

Analyst and Investor Briefing
on the First Half of
the Fiscal Year Ended March 31, 2004
(April 1, 2003, to September 30, 2003)

November 10, 2003

YAMAHA CORPORATION

Review of Performance in the Interim Period

Second Quarter

- Second quarter sales and income exceeded levels recorded in the same period of the previous year as well as August 8, 2003, projections.
- Thanks to hedging through futures contracts for the sale of euros, foreign exchange gains were ¥1.1 billion during the second quarter compared to previous projections made August 8, 2003.

First Half

- For the past two consecutive periods, interim operating income and interim net income have both reached historical highs.

Operating income— ¥26.4 billion (previous record set March 31, 2003, ¥13.1 billion)

Interim net income— ¥26.2 billion (previous record set March 31, 2003, ¥10.0 billion)

- Net sales increased from the previous period for two consecutive periods (up 4.9%).
Musical instrument and semiconductor sales were the principal cause of the increase.
- Inventories were close to optimal levels, at ¥86.5 billion at the end of the interim period.
(Down ¥4.2 billion from the same period of the previous year and down ¥2.3 billion from previous projections)
- Actual interest-bearing debt at the end of the interim period was ¥46.7 billion.
(Down ¥22.8 billion from the same period of the previous year or ¥1.2 billion less than projected)

Performance in the Interim Period

- Compared with projections announced on August 8, 2003, and the FY2003 interim period, both sales and profit were higher.

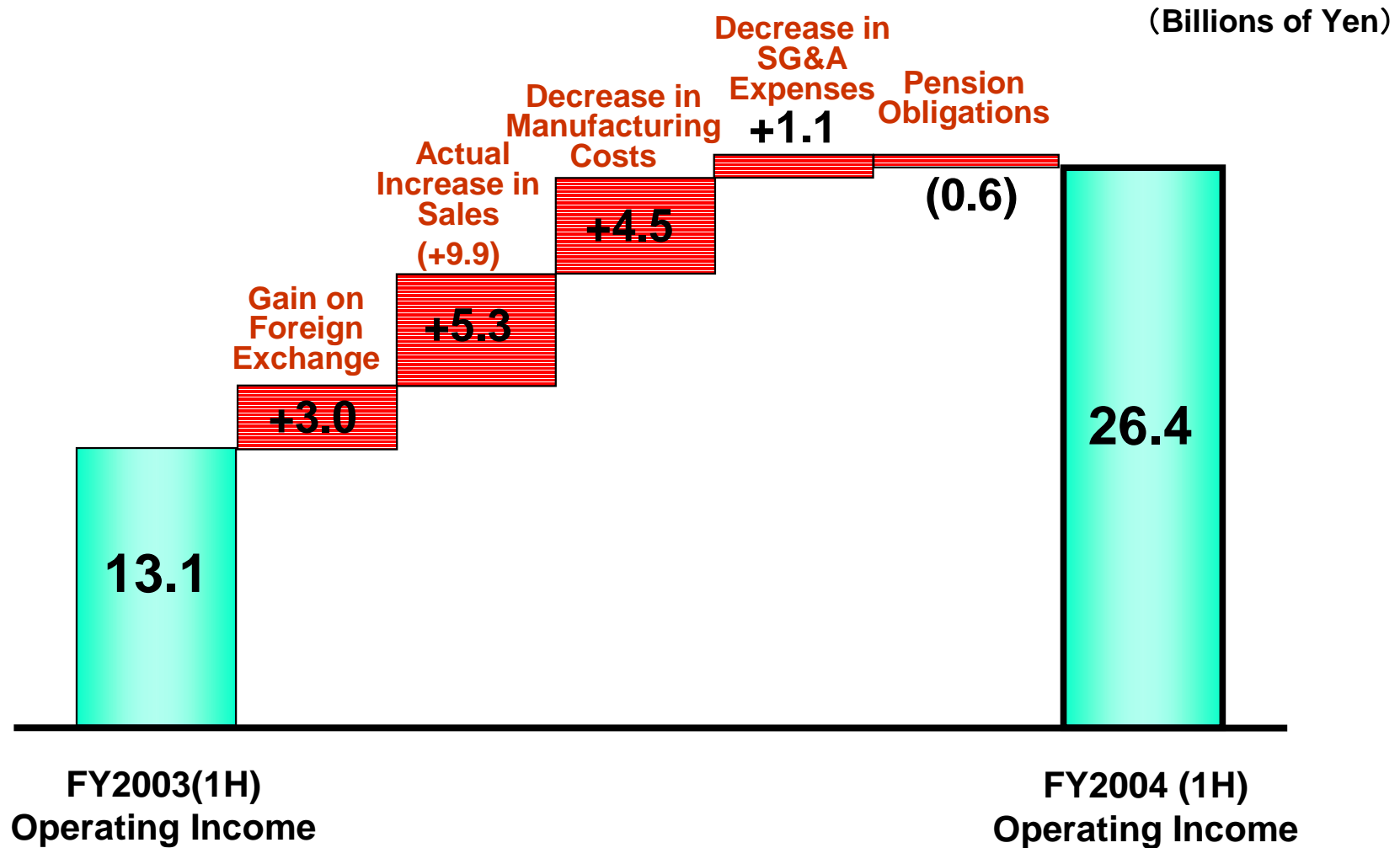
(Billions of Yen)

	FY2003 (1H)	FY2004 (1H)	Change from FY2003(1H)	FY2004 (1H) projections	Change from projections	2Q
Net Sales	253.7	266.2	4.9%	264.0	0.8%	140.1
Operating Income (Operating Income Ratio)	13.1	26.4 (9.9%)	101.6%	20.5	28.9%	14.6
Recurring Profit (Recurring Profit Ratio)	14.2	29.7 (9.3%)	109.0%	21.5	38.4%	16.3
Net Income (Net Income Ratio)	10.0	26.2 (8.0%)	160.6%	19.0	38.2%	13.6

Currency Exchange Rate

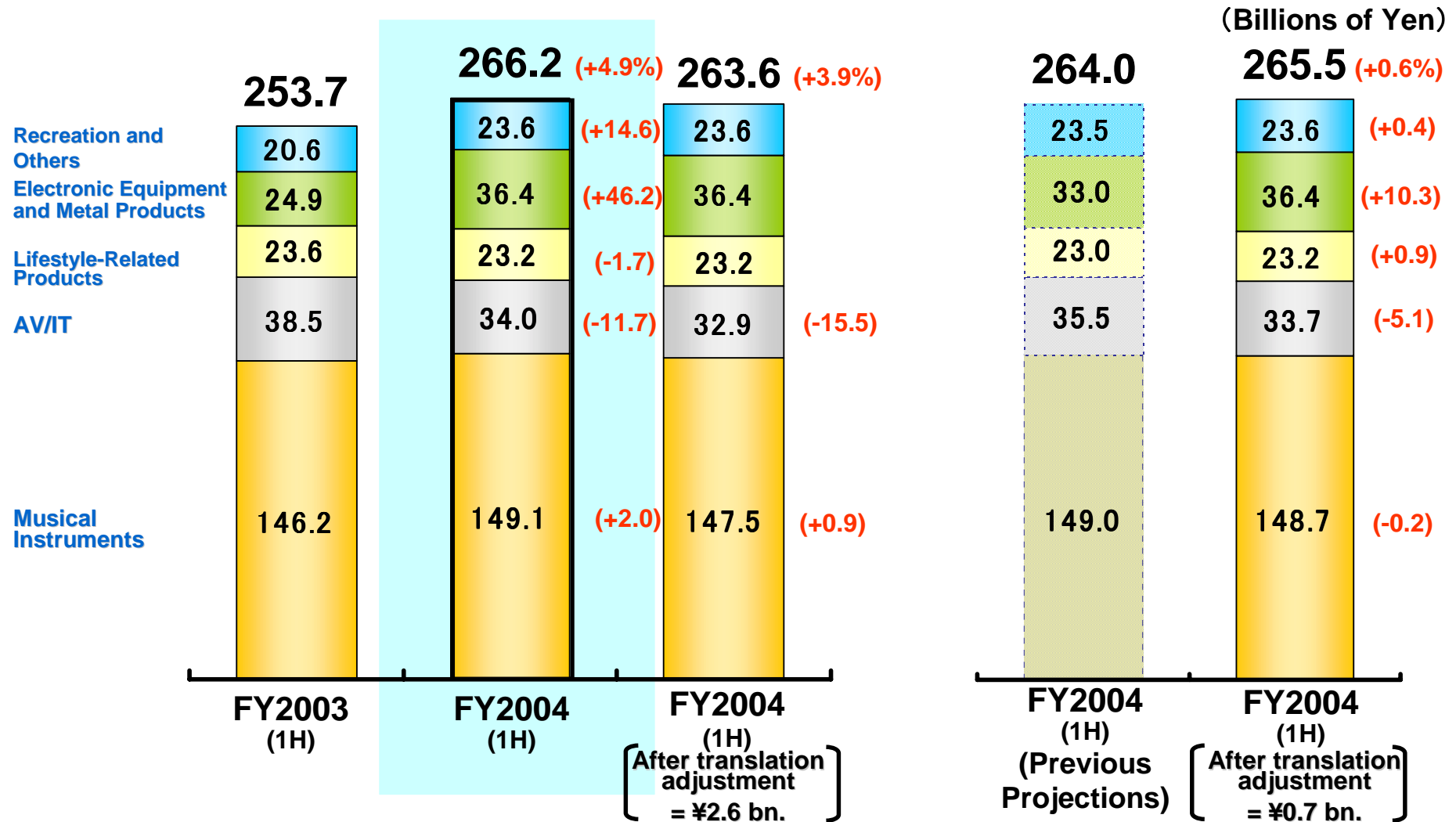
Net Sales	US\$	123	118	119
	EUR	117	133	130
Net Income	US\$	122	119	120
	EUR	115	127	125

Breakdown of Operating Income/Loss in the Interim Period



	FY2003 (1H)	FY2004 (1H)	FY2004 (1H) 8/8/2003 Projections
			(Billions of Yen)
Non-Operating Income (Loss)			
Equity method income	3.5	5.2	3.9
Net financial expenses	(0.6)	(0.4)	(0.7)
Other	(1.8)	(1.5)	(2.2)
Total	+1.1	+3.3	+1.0
Extraordinary Income (Loss)			
Income (loss) from disposal of fixed assets	(0.5)	(0.5)	(0.5)
Other	(1.5)	(0.5)	0.0
		• Loss from revaluation on investment securities (1.6)	• EC Fines (0.3) • Disposal of the Yamaha Electronique Alsace S.A. AV plant (0.25)
Total	(2.0)	(1.0)	(0.5)
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	1.9	2.2	1.8
Minority interests in consolidated subsidiaries	0.3	0.3	0.2
Total	+2.2	+2.5	+2.0

Net Sales by Business Segment



Compared with the Same Period of the Previous Year

*Figures in parentheses represent changes from the previous period.

Compared with Projections

*Figures in parentheses represent changes from the previous projections.

Operating Income by Business Segment in the Interim Period

(Billions of Yen)

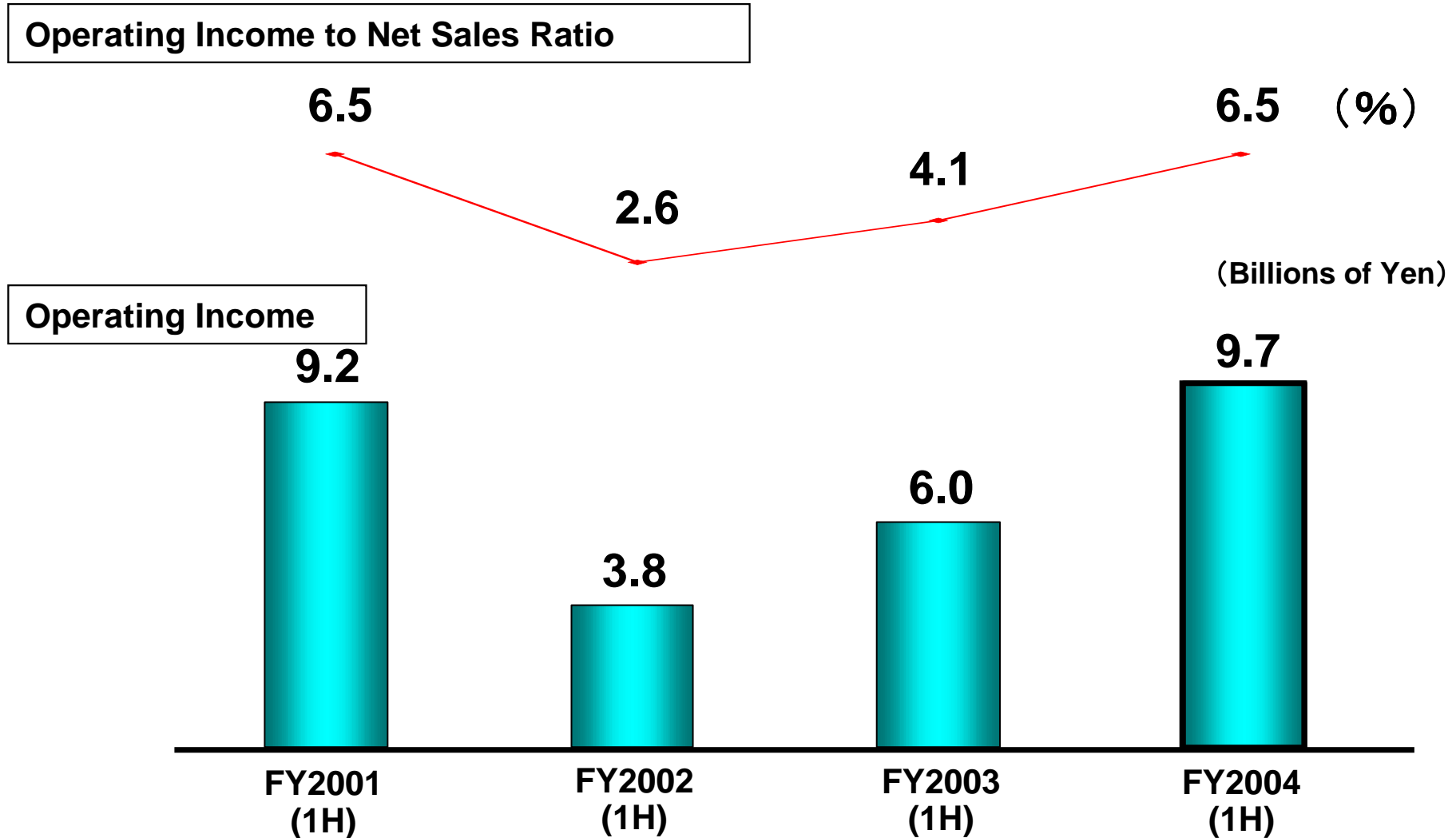
	FY2003 (1H)	FY2004 (1H)	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)	8/8/2003 Projections
Musical Instruments	6.0	9.7	+3.7	+1.9	+1.8	7.0
AV/IT	1.0	1.4	+0.4	+1.1	(0.7)	1.5
Lifestyle-Related Products	0.5	1.1	+0.6		+0.6	0.8
Electronic Equipment and Metal Products	5.9	14.2	+8.3		+8.3	11.5
Recreation	(0.8)	(0.5)	+0.3		+0.3	(0.4)
Others	0.5	0.5	0.0		0.0	0.1
TOTAL	13.1	26.4*	+13.3	+3.0	+10.3	20.5

*¥5.9 billion increase from the projection issued on August 8, 2003

Of this, the results of foreign exchange accounted for ¥1.1 billion (¥0.7 billion in musical instruments, ¥0.4 billion in AV/IT). Accordingly, on a real basis, there was an increase of ¥4.8 billion over previous projections.

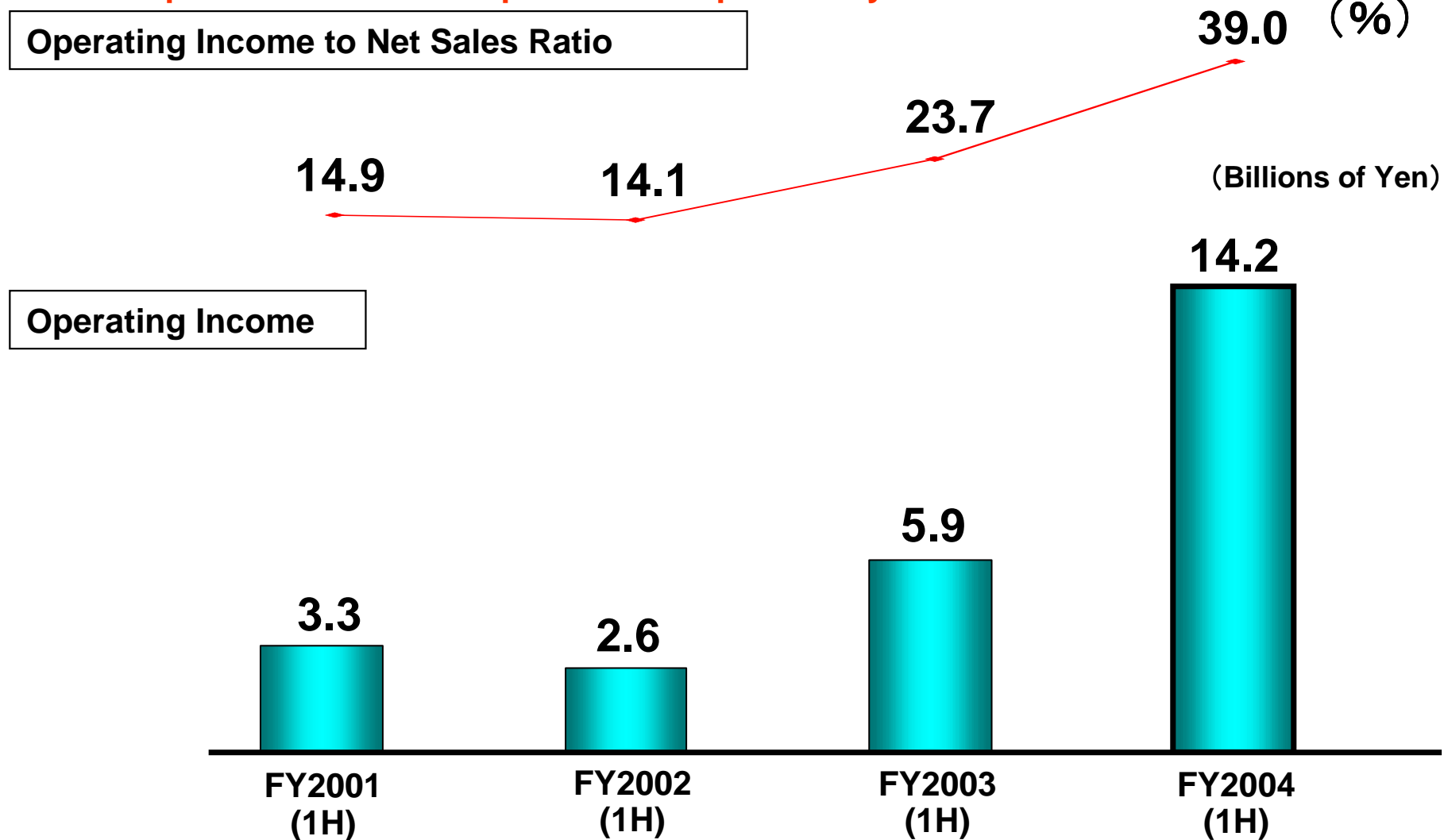
Recovery of Profitability in the Musical Instruments Business

- The interim period ratio of operating income to net sales improved to a level last seen in the first half of the year ending March 31, 2001.



Improvement in Profitability in the Electronic Equipment and Metal Products Business

- The interim period ratio of operating income to net sales improved significantly compared with the same period of the previous year.



Background of the Strong Performance of the Semiconductor Business

- The growth in the mobile phone market and the spread of the use of polyphonic sound in mobile phones (expansion in the market)
- YAMAHA's unique FM sound generator + Wave Table (PCM sound generator)
→ The FM sound generator features a reduction in data storage space requirements, a greater degree of freedom in tone composition (sound effects, etc.), and PCM sound generator data sampling technology
- Created synergy among SMAF (Synthetic music Mobile Application Format), content (ringing melodies), and sound chips (hardware)
 - **Improvements to sound chip peripheral software, tools, SMAF that optimizes the sound quality**
 - **Provision of technology to mobile phone handset manufacturers: both technology and personnel**
- Accumulated expertise in sound that has accompanied the development of musical instruments
- Cost-competitiveness through mass production

Principal Measures and Topics for the First Half of Fiscal 2004

■ Business

- **Began China-based holding company operations (April 2003)**

The effects of SARS have stunted progress.

The piano plant in China faced delays in real estate acquisition and the start of production has been delayed for six months to fall 2004.

- **The AV plant in China began operations (March 2003)**
- **Started musical instrument rental services in the Japanese market (April 2003)**

We have revised upward our first fiscal year target from 2,000 rentals to 3,000

■ Restructuring

- **Invar material business was discontinued production as scheduled in July 2003**
- **Sunza Villa closed for business on June 30, 2003**
- **Decision made to stop production at the YAMAHA Electronique Alsace S.A. AV plant on November 30, 2003**
- **Thermoelectric modules business was transferred to the Technology Group and downsized**

■ Other

- **Return of the substitutional portion of the employees' pension determined (future portion authorized November 1, 2003)**

Business Environment in the Second Half of Fiscal 2004

- **Overall** **Instability and unpredictability in global economy to continue**
- **Musical Instruments**
 - Increase of Chinese-manufactured pianos and wind instruments**
 - Expansion in software and network markets**
- **AV/IT**
 - Home theater component market to shrink and the home theater system market to grow**
 - Low-cost, Chinese-made and Chinese brand products to emerge in market**
 - Digital and networking technologies to advance**
- **Lifestyle-Related Products**
 - Signs of market deterioration to appear in the beginning of 2004 as a repercussion of the end of the housing loan incentive tax system**
 - Industry participants to work vigorously to stimulate demand for housing renovation**
- **Semiconductors** **Global mobile phone unit sales for 2003 to increase 10% to 15% from 2002**
 - In conjunction with this trend, mobile phones will have more advanced functions**
- **Electronic Equipment and Metal Products**
 - Despite indications for a recovery in the semiconductor market, future trends are uncertain**
- **Recreation** **Continued declines in prices and greater selectivity**

Forecasts of Business Performance in FY2004

(Billions of Yen)

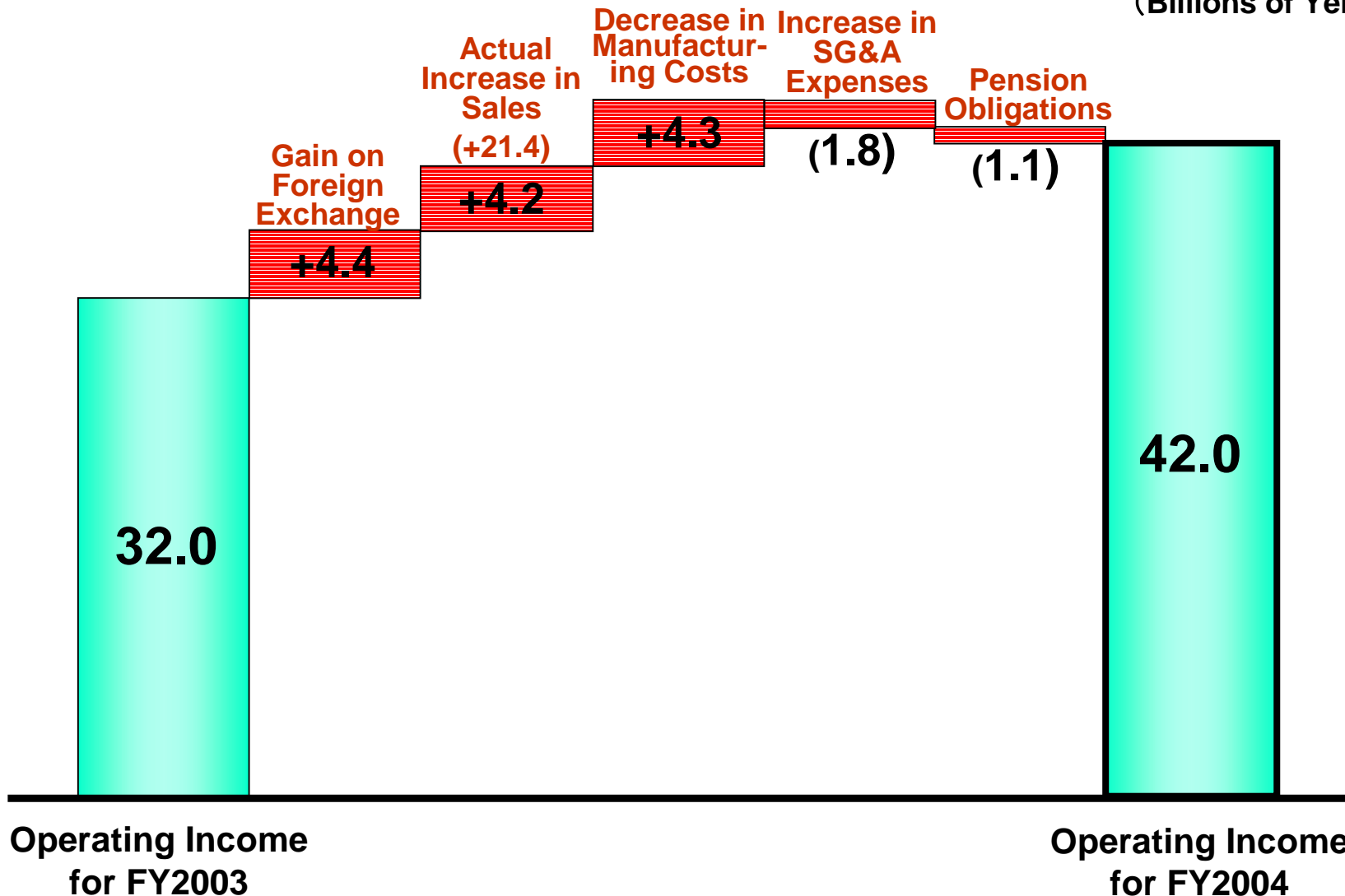
	FY2003 Results			FY2004 Projections			Increase
	1H	2H	Total	1H	2H	Total	
Net Sales	253.7	271.0	524.7	266.2	277.8	544.0	3.6%
Operating Income <small>(Operating Income Ratio)</small>	13.1	18.9	32.0 <small>(6.1%)</small>	26.4	15.6	42.0 <small>(7.7%)</small>	31.3%
Recurring Profit <small>(Recurring Profit Ratio)</small>	14.2	19.6	33.8 <small>(6.4%)</small>	29.7	17.8	47.5 <small>(8.7%)</small>	40.5%
Net Income <small>(Net Income Ratio)</small>	10.0	7.9	17.9 <small>(3.4%)</small>	26.2	15.3	41.5 <small>(7.6%)</small>	131.8%

Currency Exchange Rate

Net Sales	US\$	123	121	122	118	110	114
	EUR	117	125	121	133	125	130
Net Income	US\$	122	121	122	119	110	115
	EUR	115	118	116	127	125	126

Breakdown of Operating Income/Loss in FY2004

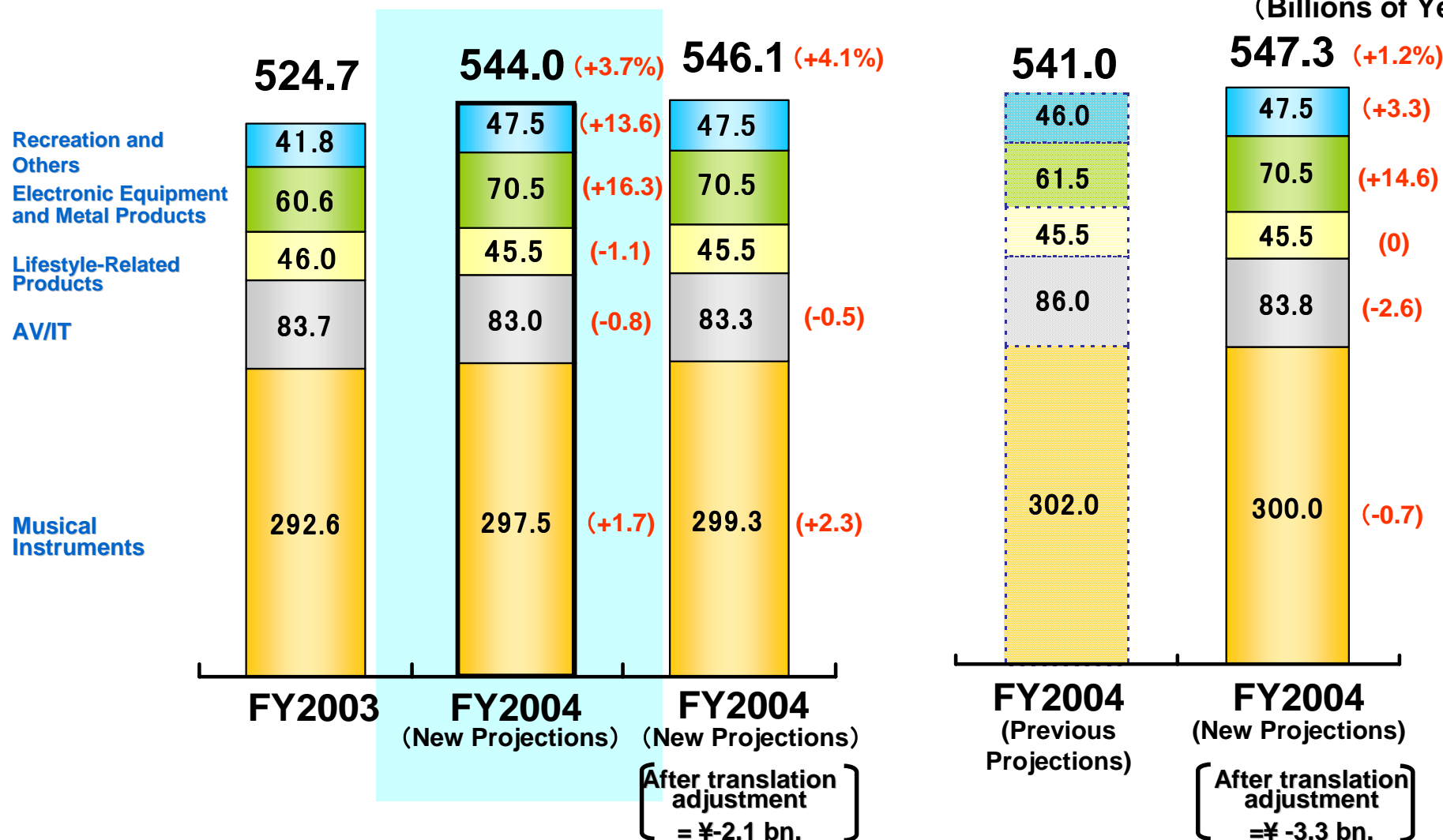
(Billions of Yen)



	FY2003 (2H)	FY2004 (2H) New Projections	FY2004 (2H) 8/8/2003 Projections
			(Billions of Yen)
Non-Operating Income (Loss)			
Equity method income	4.1	5.0	5.1
Net financial expenses	(0.8)	(0.6)	(0.8)
Other	(2.6)	(2.2)	(2.3)
Total	+0.7	+2.2	+2.0
Extraordinary Income (Loss)			
Income (loss) from disposal of fixed assets	(0.5)	(0.5)	(0.2)
Other	(8.7)	0.0	0.2
		<small>*Loss from revaluation on investment securities (6.4)</small>	
		<small>*Loss on withdrawal of business (2.3)</small>	
Total	(9.2)	(0.5)	0.0
Corporate Income Tax and Other Expenses			
Corporate income tax, etc.	2.2	1.9	3.3
Minority interests in consolidated subsidiaries	0.3	0.1	0.2
Total	+2.5	+2.0	+3.5

Forecasts of Net Sales by Business Segment

(Billions of Yen)



Compared with the Same Period of the Previous Year

*Figures in parentheses represent changes from the previous period.

Compared with Projections

*Figures in parentheses represent changes from the previous projections.

Forecasts of Operating Income by Business Segment

(Billions of Yen)

	FY2003	FY2004 Projections	Increase/ (Decrease)	Currency Exchange Impact	Actual Increase/ (Decrease)	8/8/2003 Projections
Musical Instruments	9.8	12.0	+2.2	+2.4	(0.2)	12.0
AV/IT	3.2	4.0	+0.8	+2.0	(1.2)	3.7
Lifestyle-Related Products	0.5	1.0	+0.5		+0.5	0.8
Electronic Equipment and Metal Products	19.3	25.0	+5.7		+5.7	17.7
Recreation	(1.1)	(0.5)	+0.6		+0.6	(0.5)
Others	0.4	0.5	+0.1		+0.1	0.3
TOTAL	32.0	42.0*	+10.0	+4.4	+5.6	34.0

*This represents an increase of ¥8.0 billion from August 8, 2003, projections.

The increase in income from foreign exchange rate fluctuations is projected at ¥1.1 billion (musical instruments ¥0.2 billion, AV/IT ¥0.9 billion). Accordingly, on a real basis, operating income is now projected to outstrip the August 8, 2003, projections by ¥6.9 billion.

Musical Instruments

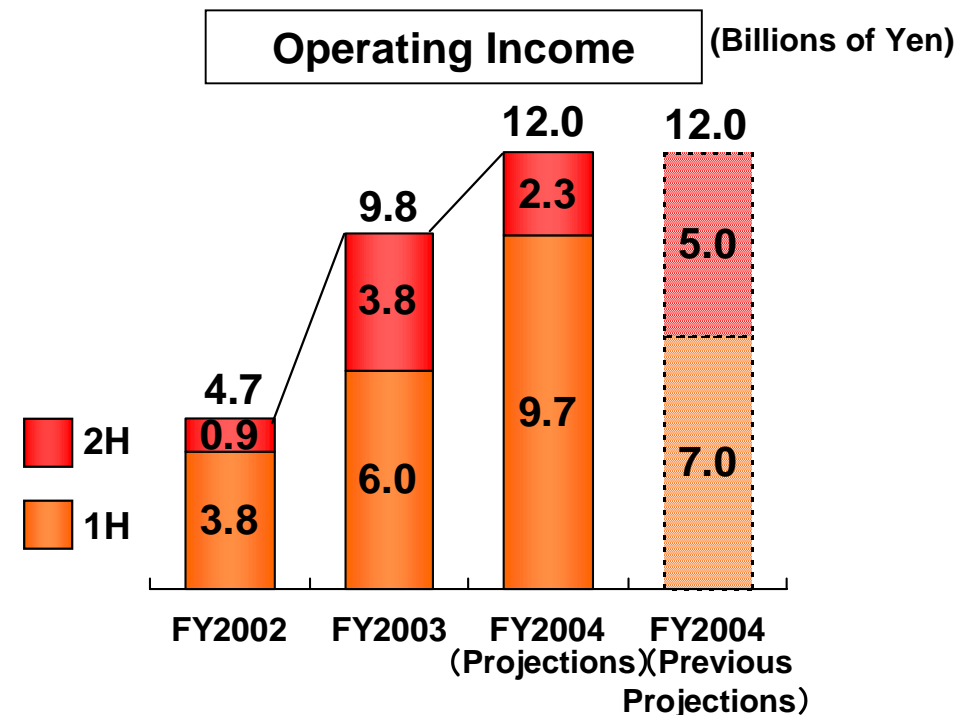
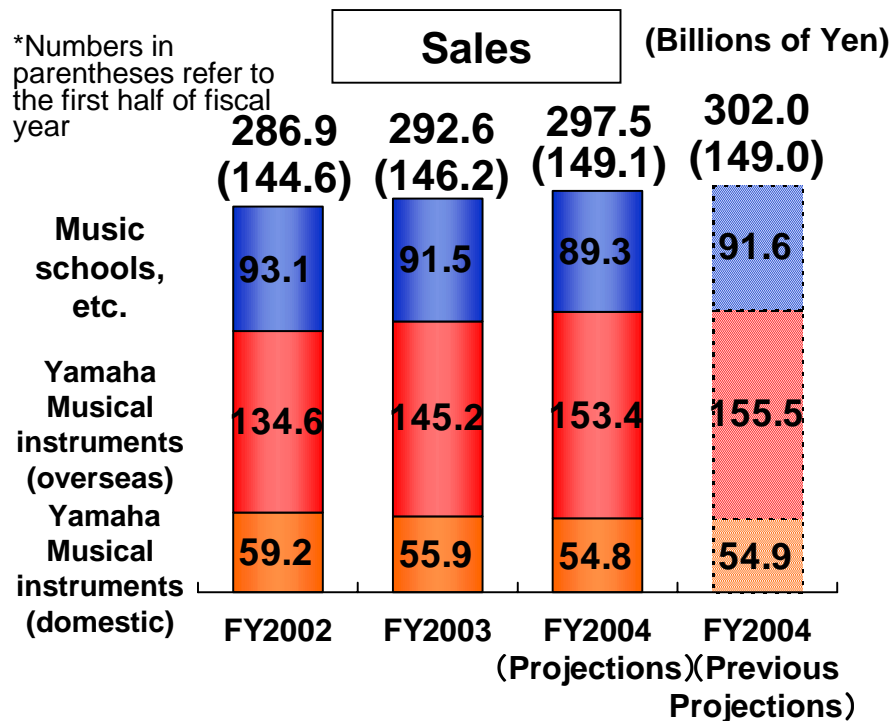
■ First Half

- In the U.S. market, the adjustment in the distribution of inventories has run its course and sales exceeded projections as well as previous interim period sales. Business performance overall in Europe was strong.
- Sales in Asia increased, led by the Middle East and South Korea.
- By product, digital musical instruments were strong, particularly overseas.
- Inventories at the end of the interim period were at roughly optimal levels.

■ Priority Policies for the Second Half

- Promote continued stable growth in North American and European markets and implement measures for the Chinese and South Korean markets
- In Japan, improve profitability through the cultivation of adult demand and boost operational efficiency
- Reduce inventories through the promotion of SCM

*Numbers in parentheses refer to the first half of fiscal year



Ringling Melodies Distribution Service Development

■ Japan

Number of YAMAHA Members is Stagnant.

Overall Conditions:

- The market is saturated and new content providers are beginning to emerge. The size of the market is estimated to be between ¥70.0 and ¥80.0 billion and *Chaku-uta* (reproduction of brief portions of CDs using compressed music data) is expanding.
- The number of members has peaked out at approximately 33 million total and competition is heating up.

Initiatives:

- Television commercials were aired in July and August aimed at recruiting new members
- Improve profitability through scrapping and building

■ Overseas

YAMAHA's Continued Strategy to Actively Develop Overseas, Has Not Led to Visible Results

Conditions:

- <United States> The ringing melodies distribution business is expanding, but obtaining permission to use musical compositions is a barrier. There are numerous formats, including SPMIDI, SMAF, SMF, CMX, and iMelody.
- <Europe> Vodafone Live! in Europe has an overall download rate of 1 million per month.
- <China> There are between four and five local content providers serving the market. These companies have been affected by the SARS epidemic and the slower than expected diffusion of mobile phone handsets.

Initiatives:

- <United States> Began providing services with AT&T Wireless in July 2003, plan to transfer operating body from Japan to the United States
- <Europe> Began Bouygues Telecom in France (2,000 subscribers in August 2003)
- <China> Began providing services with China Unicom in July 2003; strengthening local response through hiring staff locally and growth expected in the future
- <Taiwan> Number of TCC subscribers exceeded 20,000 and sales have increased sharply

AV/IT

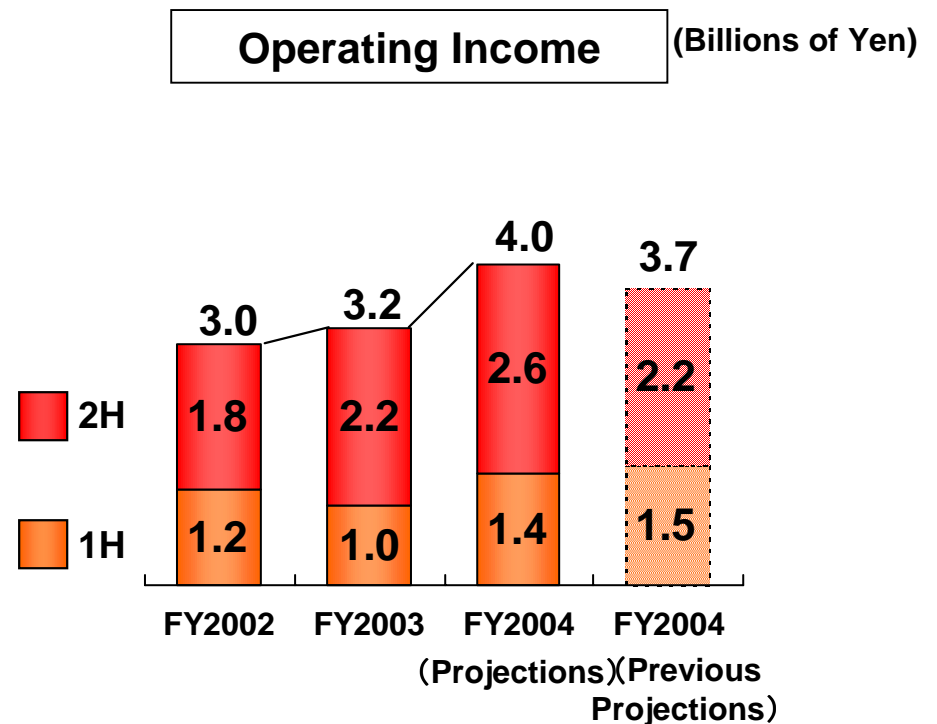
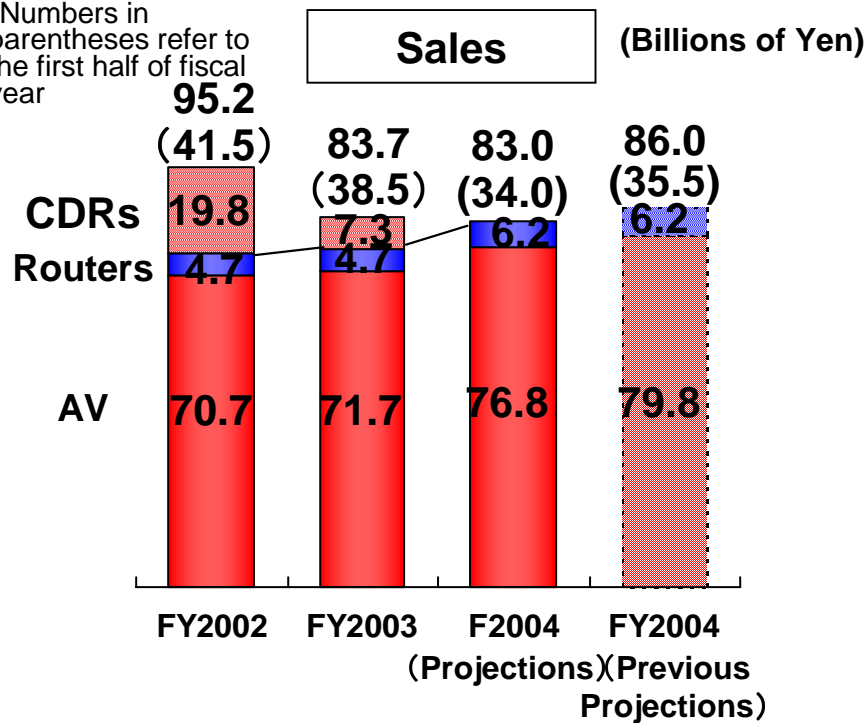
■ First Half

- Sales have declined compared with both previous fiscal year interim period results and our plans due to intensified competition and delays in adapting to changes in the market.
- Small-scale corporate-use router sales were strong.

■ Priority Policies for the Second Half

- Securing sales through the market launch of new products
- Promote initiatives for the Chinese market to stabilize our business there
- Expand sales of MusicCast and other new products

*Numbers in parentheses refer to the first half of fiscal year



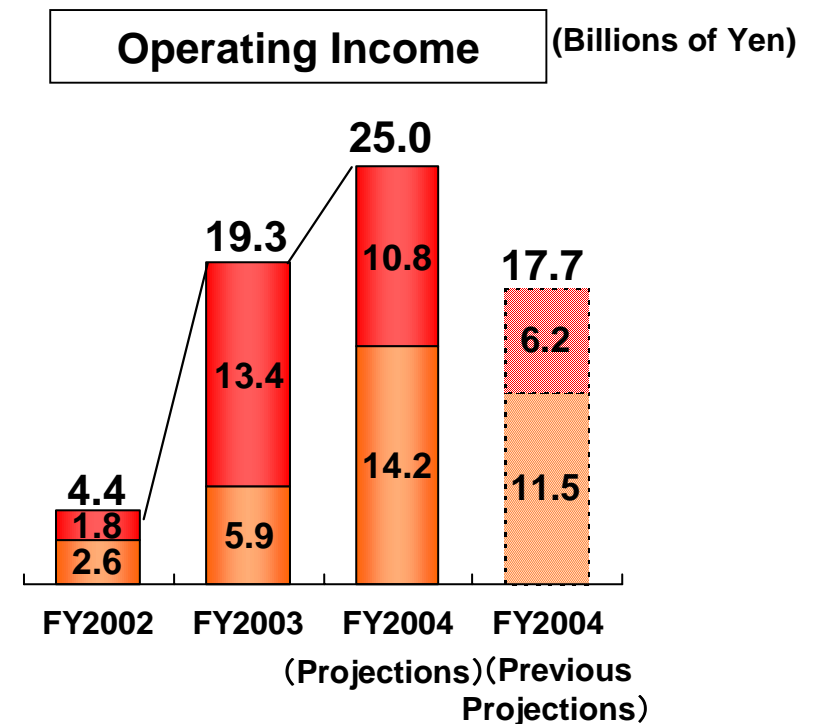
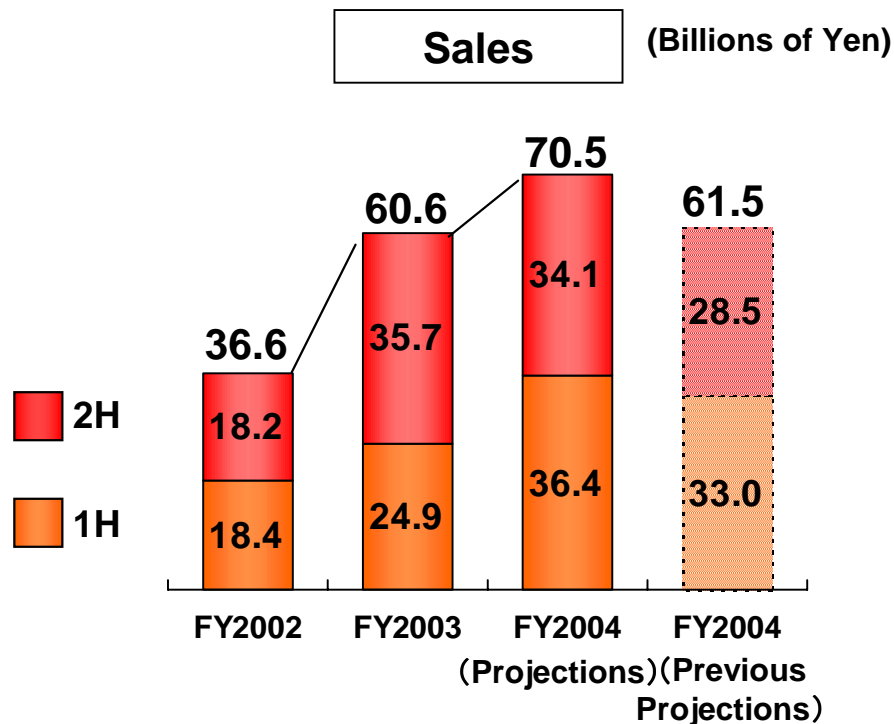
Electronic Equipment and Metal Products

■ First Half

- Mobile phone sound chips rebounded in the second quarter and semiconductors continued to perform well.
- The profitability of the electronic metals business improved along with the withdrawal from the invar materials business.
- Due to deteriorating market conditions, it was not possible to launch the operations of the thermoelectric modules (Peltier device) business, and it was reorganized into the Technology Group.

■ Priority Policies for the Second Half

- Maintain profitability in the semiconductor business
- Strengthen profitability in the electronic metals business



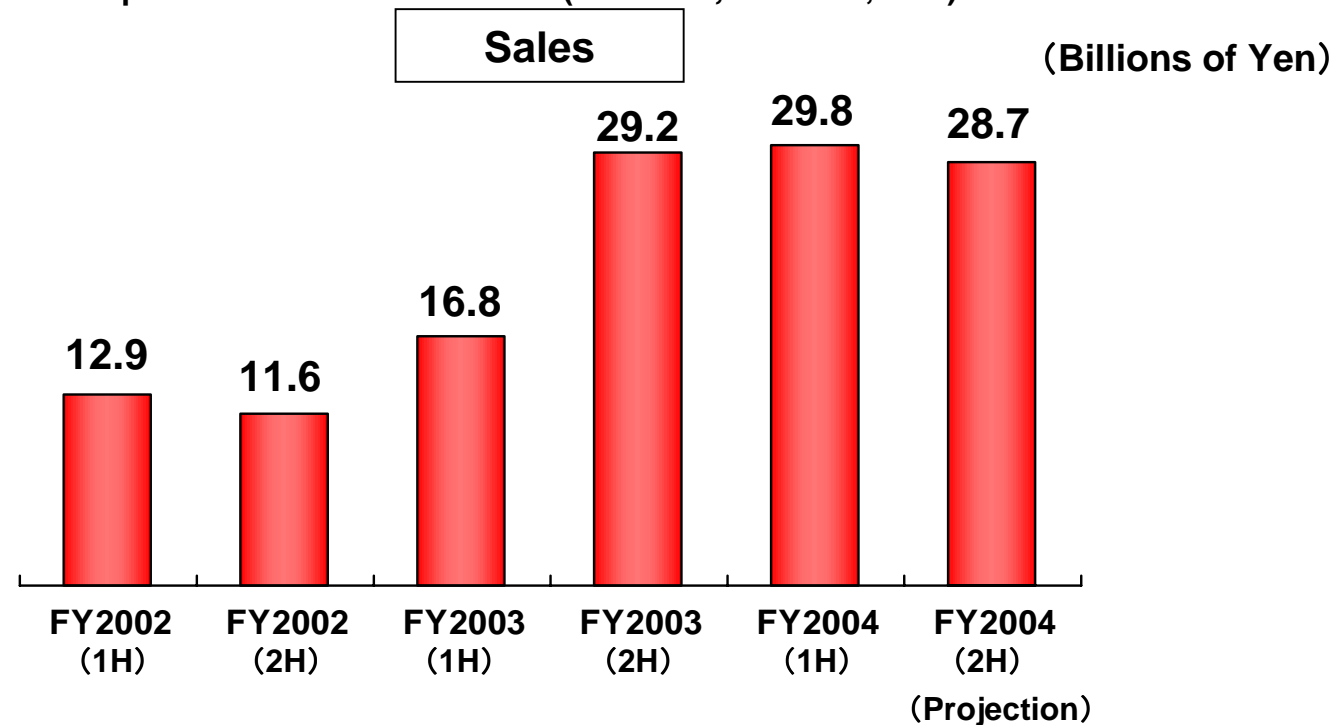
Semiconductors

■ First Half

- Mobile phone sound chips lost momentum in the first quarter due to inventory adjustments and the SARS epidemic, but in the second quarter they staged a recovery centered in China and South Korea.
- Chips for amusement machines (*Pachinko, Pachislo, etc.*) maintained their strength throughout the period.
- Inventories have declined to nearly optimal levels.

■ Priority Policies for the Second Half

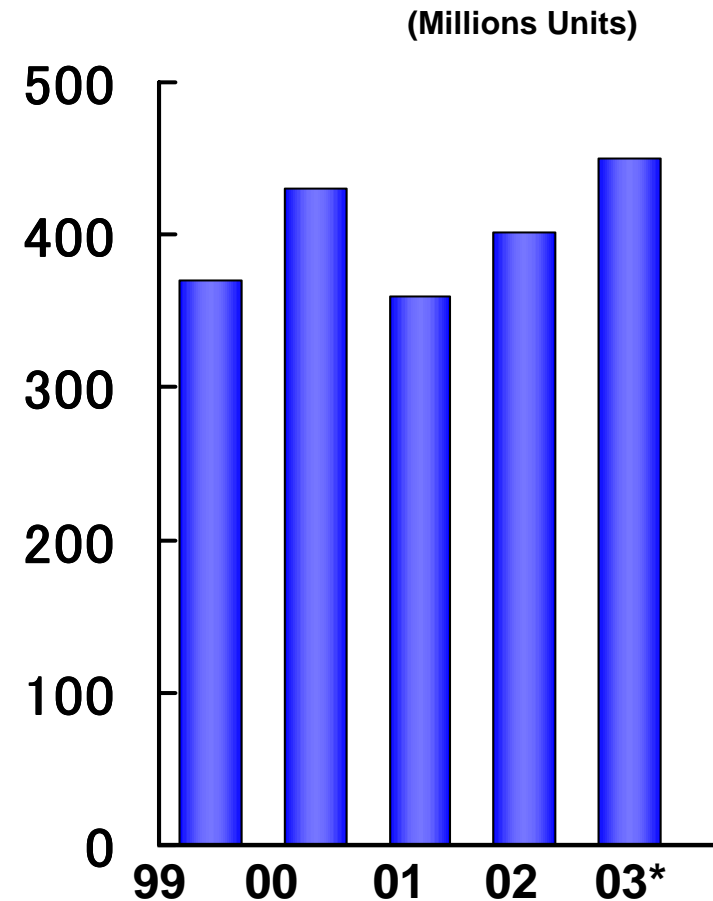
- Maintain dominance in the mobile phone sound chip business
 - Increase sales in Asian markets
 - Promote sales in the expanding markets of Europe and North America
- Expand the business for chips for amusement machines (*Pachinko, Pachislo, etc.*)



Trends in the Global Market for Mobile Phones

■ Situation in 2003

- Mobile phone sales rose 18% in the January-March quarter from the same quarter of 2002, and increased 12% in the April-June quarter from the same quarter of 2002.
- The effects of SARS had nearly played out as of May 31, 2003, and the inventory adjustments of handset manufacturers wound down in July.
- Handsets featuring color liquid crystal displays with camera functions became increasingly known among consumers in Europe and North America.
- In the Chinese market, in Beijing, Shanghai, Guangzhou, and other major cities, there has been a sudden increase in users buying upgraded models.
- In Japan, roughly 90% of mobile phones have camera functions and the third-generation (3G) mobile phone market is increasing.
- In South Korea, even though the market is nearly saturated, a number of companies are planning to launch W-CDMA services at the end of 2003 in Seoul.
- There has been concern regarding possible inventory adjustments since the beginning of 2004.



Source: Nikkei Market Access

*The projection for 2003 was made by IDC.

Mobile Phone Sales Volume and Sound Chip Business Conditions

	Mobile Phones In Use* (Million Units)	Annual Sales of Mobile Phones* (Million Units)	Trends in Sound Chip Markets
Japan	78.6	48.0	<ul style="list-style-type: none"> • Rush for new handsets with cameras, increase in replacement demand • Market for third generation (3G) mobile phones expanding • Move from 32/40-note to 64-note polyphony sound chips under way
Korea	33.2	15	<ul style="list-style-type: none"> • Rush to introduce 64-note models, but market saturated • To start W-CDMA services from the end of 2003
China	235	Slightly under 100	<ul style="list-style-type: none"> • The market share of domestic Chinese manufacturers tops 50% • Sharp increase in users upgrading models in large cities • Projected to move from 16-note to 32/40/64-note polyphony sound chips
Europe/ US	500	200	<ul style="list-style-type: none"> • Color liquid crystal units with cameras recognized by consumers • Increase in number of ringing melodies distribution service providers, competition intensified • Increase in sales of models with over 32-note polyphony sound chips
Others	500	100	<ul style="list-style-type: none"> • Increased sales in South America, Eastern Europe, the Middle East, and Africa • Expand market for CDMA type units • Shift from monophony to polyphony

*assumption

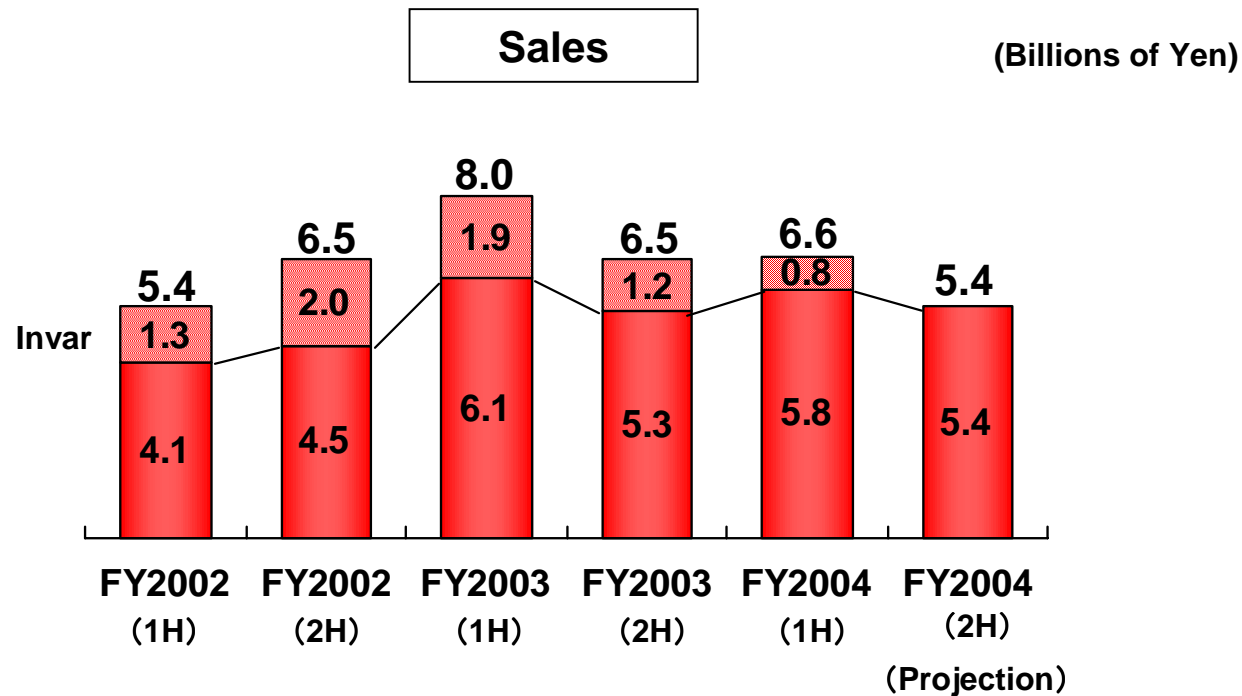
Electronic Metal Products

■ First Half

- Invar material production ended on schedule in July 2003.
- Sales improved due to our focus on lead frame materials.

■ Priority Policies for the Second Half

- Expand share of market for lead frame materials, focusing on copper lead frames
- Improve profitability through a revision of manufacturing processes and reduce inventories



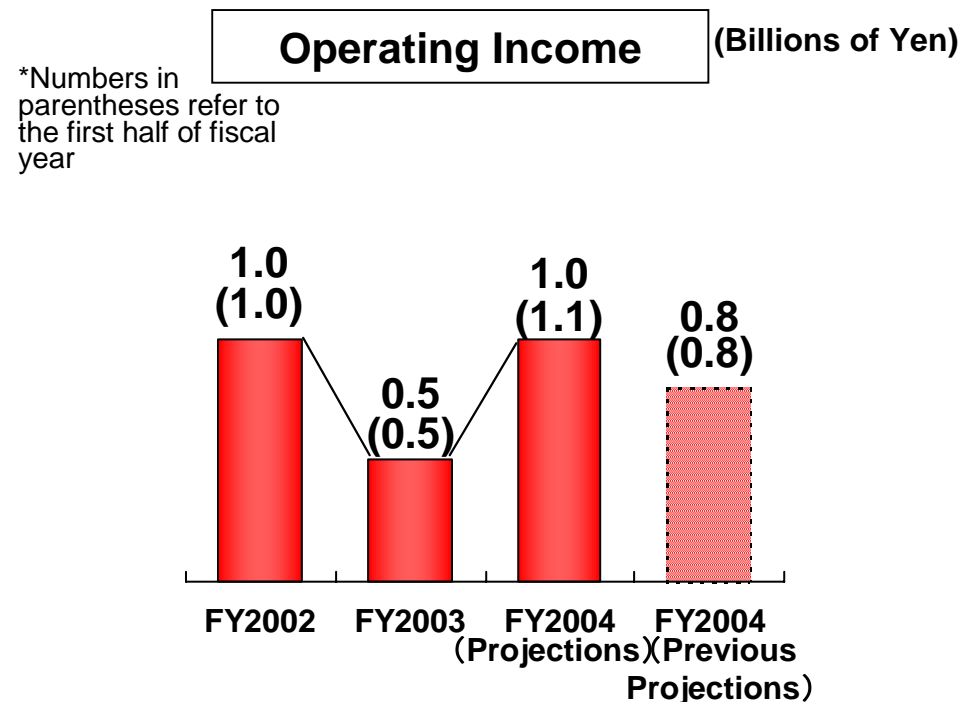
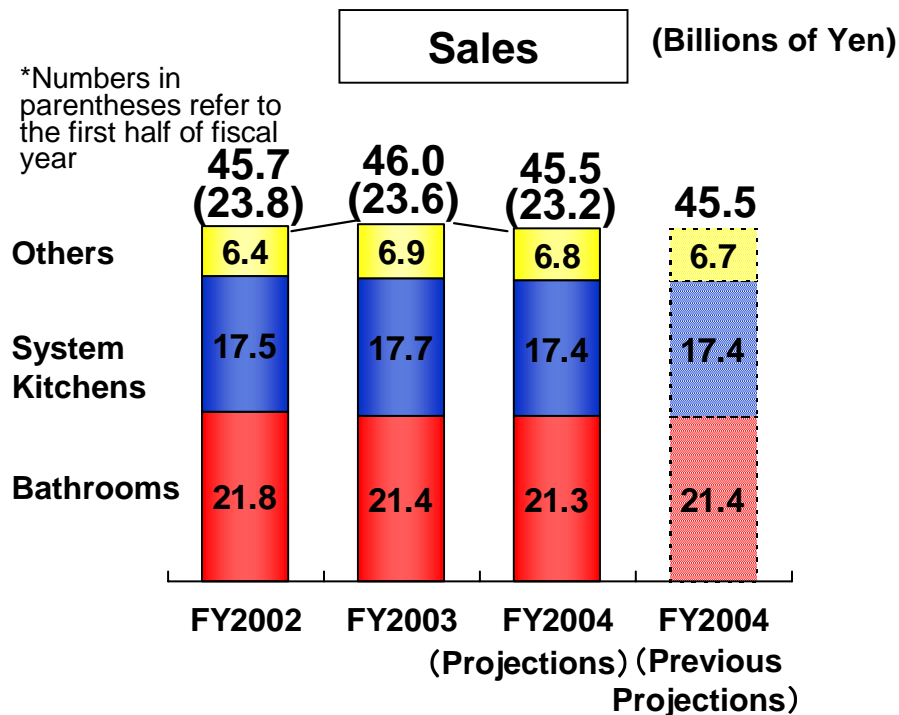
Lifestyle-Related

■ First Half

- Competition was fierce in principal wholesale routes and sales declined from the same period of the previous year.
- Profits increased due to successful cost cutting measures.

■ Priority Policies for the Second Half

- Lower the breakeven point by reducing fixed asset costs, particularly through measures involving the reduction of manufacturing costs
- Expect to launch of and see results from new products jointly developed with Air Water Living Inc., in the next period
- Augment response to renovation-related market, which is projected to continue growing



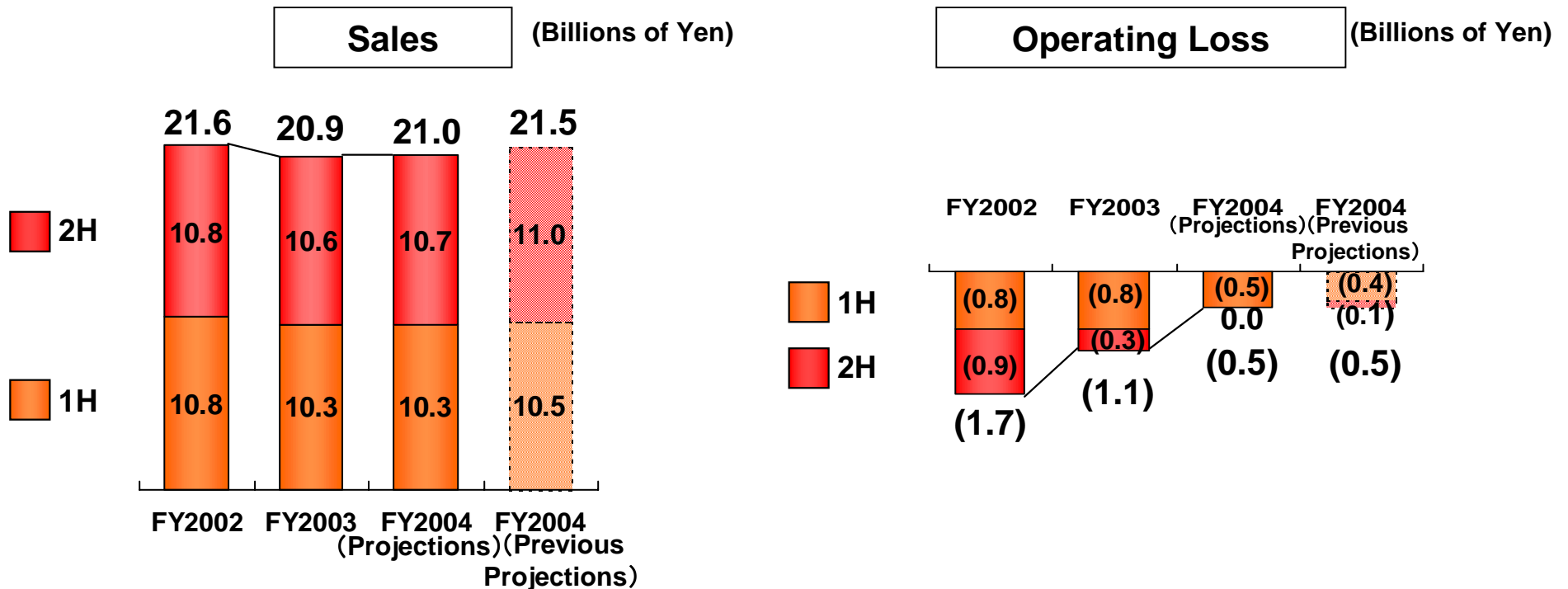
Recreation

■ First Half

- Due to an unseasonably cool summer, number of day-trippers and golf-related sales declined, but overnight guest stayed surpassed levels in the previous year as well as targets.
- Sunza Villa ceased business at the end of June, as scheduled.

■ Priority Policies for the Second Half

- Attract customers, particularly for overnight stays
- Increase profitability through the improvement of management efficiency and reduction of fixed costs
- Continually monitor profitability at each individual facility



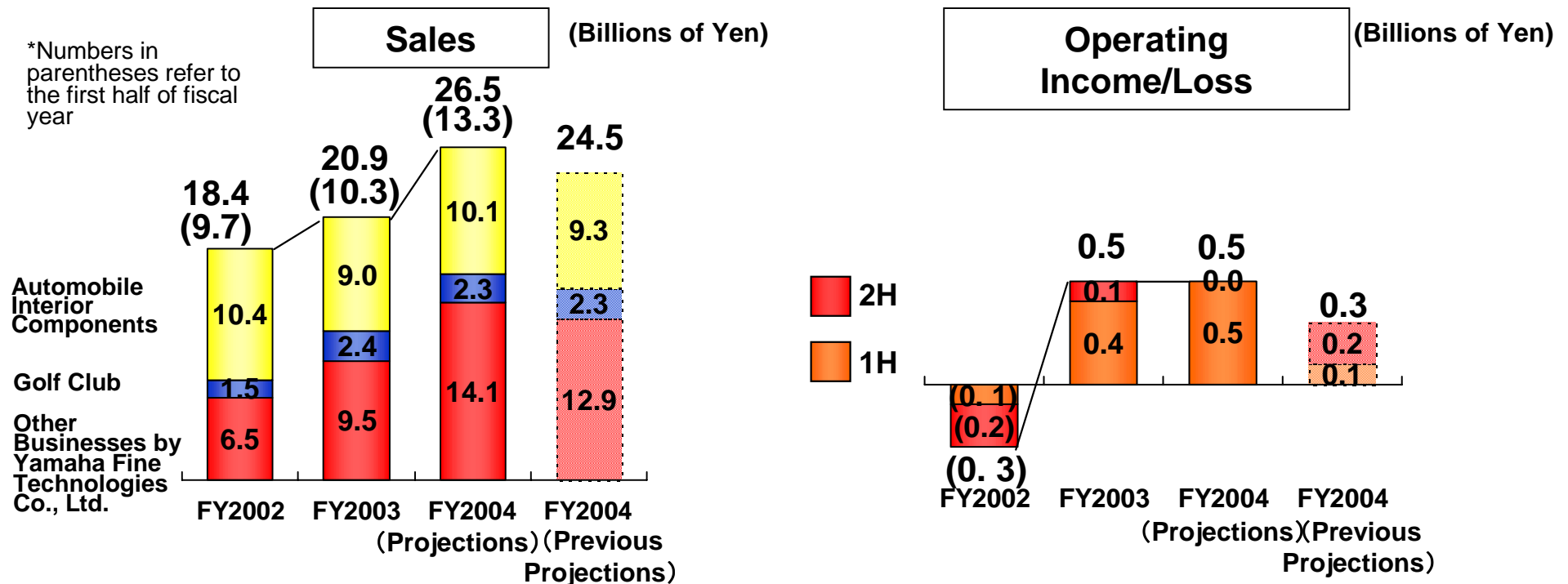
Others

■ First Half

- YAMAHA continued full-capacity production of Mg-molded parts for mobile phones.
- Income from automobile interior components increased compared with previous forecasts due to increased production.
- Profitability in golf operations was firm thanks to high market evaluations and commissioned manufacturing, which lowered costs.

■ Priority Policies for the Second Half

- Increase profitability of Mg-molded parts for mobile phones
- Ensure profitability in automobile interior components to accompany the increase in production expected to continue from the first half of the fiscal year
- Establish market for new golf products to be launched in December 2003



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.