5
Total Liabilities	196.7	195.1	202.0	216.0
Total Liabilities and Shareholders' Equity	522.5	520.8	509.7	507.9

Number of Employees

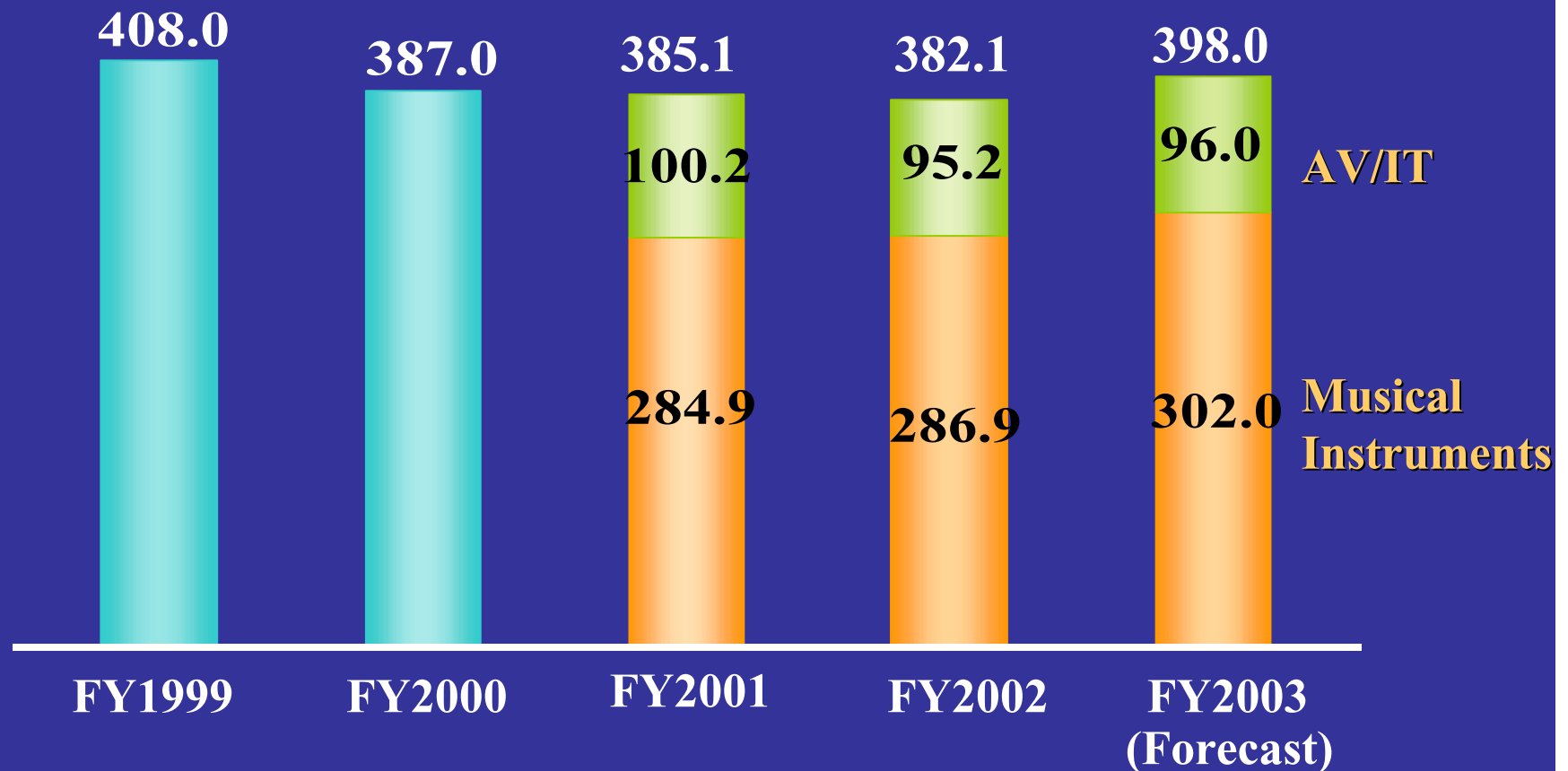


* Including 1,027 employees added due to expanded scope of consolidation.

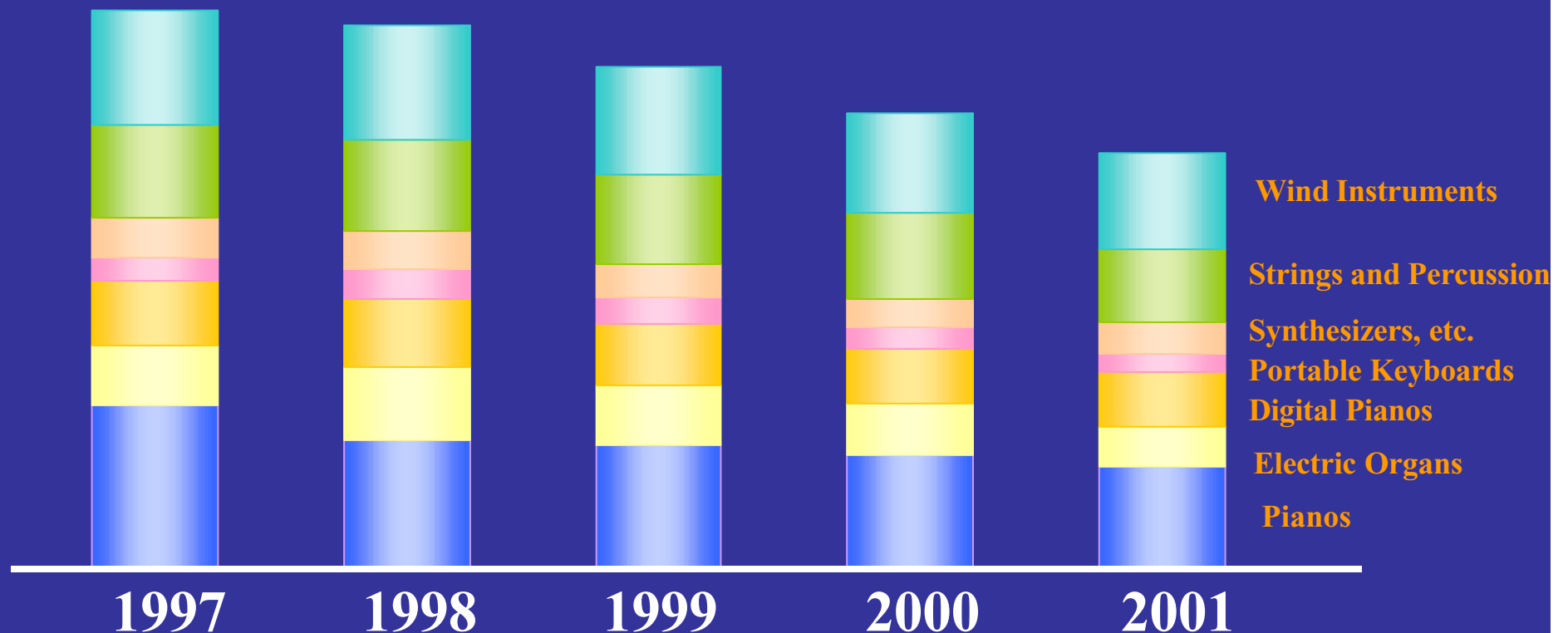
** Including 250 employees added due to expanded scope of consolidation.

Sales of Musical Instruments and AV/IT Products

(Billions of Yen)



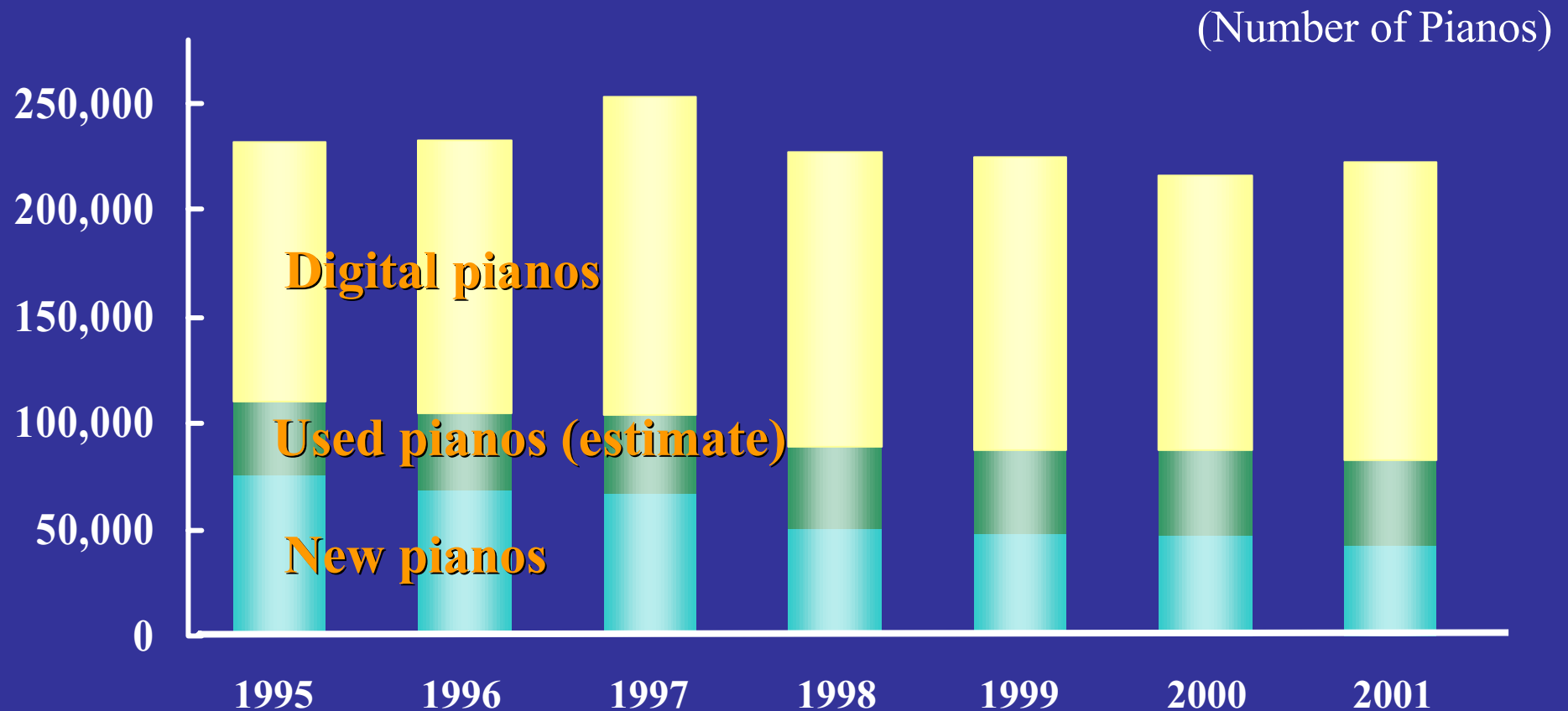
Domestic Musical Instrument Market <By Category, excluding PA>



Source: Statistics of miscellaneous goods by Ministry of Economy, Trade and Industry (Calendar Year)

* Figures in parentheses total as a percentage of the previous period's results.

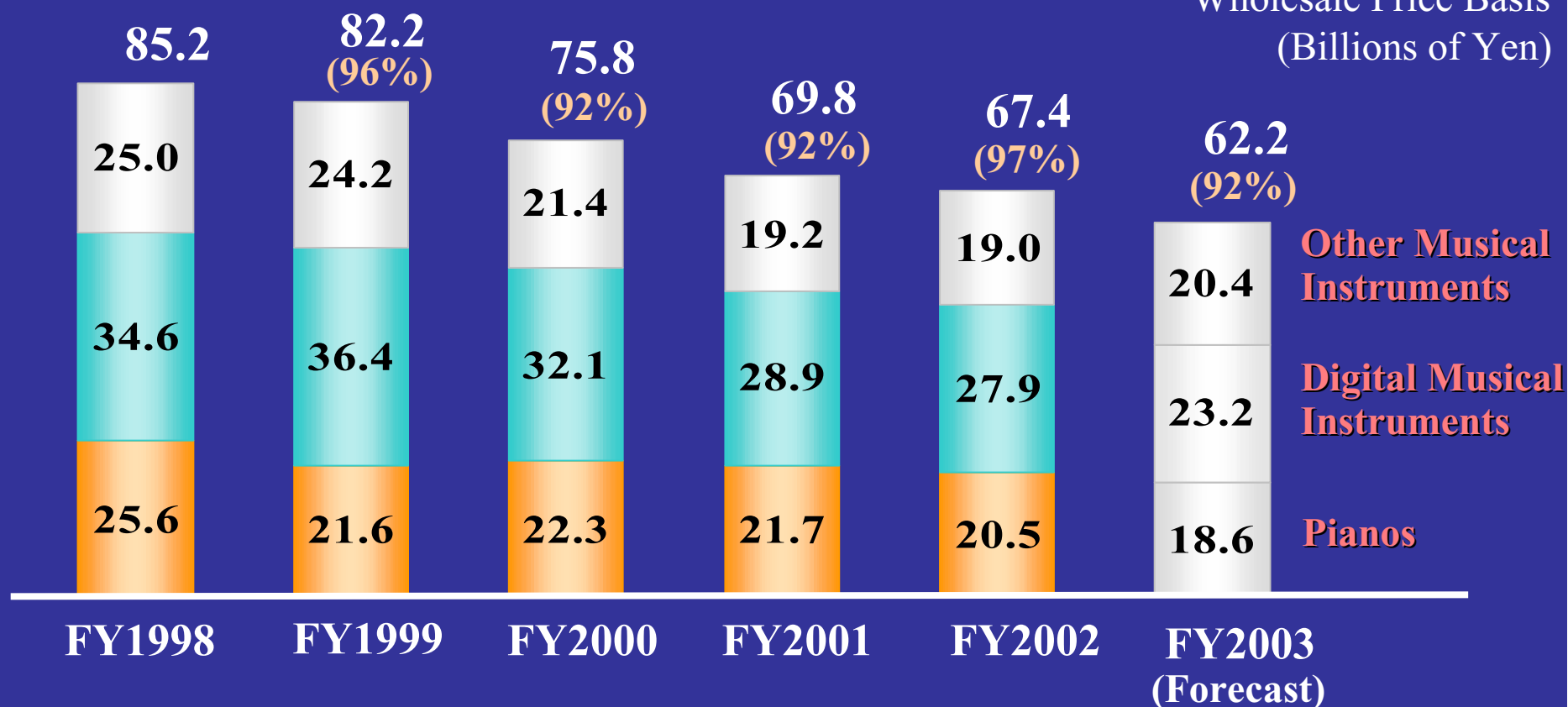
Trends in Domestic Demand for Piano Oriented Keyboard



Source: Statistics of miscellaneous goods by Ministry of Economy, Trade and Industry (Calendar Year)
Estimates for used pianos were made by YAMAHA.

Trends in Sales of YAMAHA Musical Instruments <Non-Consolidated Net Sales>

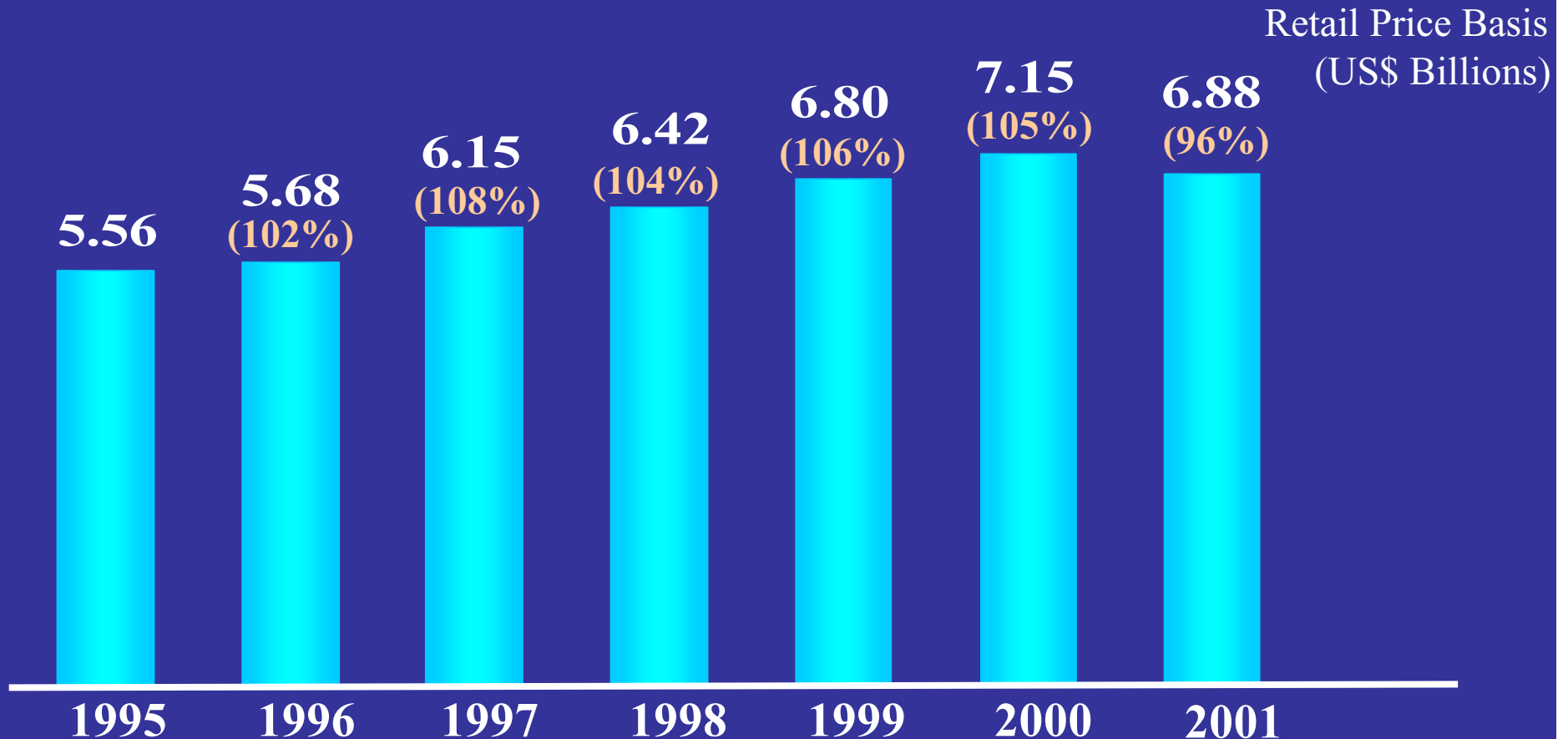
Wholesale Price Basis
(Billions of Yen)



* Figures in parentheses total as a percentage of the previous period's results.

Musical Instrument Market in the U.S.

<Musical Instruments and Professional Audio Products>

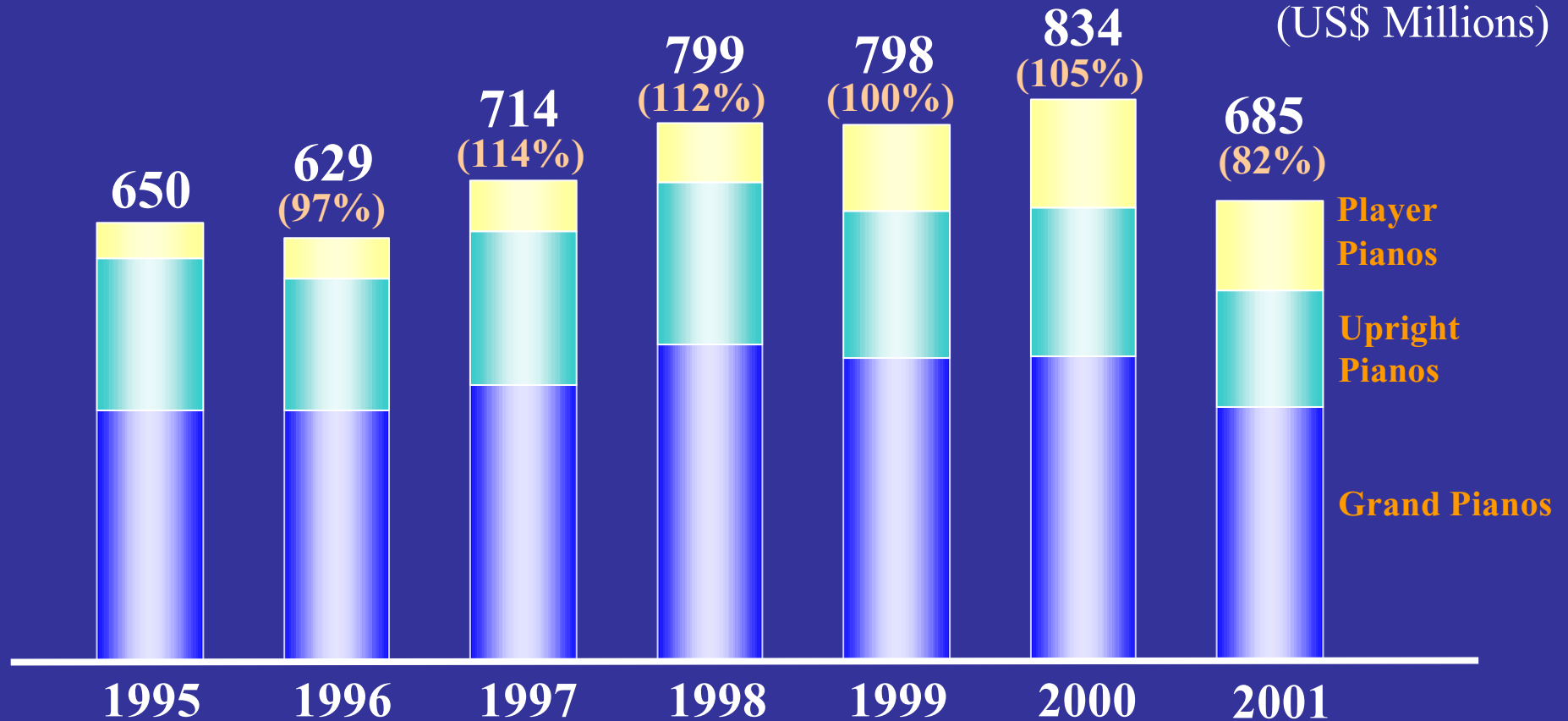


Source: International Music Products Association (Music USA 2001), Calendar Year

* Figures in parentheses total as a percentage of the previous period's results.

Trends in Demand for Pianos in the U.S. <By Category>

Retail Price Basis
(US\$ Millions)

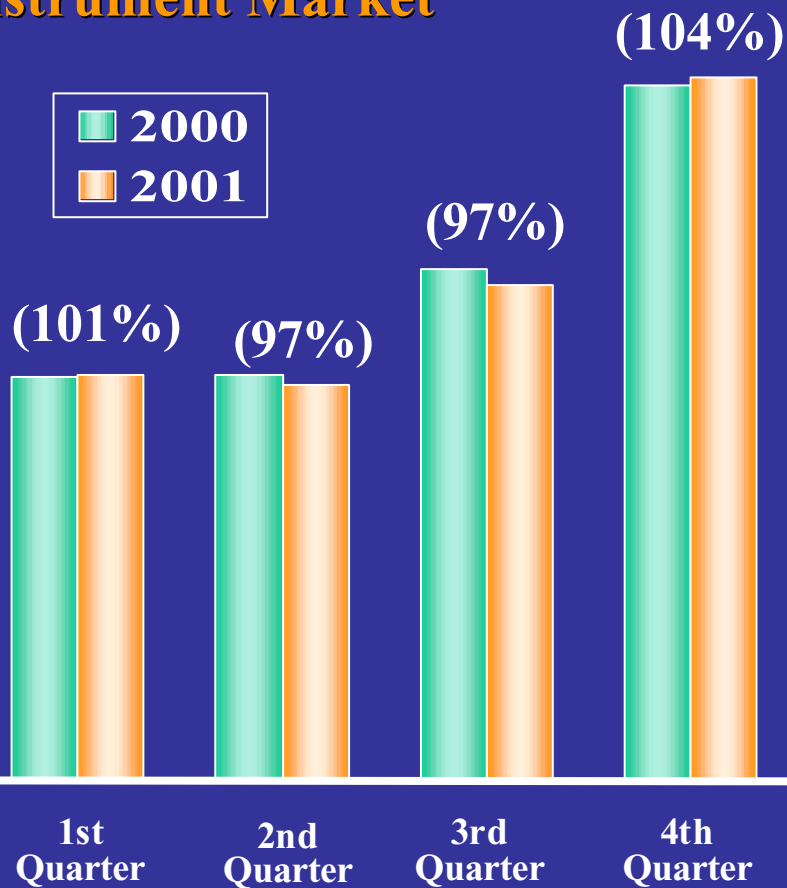
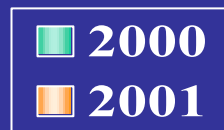


Source: International Music Products Association (*Music USA 2001*), Calendar Year

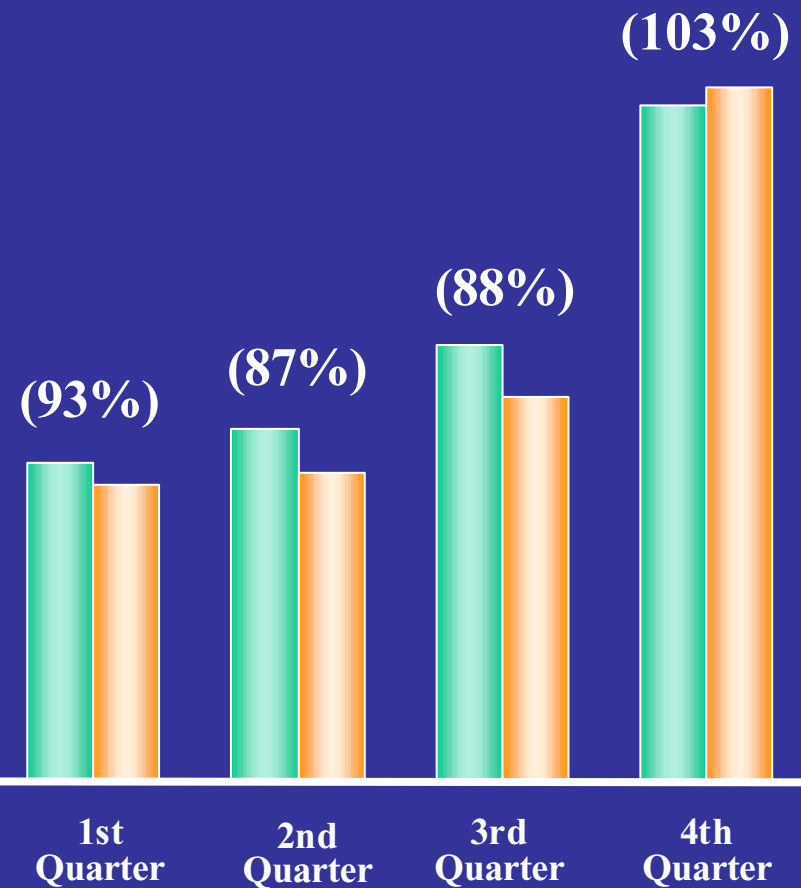
* Figures in parentheses total as a percentage of the previous period's results.

Signs of Recovery in the U.S. Musical Instrument Market

Overall Musical Instrument Market



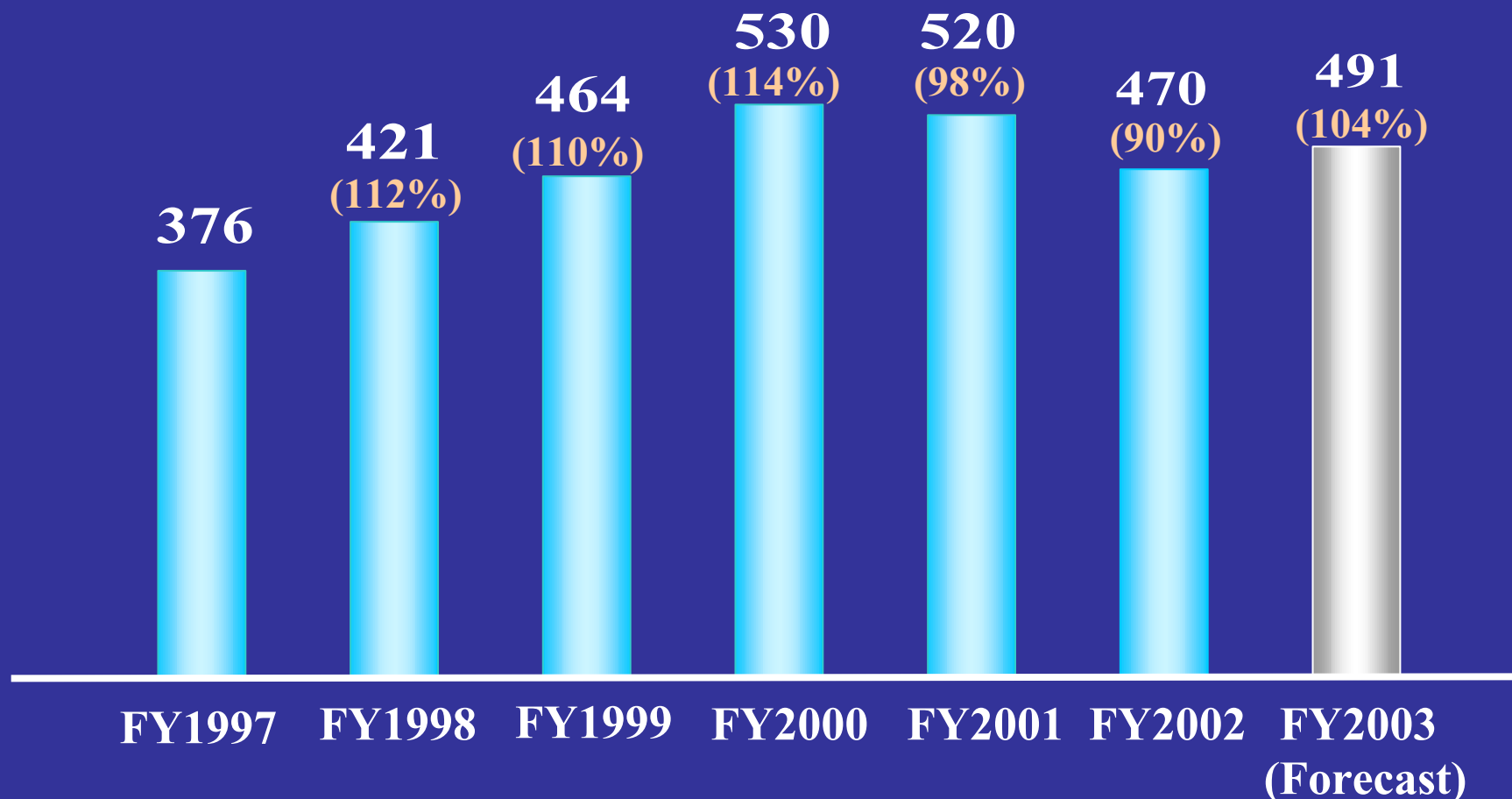
Pianos Only



* Figures in parentheses total as a percentage of the previous period's results.

Sales of YAMAHA Musical Instruments <U.S.A.>

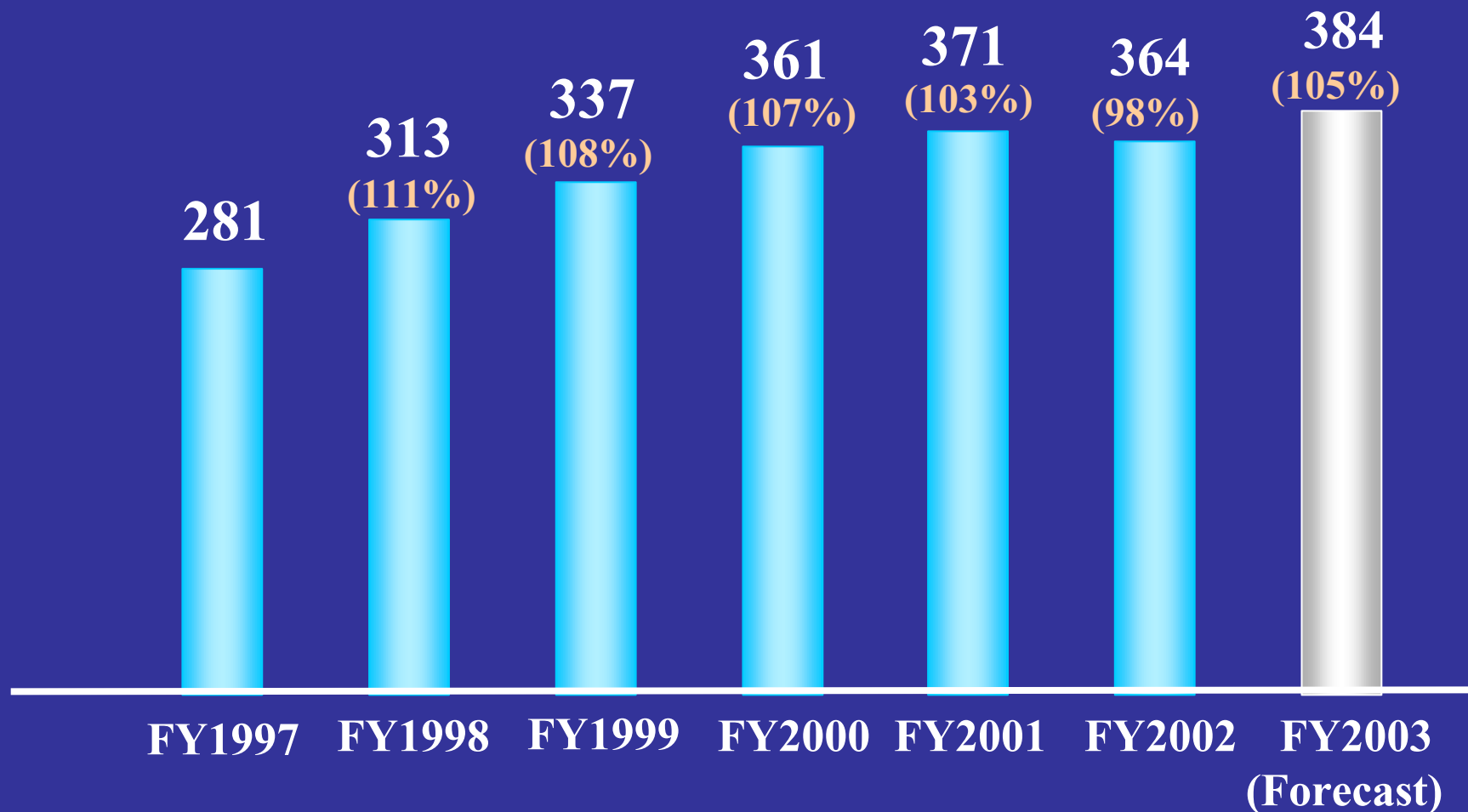
Wholesale Price Basis
(US\$ Millions)



* Figures in parentheses total as a percentage of the previous period's results.

Sales of YAMAHA Musical Instruments <Germany>

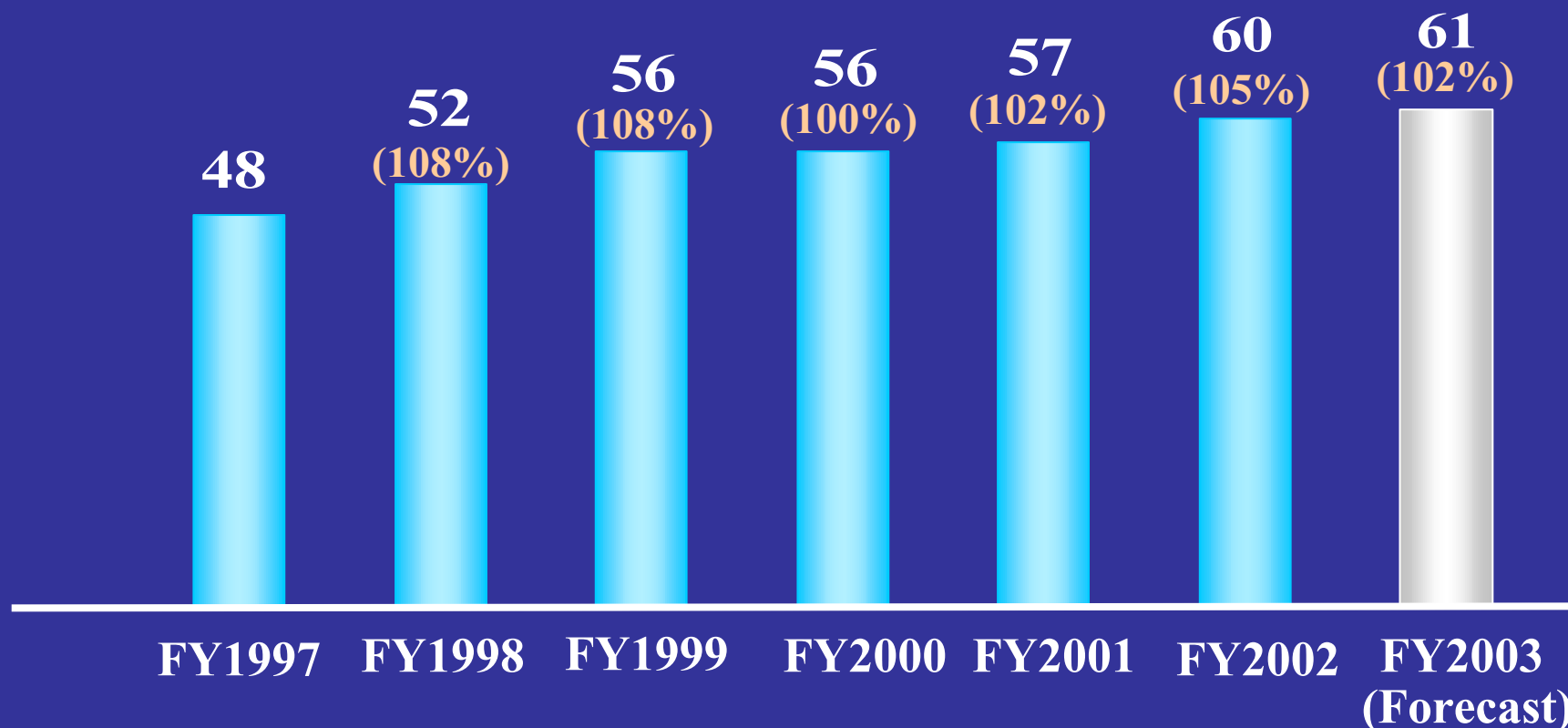
Wholesale Price Basis
(DM. Millions)



* Figures in parentheses total as a percentage of the previous period's results.

Sales of YAMAHA Musical Instruments <U.K.>

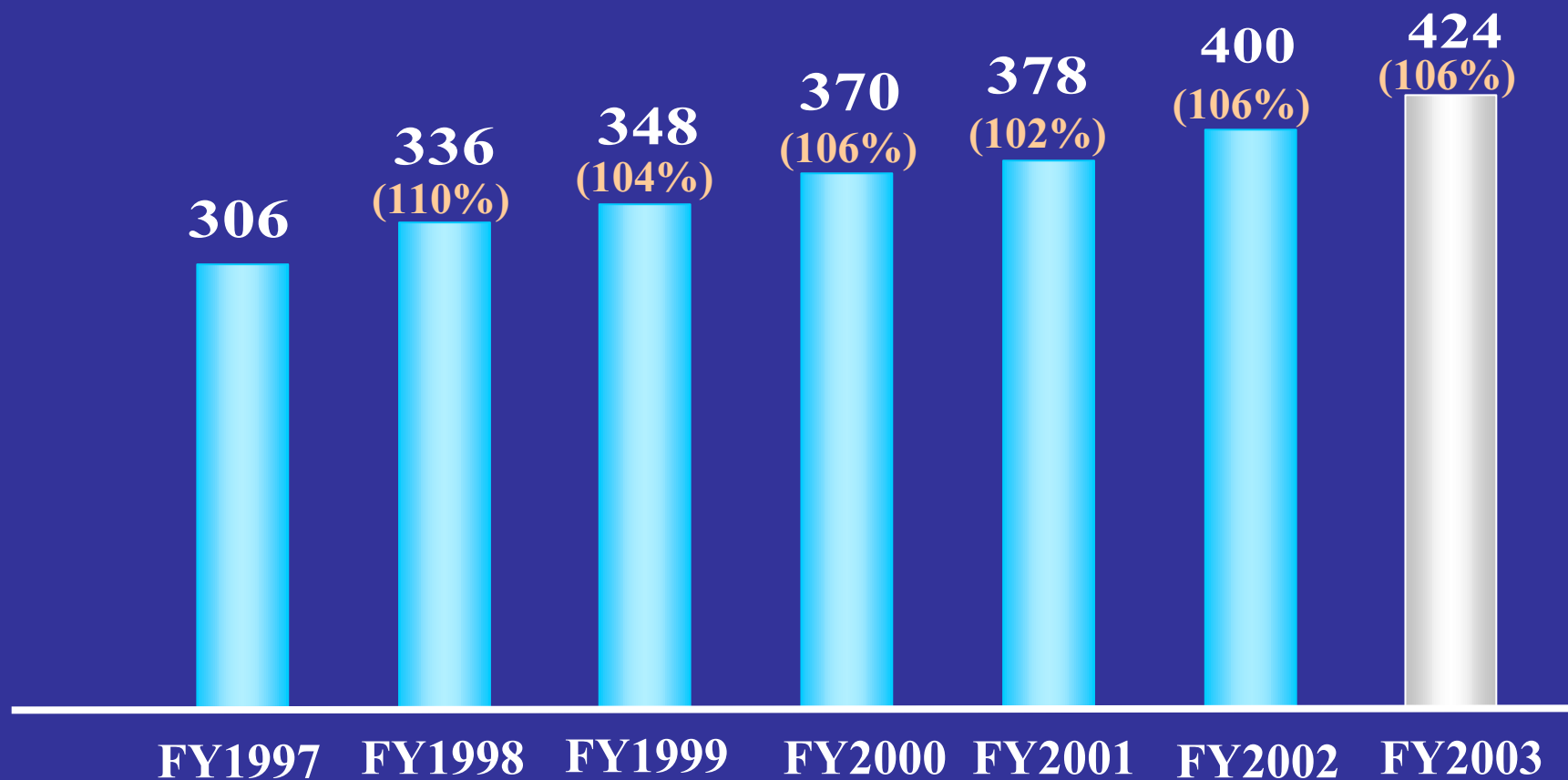
Wholesale Price Basis
(£ Millions)



* Figures in parentheses total as a percentage of the previous period's results.

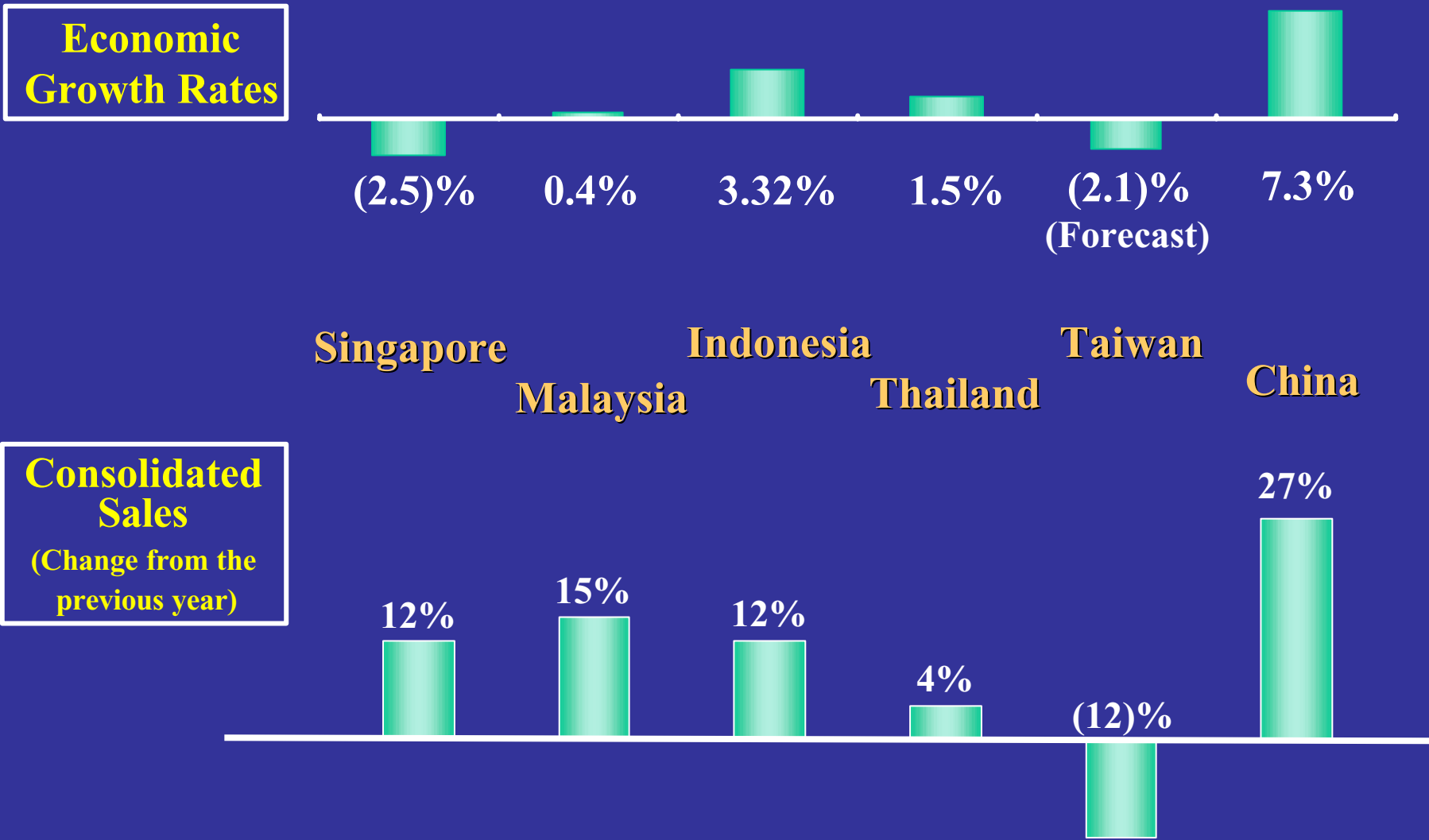
Sales of YAMAHA Musical Instruments <France>

Wholesale Price Basis
(Fr Millions)



* Figures in parentheses total as a percentage of the previous period's results.

Consolidated Sales of Musical Instruments and Economic Growth Rates in Major Asian Markets



Measures for Musical Instruments

< Market-Specific Policies >

Japanese market

Assuming that structural problems and weak consumption persist, we will work to keep our fixed expenses low to improve profitability.

European markets

Achieve stable sales growth by securing a larger share of the expanding European markets

Continue cultivating markets through the establishment of a European holding company

Asian market

Expand sales and open new markets through strategic investment of management resources.

In particular, accelerate the cultivation of markets in China and South Korea through the establishment of subsidiaries.

< Product Policies >

- Expand business for the promising music production market.

Develop products and strengthen organization in Europe and North America.

- Develop adult-oriented business model

Develop products and programs to increase market penetration; set up new music schools

- Develop next-generation content

Establishment of Holding Companies in Europe and China

In the increasingly integrated European market, we will strengthen our competitiveness by implementing uniform policies that apply across national borders and improve the efficiency of our consolidated management through inventory consolidation.

Company name: Yamaha Music Holding Europe GmbH

Capital: €70 million

Establishment: October 2002

In China, YAHAMA is establishing an investment holding company to expedite market development and unify the Company's sales, marketing, R&D, and manufacturing activities in the rapidly growing Chinese market.

Company name: Yamaha Music and Electronics (China) Co., Ltd.

Establishment: October 2002

Capital: US\$30 million

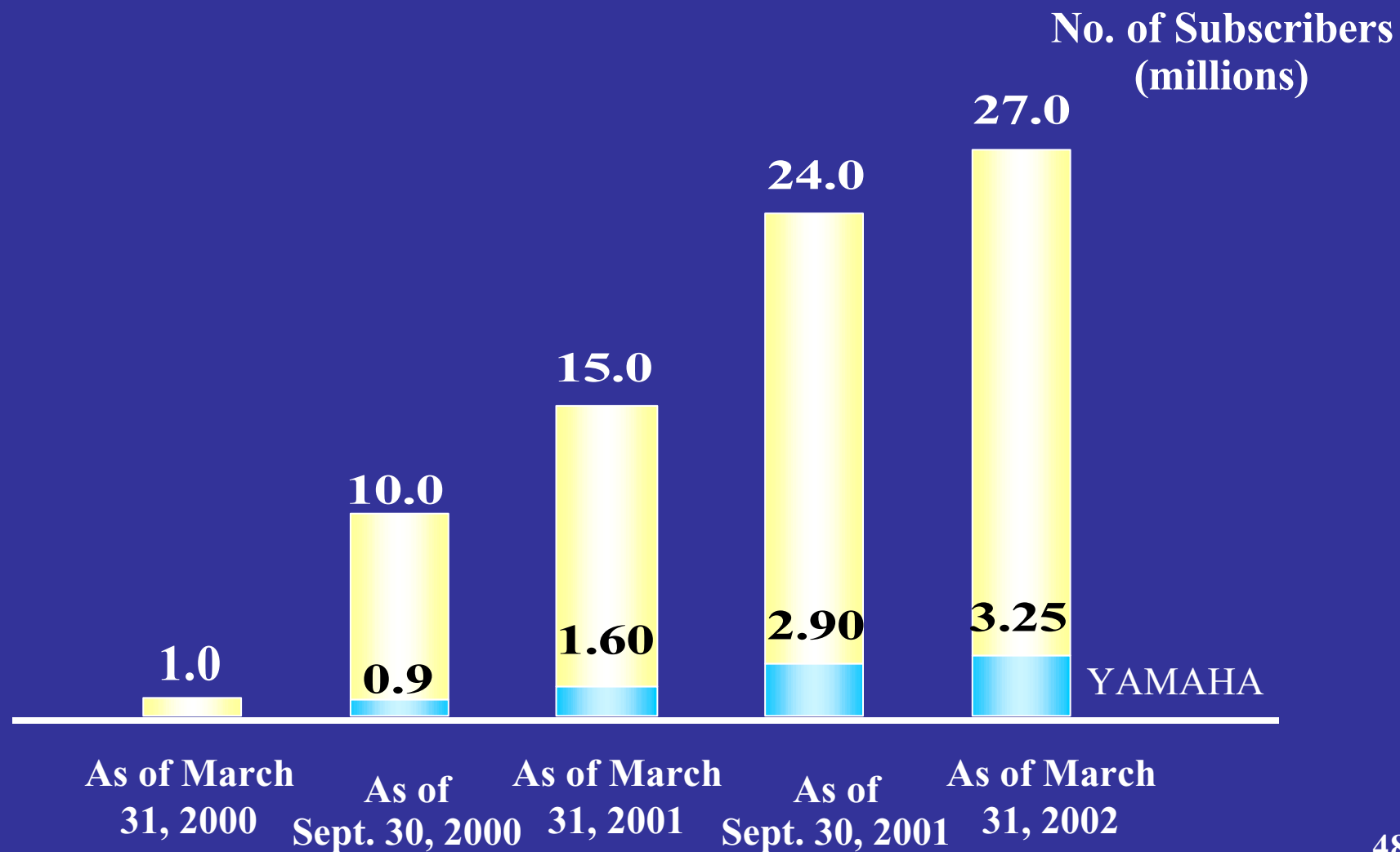
Sales target: ¥20 billion (within 3 years of establishment)

Business: - Manage investments in China

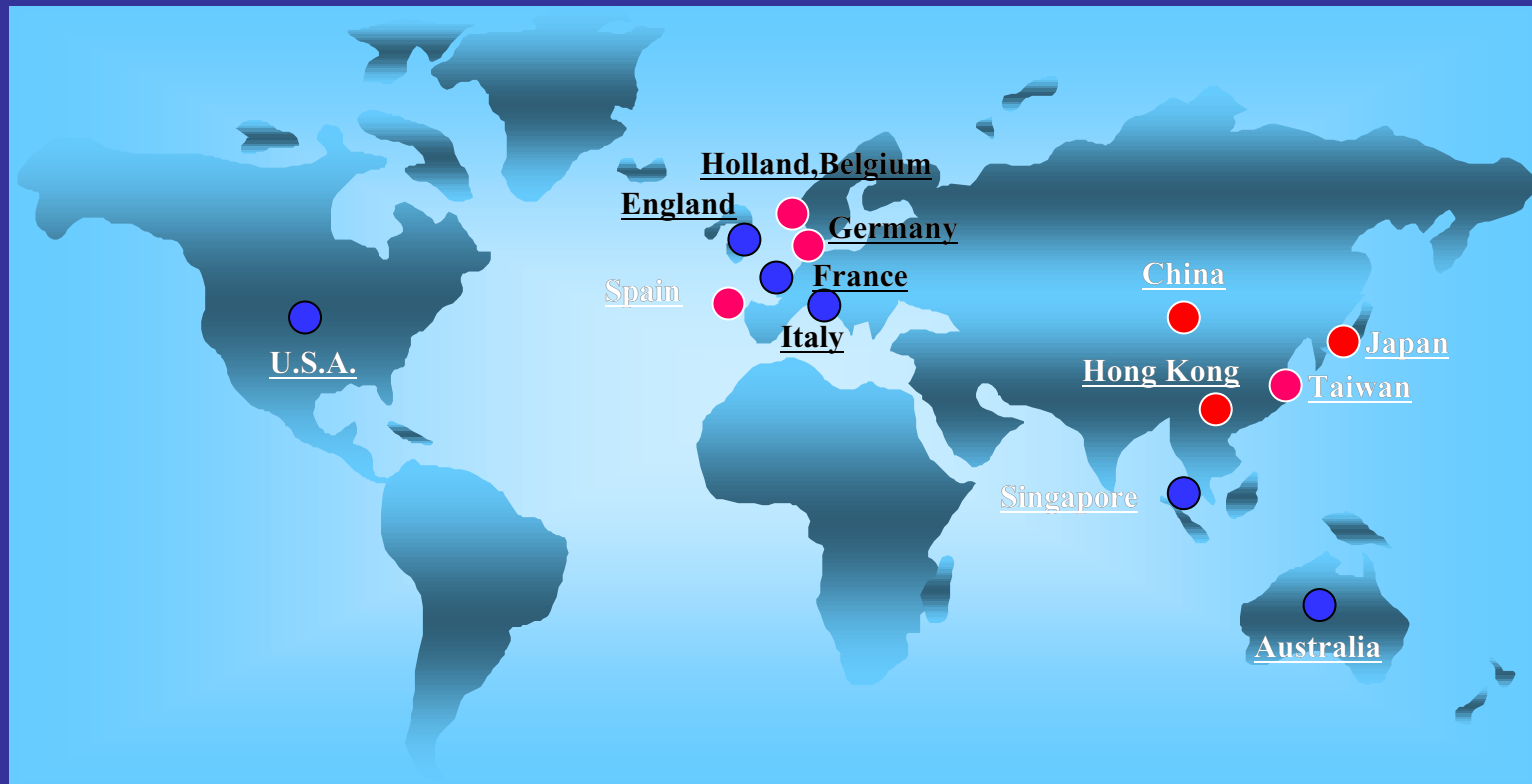
- Sales and marketing of musical instruments and AV/IT products

- R&D

Number of Subscribers for Ringer Melody Distribution Service



Overseas Development of YAMAHA's Ringer Melody Distribution Service



Already Started:

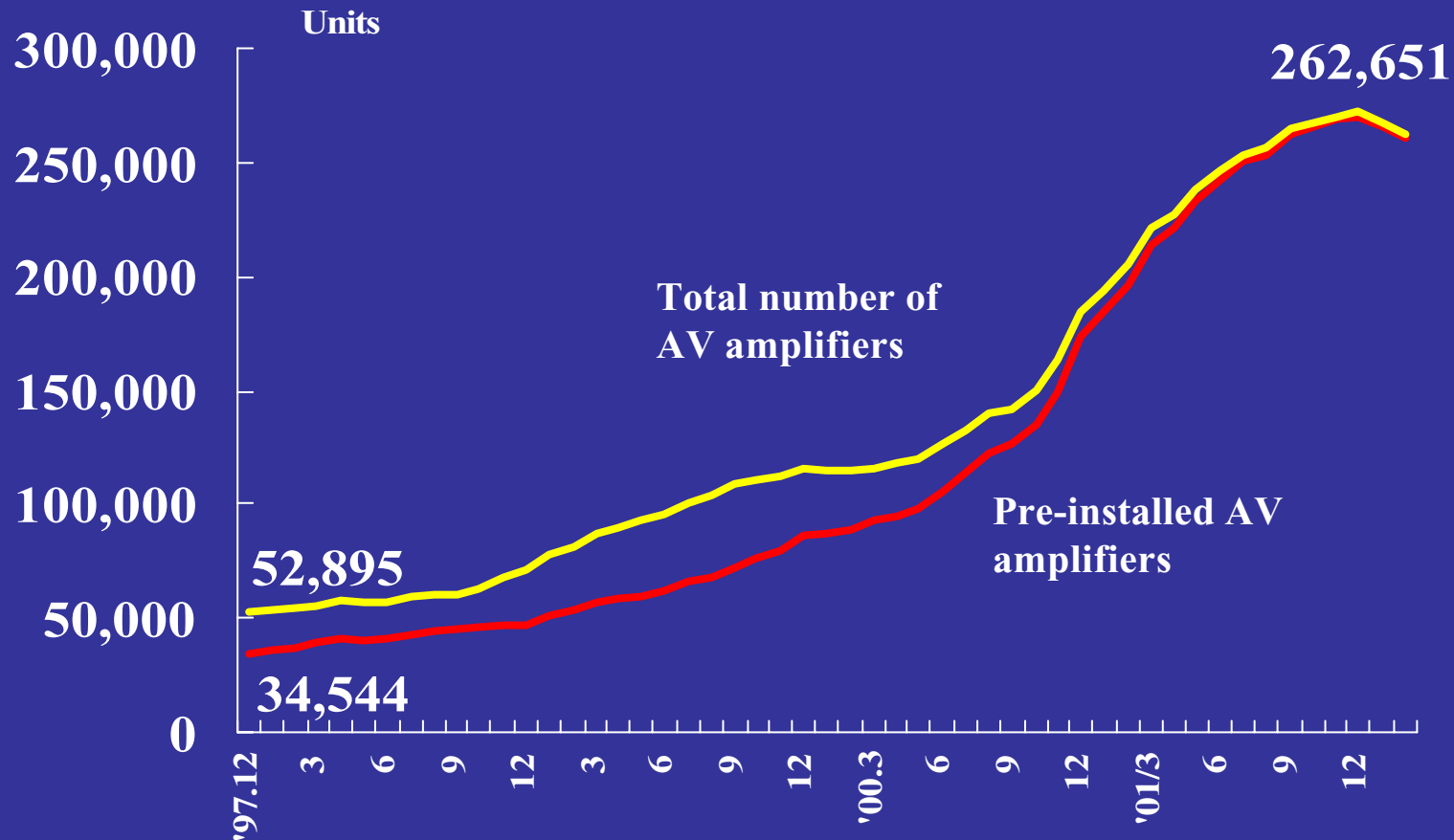
<u>Country</u>	<u>Operator</u>
1) Taiwan	TCC, KGT, CHT
2) Hong Kong, China	Hutchison
3) Spain	Telefonica
4) German, The Netherlands, Belgium	E-Plus, KPN, KPN-Orange

Under Work

- 1) Singapore
- 2) Other European Countries
- 3) U.S.A.

Domestic AV Amplifier Market Scale

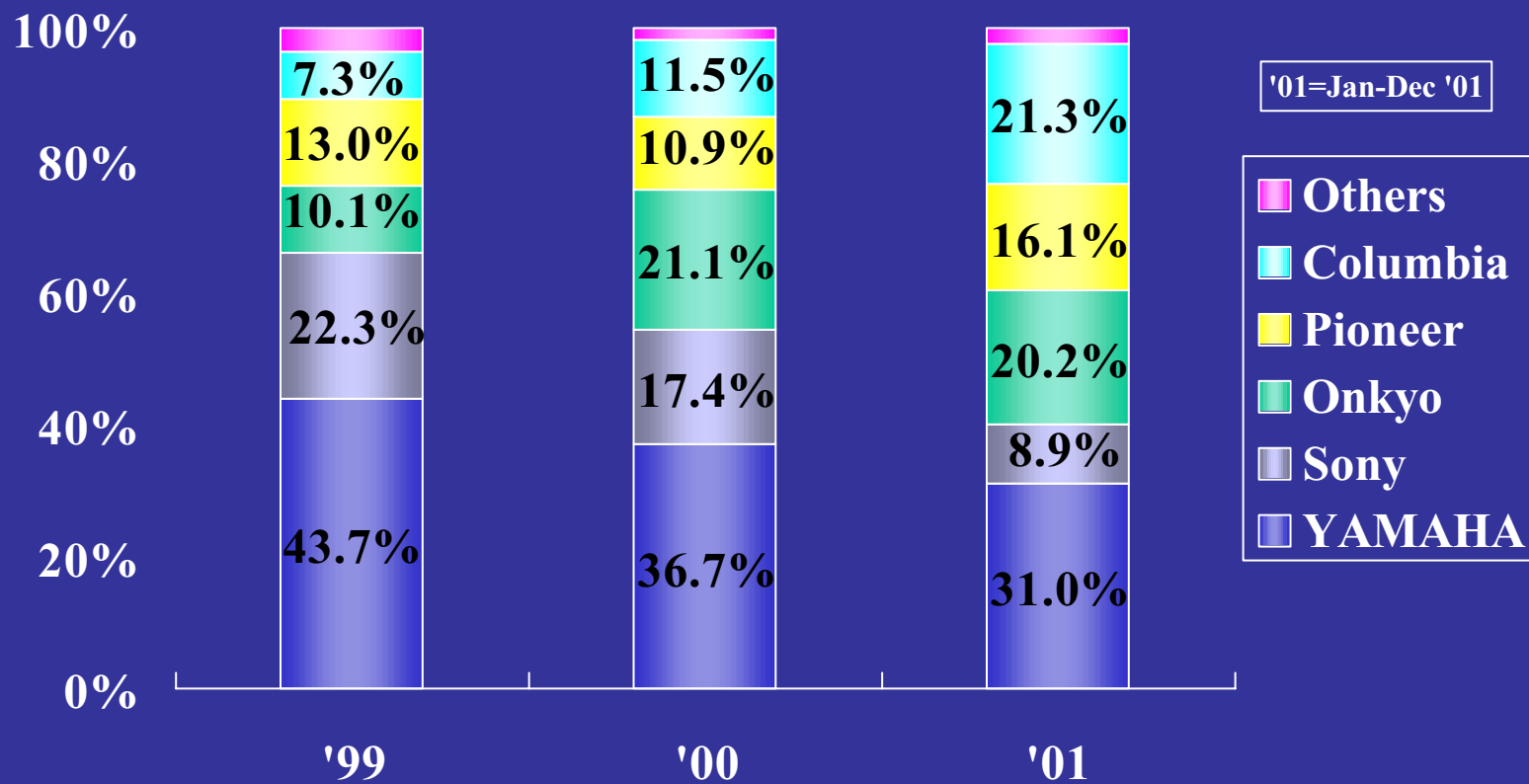
<Trends in the Number of Annual Shipments*>



Source: Japan Electronics and Information Technology Industries Association

*The graph represents the total number of shipments for the 12-month periods ended in the months indicated.

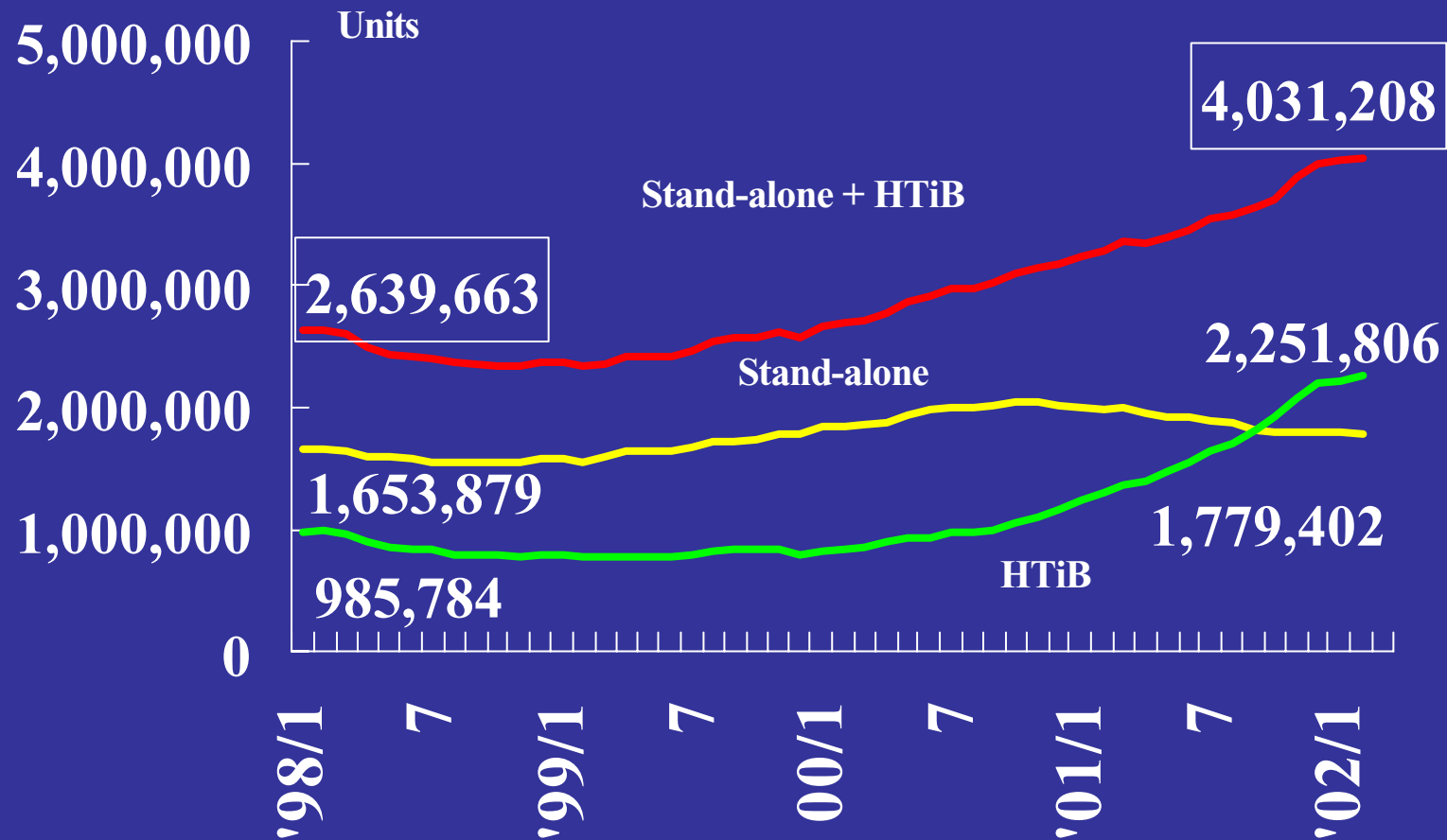
Domestic AV Amplifier Market Share



Source: GfK Marketing Services Japan Ltd.

AV Receiver Market Scale in the U.S.

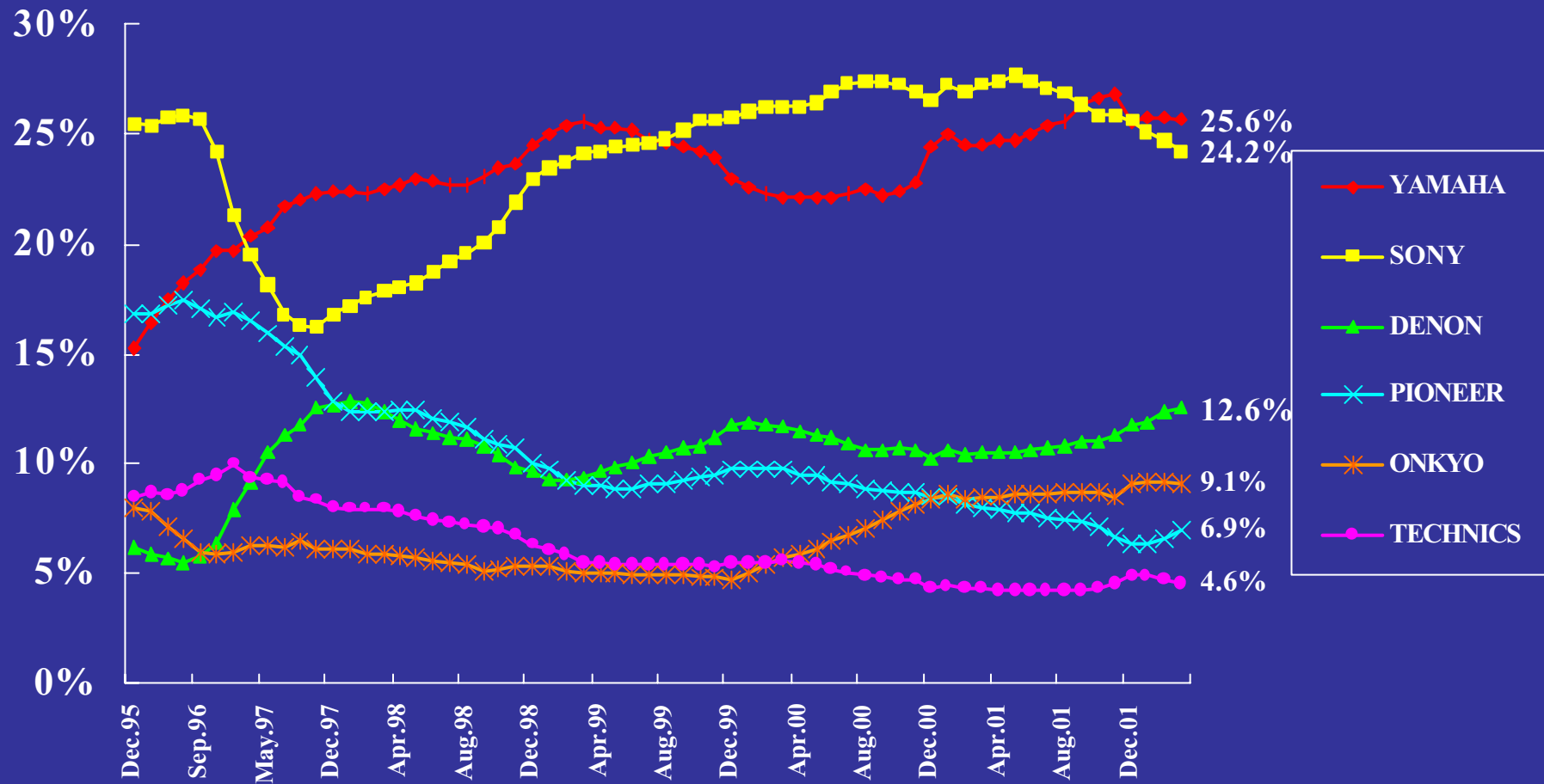
<Trends in the Number of Annual Shipments*>



Source: Consumer Electronics Association

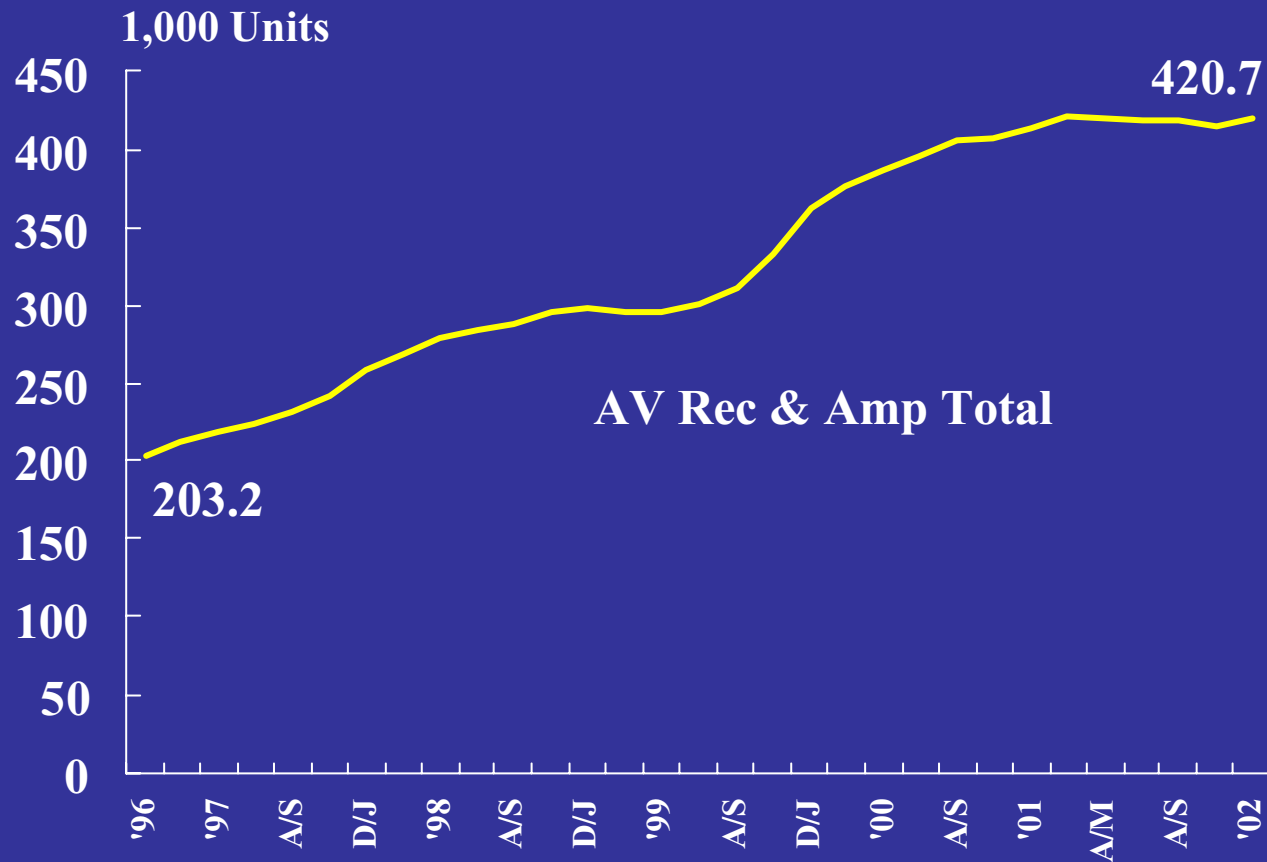
*The graph represents the total number of shipments for the 12-month periods ended in the months indicated.

AV Receiver Market Share in the U.S.



AV Receiver Market Scale in Germany

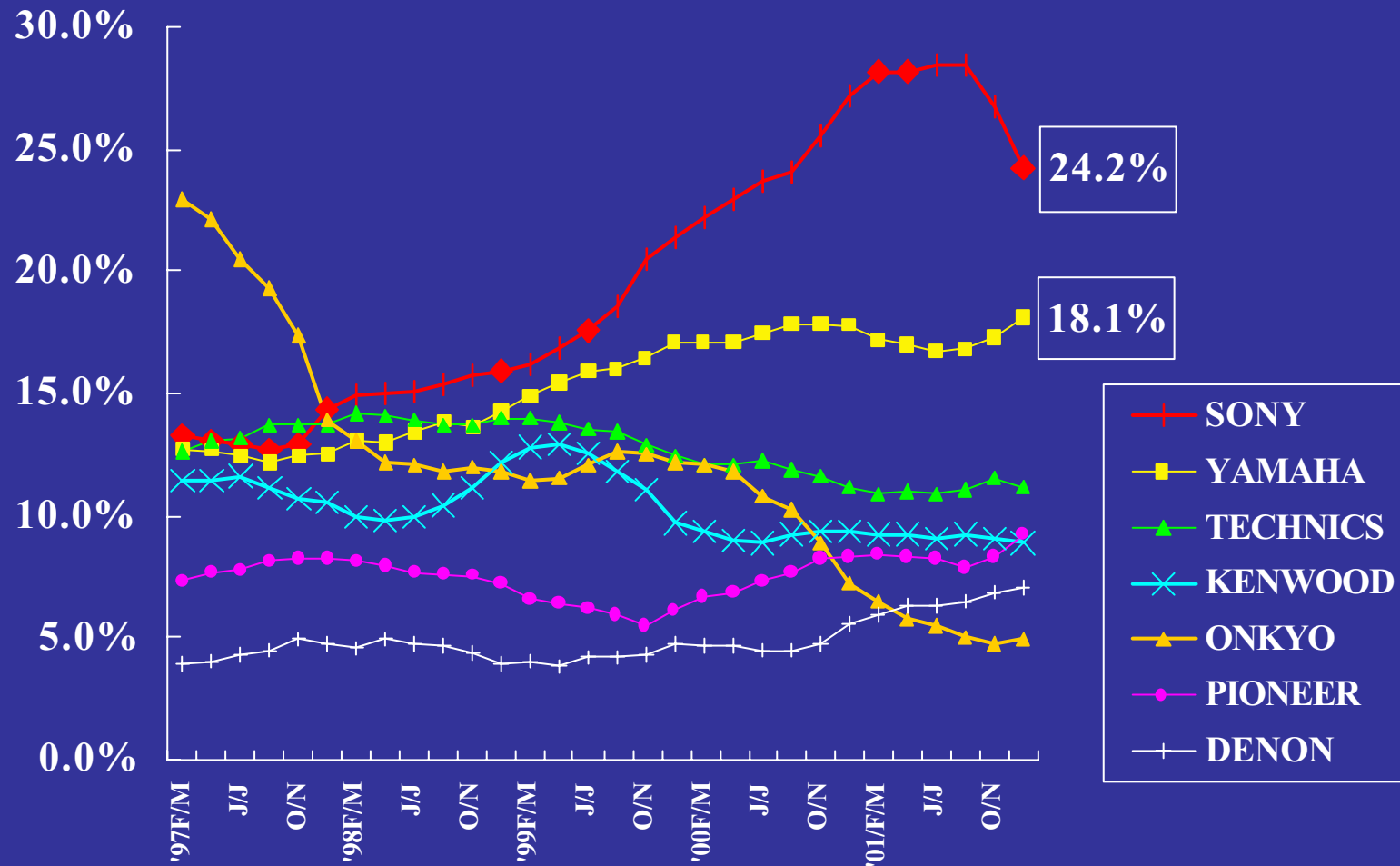
<Trends in the Number of Annual Shipments*>



Source: GfK Marketing Services Japan Ltd.

*The graph represents the total number of shipments for the 12-month periods ended in the months indicated.

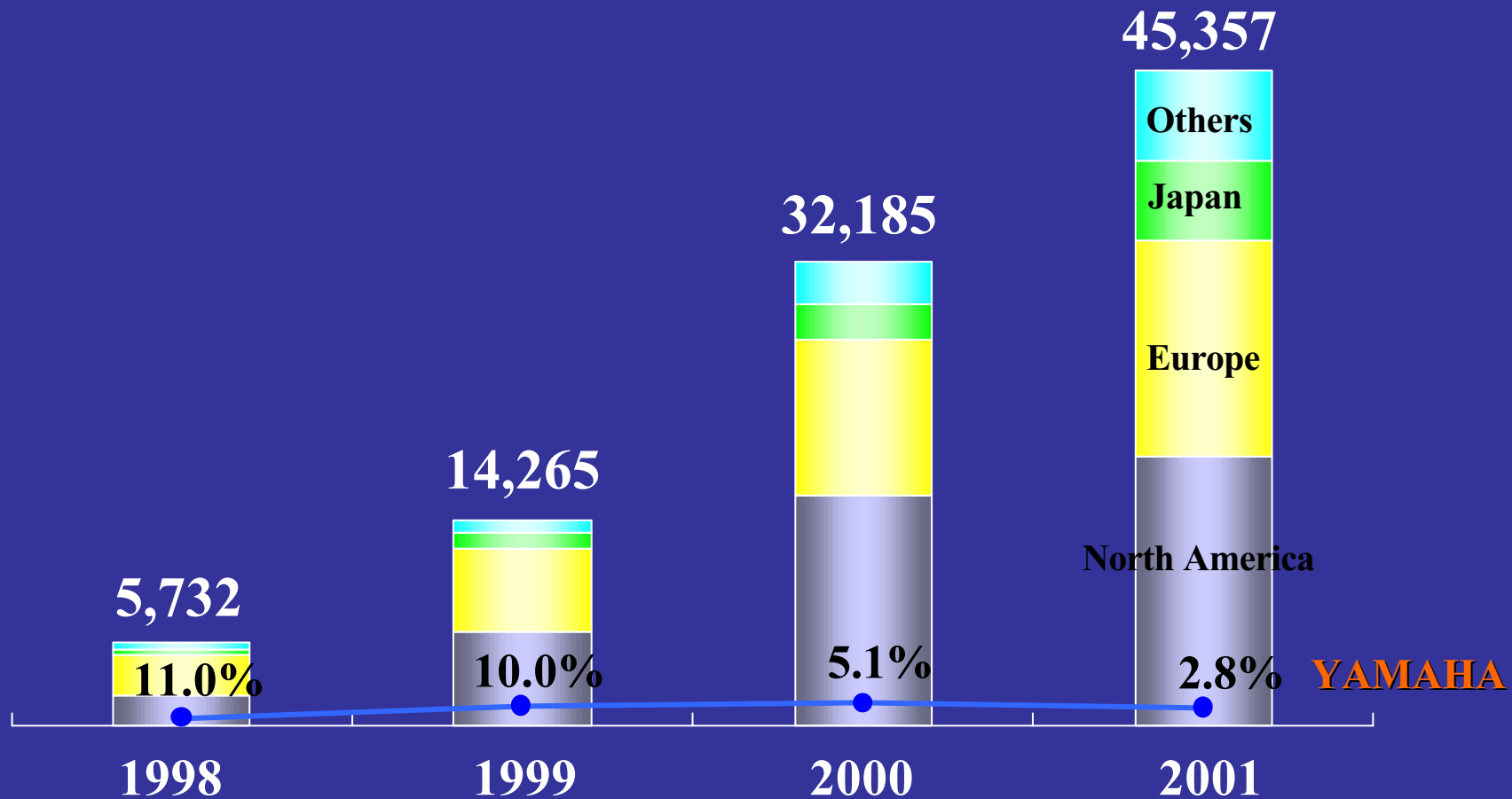
AV Receiver Market Share in Germany



Source: GfK Marketing Services Japan Ltd.

CD-R Market Scale by Region* and YAMAHA's Market Share

(units: thousands)



Measures for AV/IT Products

< Policies for AV/IT Segment >

- Provide total solutions through the sale of visual product and the further execution of its “#1 in home theaters” strategy
- Ensure survival through the launch of a new DVD/RW drive and the provision of differentiated products.
- Change the router business into a solution business targeting SOHO and corporate clients
- Continue to pursue global manufacturing strategy
(goal: lower manufacturing costs 10%)

< Yamaha Electronics (Suzhou) Co., Ltd. >

- Established: May 2002
- Capital: US\$13 million
(100% funding by Yamaha Music & Electronics (China) Co., Ltd.)
- Sales target: ¥10 billion (within three years of establishment)
- Business: Manufacturing of AV/IT products and sale of such products in China and abroad

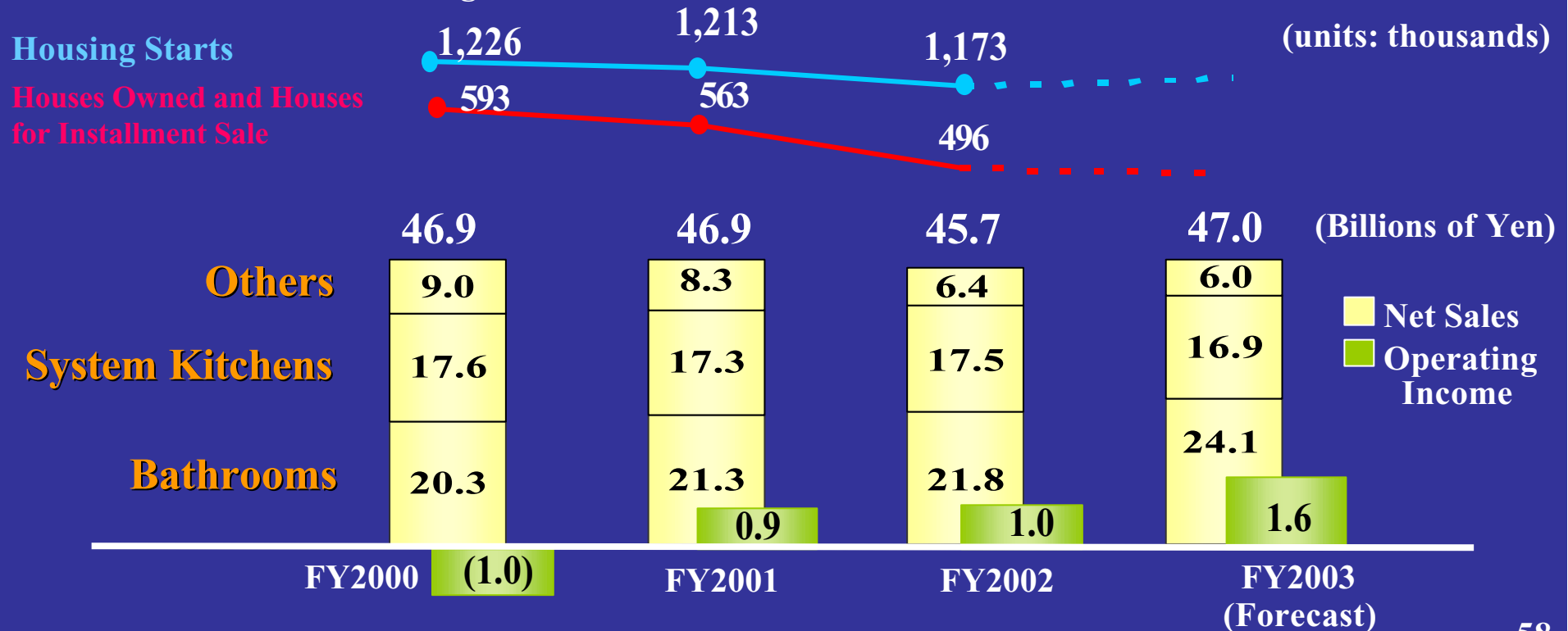
Lifestyle-Related Business

Market Environment

- Continued slide in the number of owner-occupied housing starts and expansion of market reforms.
- Business alliances and efforts to consolidate capital needed to survive.

Priority Policies

- Lower the break-even point for income through structural manufacturing reforms (purchasing CDs, in-house production, etc.)
- Preserve market share through the provision of value-added products tailored to specific areas and customer segments.



* Source: Statistics of Housing Starts by Ministry of Land, Infrastructure and Transport

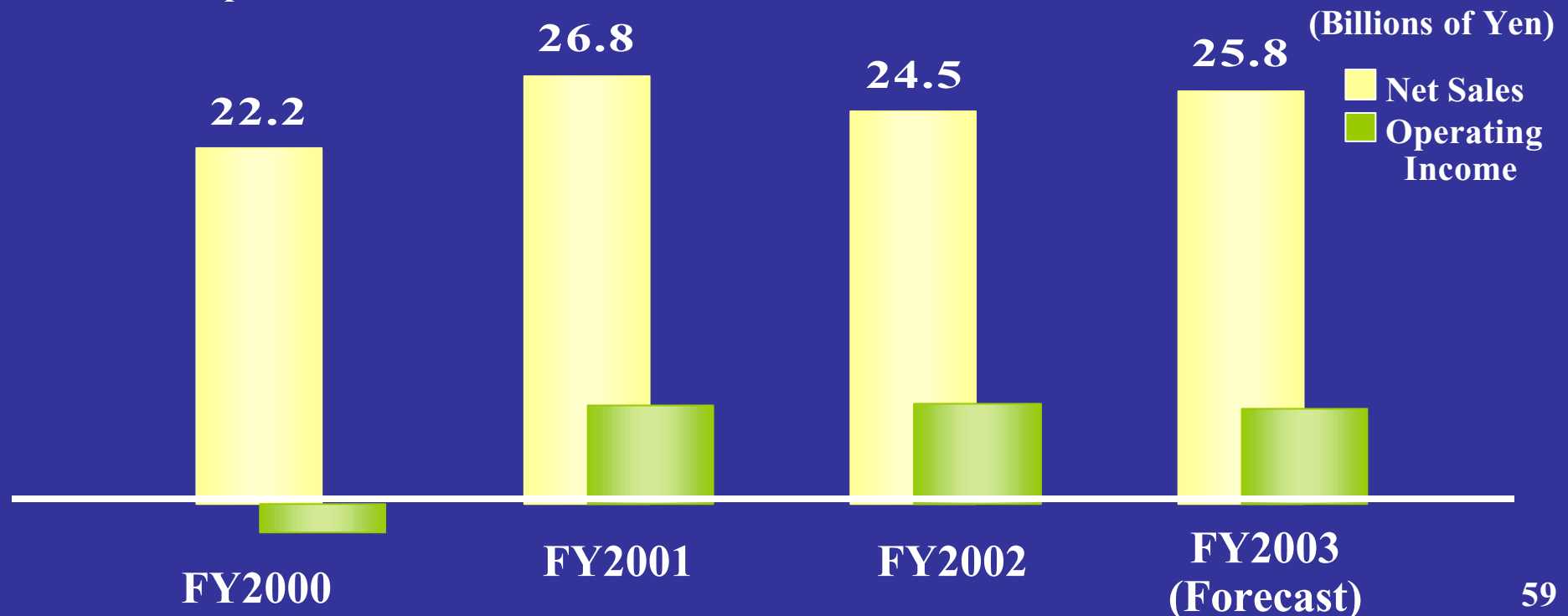
Semiconductors

Market Environment

- Due to the broad proliferation of mobile phones, the Japanese market for mobile phone audio chips is saturated.
- With the advent of i-mode in Europe and the proliferation of next-generation mobile phones, competition has intensified.
- The introduction of software synthesizers will be delayed due to various quality problems.

Priority Policies

- Expand sales of mobile phone audio chips and ensure profitability.
In particular, growth is expected in the Chinese and South Korean markets.
- Launch products for new fields.



Metal Products Business

Market Environment

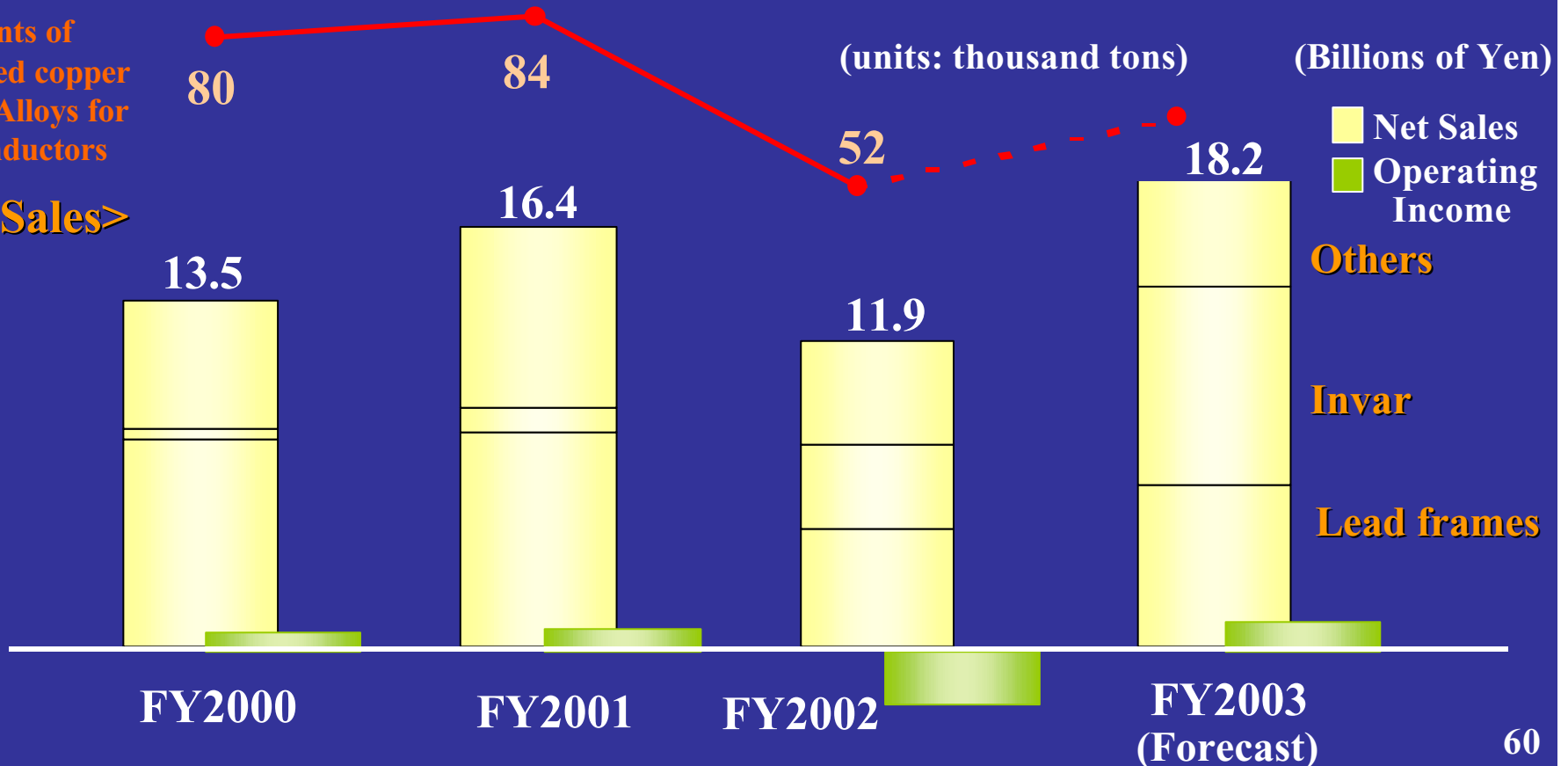
- Signs of recovery in the stagnant semiconductor market
- Despite the increasing use of liquid crystal and plasma displays, cathode ray tubes will remain the dominant technology for large screens.

Priority Policies

- Increase production of lead frame materials in line with market recovery.
- By improving quality, establish system for increasing the production of ultra-invar materials for sale in the CDT market.

Shipments of processed copper and 42 Alloys for semiconductors

<Net Sales>



Recreation Business

Market Environment

- Persistent stagnation in the Japanese market and changes in customer lifestyles

Priority Policies

- Use management subsidiaries to increase profitability.
- Maintain customer visitation rate of two million visits per year.
- Take advantage of the world cup to boost brand image and recognition.

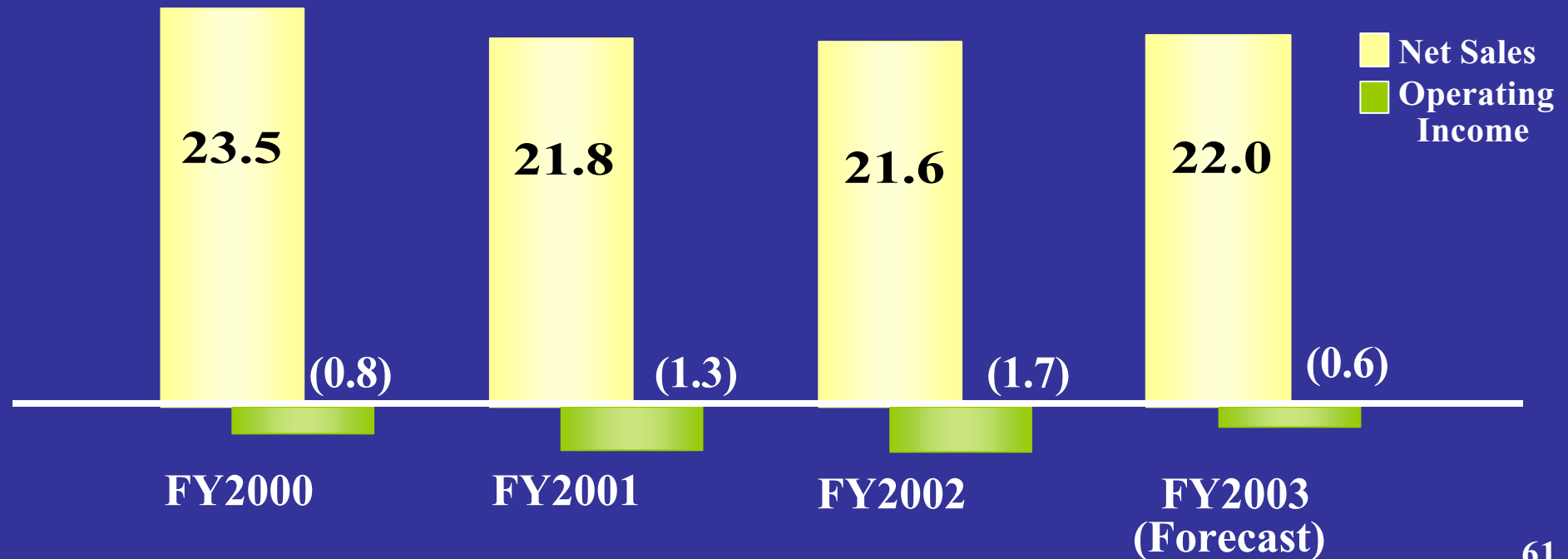
No. of Visitors

(millions) 1.98

1.86

2.0

(Billions of Yen)



Absorption of YAMAHA Resort Corporation

< Goal >

- Solve YAMAHA Resort's fund procurement problems
- Maintain the trust of resort members, financial institutions, and other external parties

< Outline of merger >

- Merger method: Absorption by YAMAHA Corporation
- Date of merger and registration: October 1, 2002

< Policy >

- Achieve profitability within three years by immediately implementing a selective resource allocation policy.

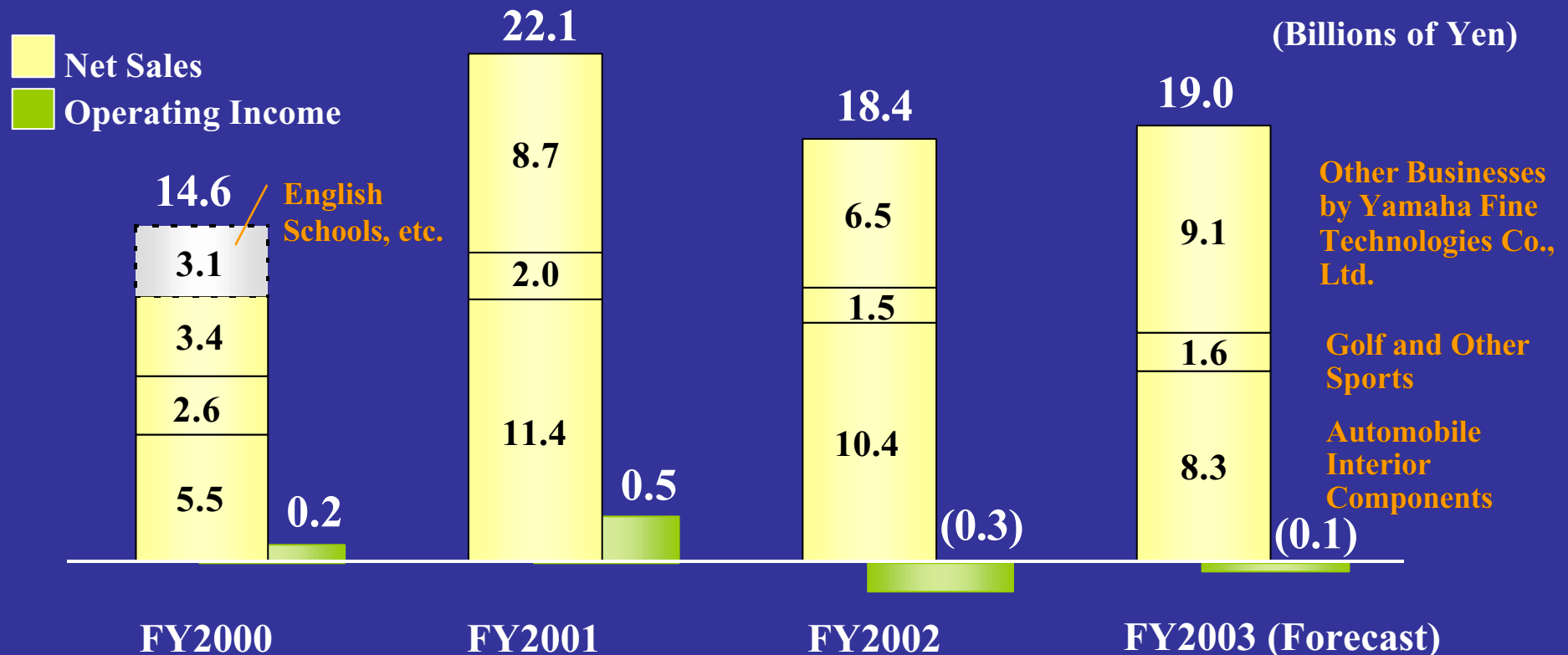
Others

Market Environment

- Demand remains flat in the Japanese market.
- China is rising as a major market and prime location for manufacturing operations.

Priority Policies

- Expand business producing MG parts for mobile phones in line with market recovery.
- In interior automotive components and fittings, reduce costs and expand customer base through the introduction of new manufacturing methods.
- Rebuild golf product business.



“English Schools” were reclassified into the Musical Instruments segment in March 2001.

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, our actual performance may differ greatly 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.



YAMAHA

CREATING 'KANDO' TOGETHER