

**Analyst and Investor Briefing on the
First Quarter of the Fiscal Year Ending
March 31, 2008 (FY2008.3)**

**August 2, 2007
YAMAHA CORPORATION**

Overview of Performance in the First Quarter



- Net sales increased ¥8.5 billion or 6.7% year-on-year, which is ¥4.4 billion or 3.3% higher than previous projections. On a real basis (discounting the impact of exchange rates), net sales increased ¥3.6 billion or 2.8% year-on-year, about on par with previous projections.
- Operating income increased ¥0.6 billion or 8.0% year-on-year, which is ¥1.3 billion or 21.2% higher than previous projections. Operating income from musical instruments, AV/IT products and semiconductors in “The Sound Company” business domain was higher than previously projected (¥5.6 billion->¥7.2 billion), and nearly on par with the first quarter of the previous year. The impact of exchange rates was ¥1.1 billion higher than previous projections and ¥2.0 billion higher year-on-year.
- Equity method income decreased due to selling a portion of Yamaha Motor shares, so recurring profit was down year-on-year. Net income increased year-on-year owing to gains on that sale.
- Term-end inventory levels were higher than previous projections and the first quarter of the previous year. Discounting the impact of exchange rates, finished musical instruments stayed at nearly the same level as previously projected. Goods in process and materials increased, mainly due to production delays at some overseas plants and valuation increases caused by higher prices for metallic materials.

Performance in the First Quarter



➤ Sales and operating income were higher year-on-year and against previous projections (May 23).

Excluding Yamaha Motor from the scope of consolidation through the equity method resulted in a year-on-year decrease in recurring profit. Net income increased year-on-year owing to gains from the sale of Yamaha Motor shares.

(Billions of yen)

	FY2007.3 (1Q) Results	FY2008.3 (1Q) Results	Change from same period of previous year	Previous projections	Change from previous projections
Net sales	126.7	135.2	+ 6.7%	130.8	+ 3.3%
Operating income	6.7	7.3	+ 8.0%	6.0	+ 21.2%
Recurring profit	12.7	7.5	- 40.8%	5.2	+ 44.3%
Net income	10.0	23.2	+131.9%	21.0	+ 10.7%

**Equity method
income**

6.4

0

0

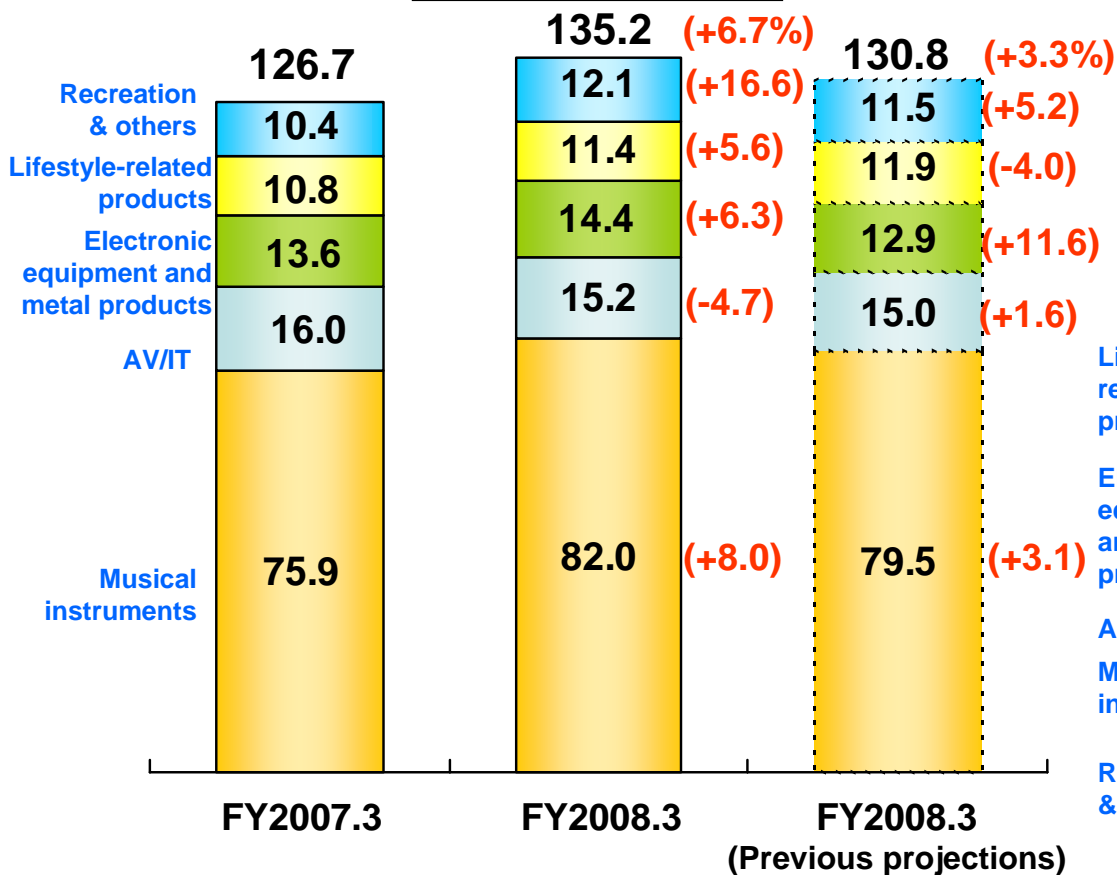
Currency exchange rates (yen)

Net sales	US\$	115	121	115
	EUR	144	163	148
Operating income	US\$	115	120	115
	EUR	139	156	148

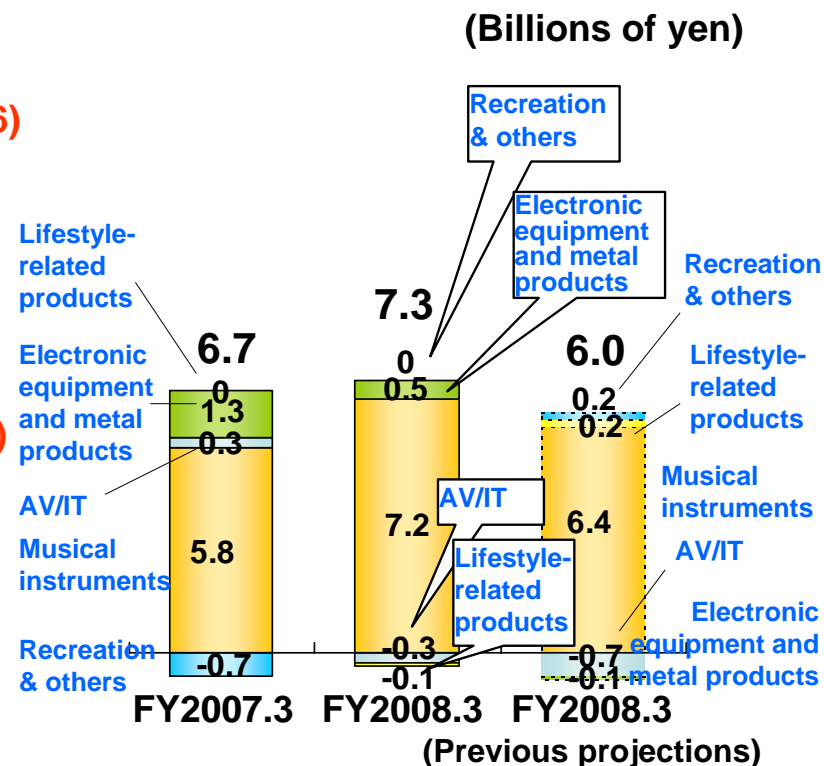
Results by Business Segment in the First Quarter



Net Sales



Operating Income



Figures in parentheses represent year-on-year change or change against previous projections.

Impact of exchange rates
 Year-on-year: +¥4.9 billion (musical instruments +¥3.8 billion, AV/IT +1.1 billion)
 Versus previous projections: +¥4.1 billion (musical instruments +¥3.2 billion, AV/IT +0.9 billion)

Impact of exchange rates
 Year-on-year: +¥2.0 billion (musical instruments +¥1.9 billion, AV/IT +0.1 billion)
 Versus previous projections: +¥1.1 billion (musical instruments +¥1.2 billion, AV/IT -0.1 billion)

Forecast of Business Performance in FY2008.3 (Full Year)



➤ Full year totals for net sales and operating income expected to be higher than previous projections (May 23), with revising the euro exchange rate from ¥148=€1 to ¥155=€1.

(Billions of yen)

	FY2007.3 (Results)	FY2008.3 (Projections)	Change from same period of previous year	Previous projections	Change from previous projections
Net sales	550.4	557.0	+ 1.2%	551.0	+ 1.1%
Operating income	27.7	32.0	+ 15.5%	30.0	+ 6.7%
Recurring profit	42.6	30.0	- 29.6%	27.0	+ 11.1%
Net income	27.9	35.5	+27.2%	32.5	+ 9.2%
Equity method income	17.8	0		0	

Currency exchange rates (yen)

Net sales	US\$	117	116	115
	EUR	150	157	148
Operating income	US\$	117	116	115
	EUR	144	155	148

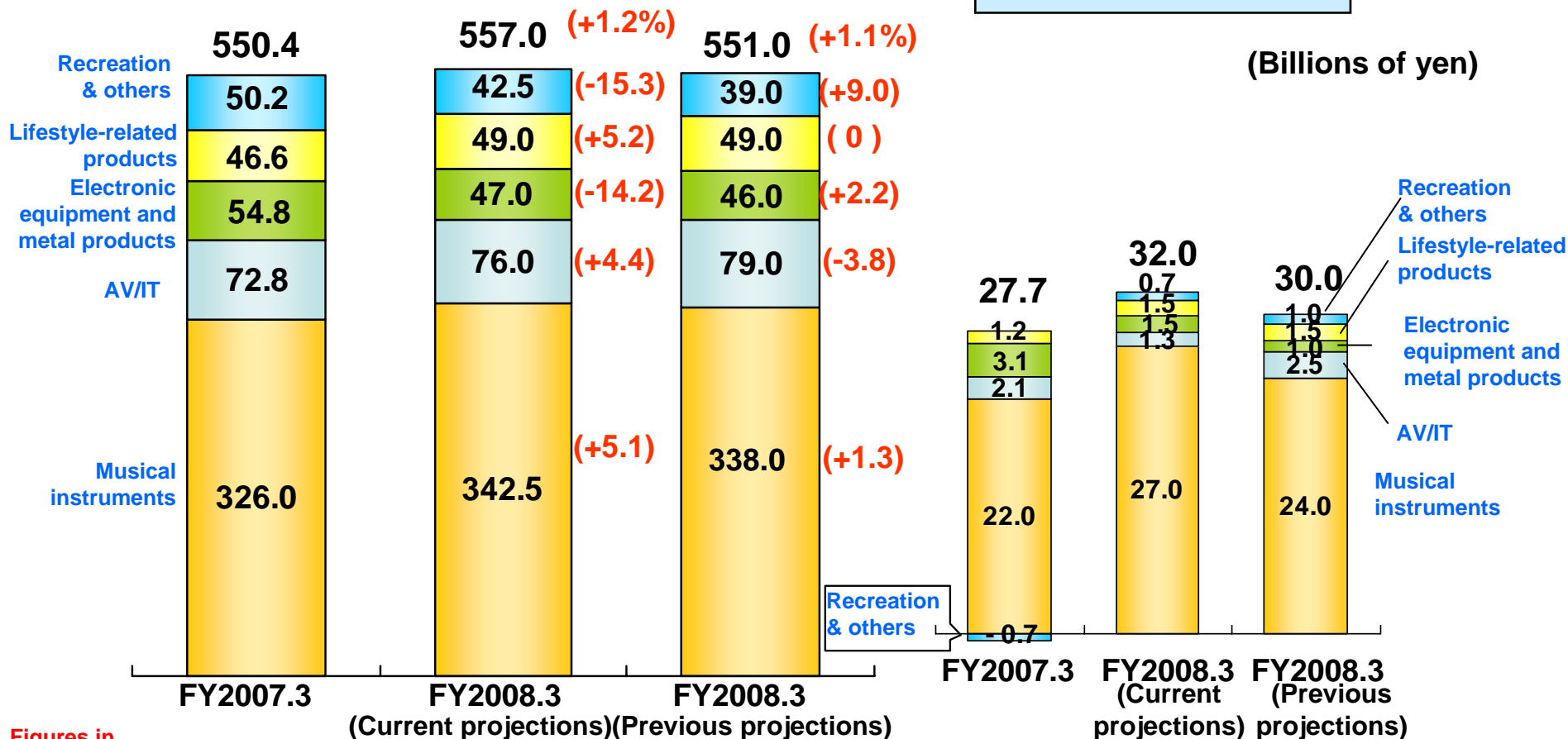
FY2008.3 (Full Year) Forecast by Business Segment



Net Sales

Operating Income

(Billions of yen)



Figures in parentheses represent year-on-year change or change against previous projections.

Impact of exchange rates
 Year-on-year: +¥4.8 billion (musical instruments +¥3.6 billion, AV/IT +1.1 billion)
 Versus previous projections: +¥9.3 billion (musical instruments +¥6.9 billion, AV/IT +2.4 billion)

Impact of exchange rates
 Year-on-year: +¥5.1 billion (musical instruments +¥4.1 billion, AV/IT +0.9 billion)
 Versus previous projections: +¥3.5 billion (musical instruments +¥3.2 billion, AV/IT +0.2 billion)

Musical Instruments

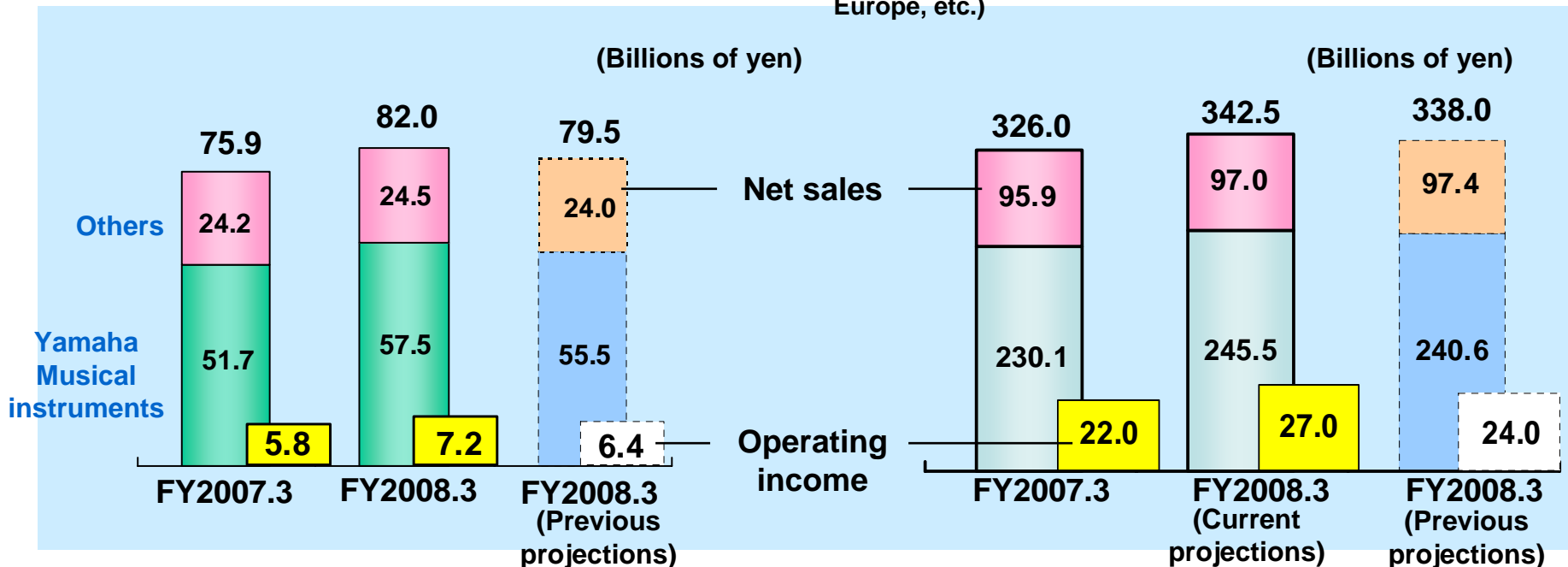


1Q Overview

- Discounting the impact of exchange rates, real 1Q net sales increased 3.0% year-on-year, but fell slightly against previous projections. Sales in South Korea, China and Central and South America continue to be strong. Sales in the U.S. exceeded the first quarter of the previous year, but fell short of expectations.
- Product-by-product, sales of pianos, electronic instruments and professional audio equipment were higher year-on-year and against previous projections.

FY2008.3 Projections and Priority Policies

- Further strengthen profitability as the core business
- Market new products without fail in time for Christmas sales push
- Strengthen and expand commercial audio equipment business
- Recover in the U.S. market, reinforce Japan market by accommodating market changes
- Strengthen cost competitiveness (Hangzhou Yamaha, Indonesia, consolidation of production bases for piano business in Japan)
- Promote sales in emerging markets (China, Russia, Eastern Europe, etc.)

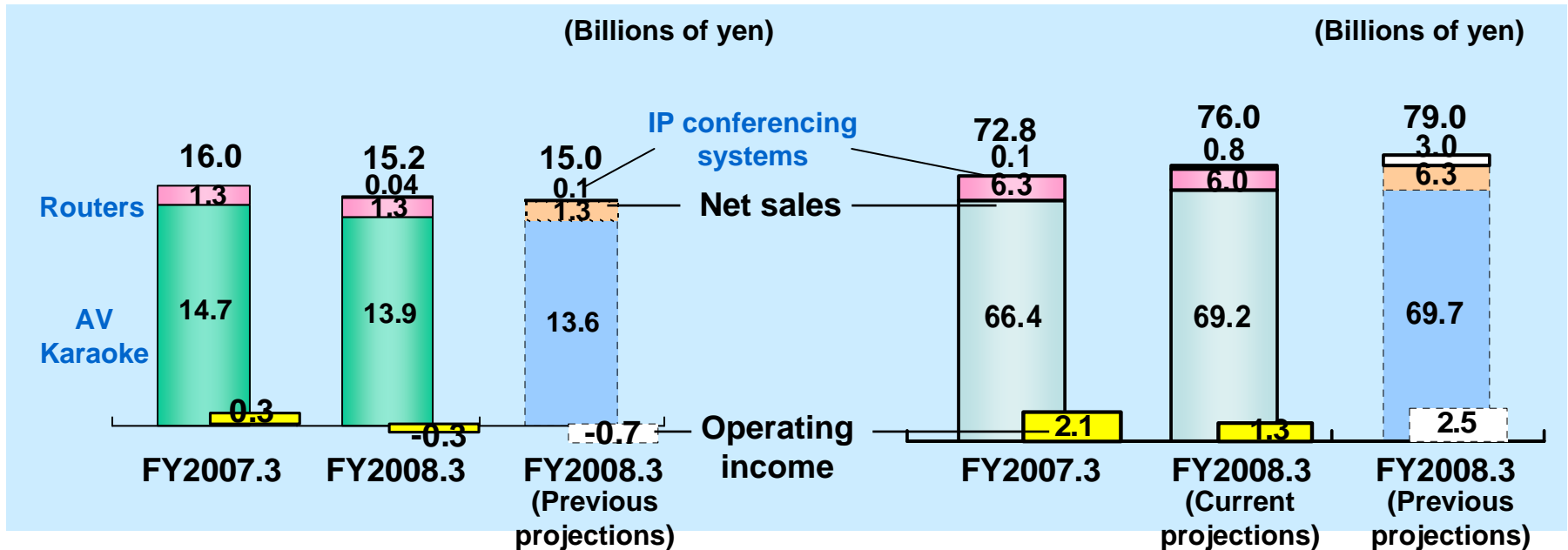


1Q Overview

- Discounting the impact of exchange rates, real 1Q net sales declined year-on-year and against previous projections. Sales of karaoke equipment were half of year-ago 1Q.
- YSP sales edged down year-on-year to ¥1.3 billion due to dealer stock adjustments.

FY2008.3 Projections and Priority Policies

- Downward revision of full-year targets due to delay in developing sales channels for IP conferencing systems and other factors
- Build AV business in line with market changes
 - Strengthen and expand front surround products, including new products
 - Promote sales of two-channel Hi-Fi centering on middle- and high-end products
 - Promote sales of products in new categories
- Reduce manufacturing costs by revising product numbers, etc.



Electronic Equipment and Metal Products YAMAHA

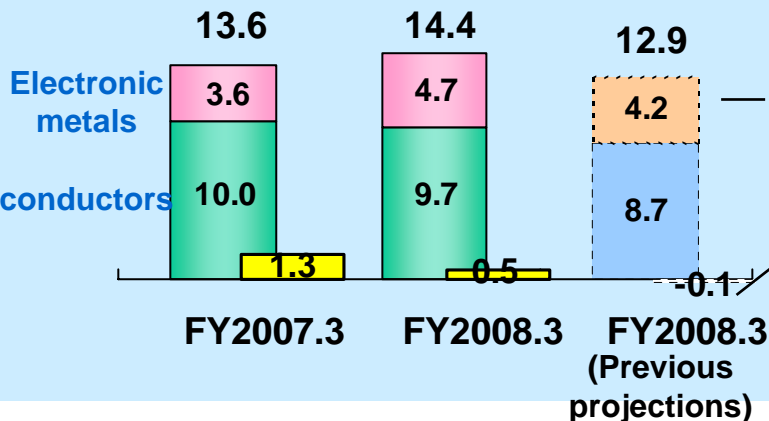
1Q Overview

- While first quarter sales and operating income exceeded previous projections, operating income was half of year-ago 1Q
- Demand for LSI sound chips for mobile phones continued to fall. Sales volumes came in at previous projections, but sales increased thanks to an improved product mix.
- Shipments of digital amplifiers increased for flat-panel TV and mobile phone applications.
- Sales and operating income from electronic metal products exceeded previous projections due to price changes accompanying increased material prices.

FY2008.3 Projections and Priority Policies

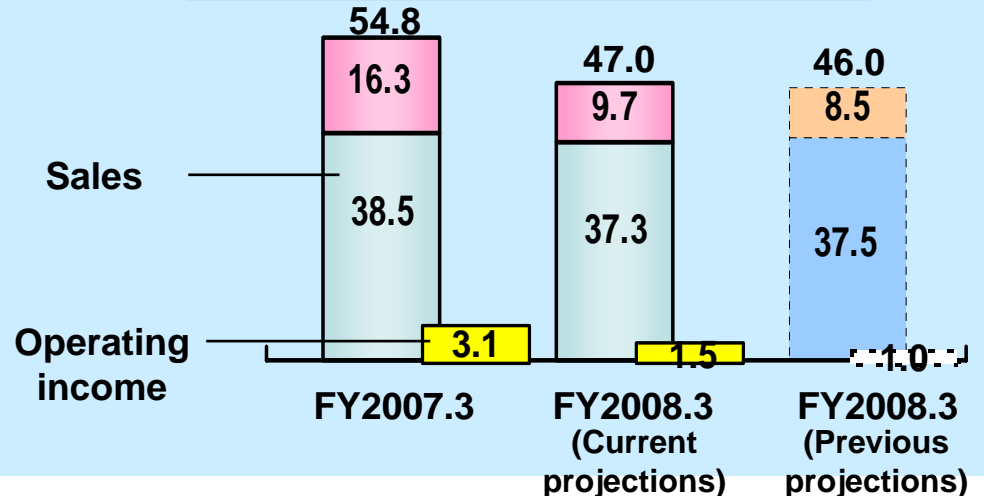
- Secure sales through shift to high added-value LSI sound chips for mobile phones
- Promote sales for amusement equipments (pachinko machine and et.), digital amplifiers, etc.
- Continue shipments of silicon microphone samples for mobile phone vendors
- Aim to secure operating income from electronic metal products by lowering manufacturing costs and increasing yields to counteract the impact of falling nickel prices. Prepare for business transfer on September 30.

(Billions of yen)



(Billions of yen)

*Impact on sales from transfer of electronic metal products business: ¥8.9 billion



Lifestyle-Related Products

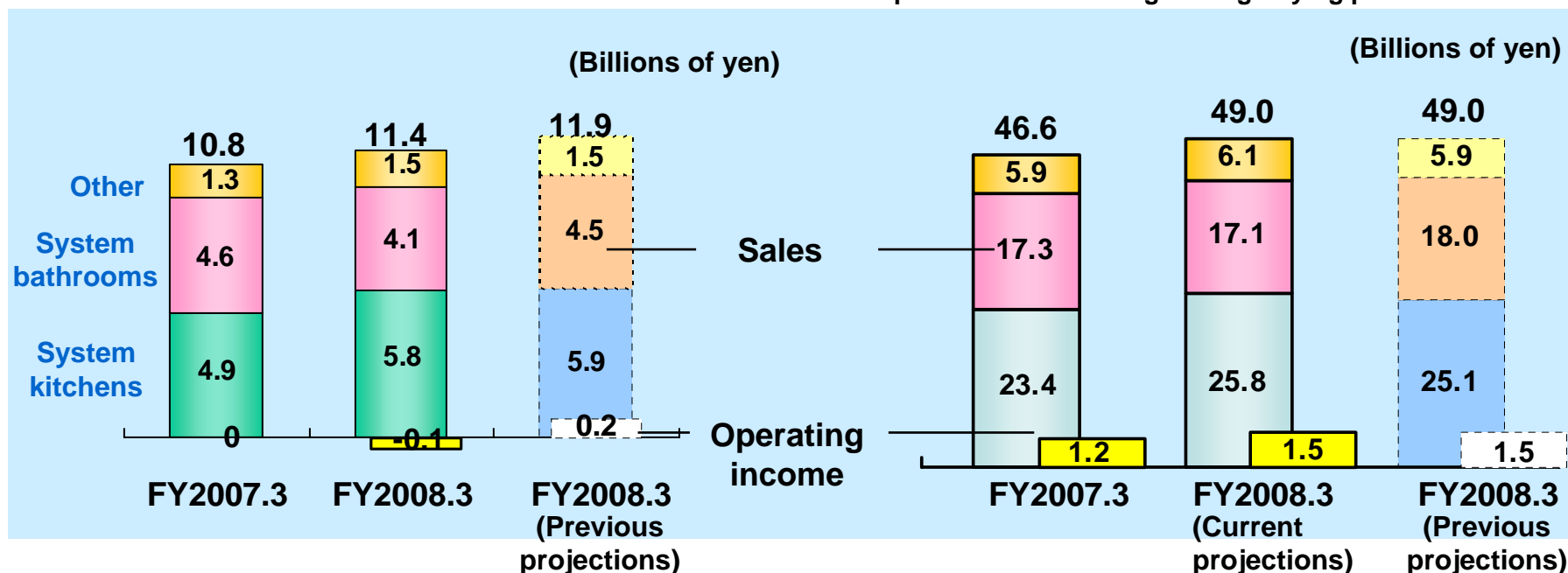


1Q Overview

- First quarter sales fell short of previous projections, and an operating loss was stated.
- System kitchens continued to sell well, but unit prices are falling. System bathroom sales decreased year-on-year and against previous projections due to lower prices caused by intensified price competition.

FY2008.3 Projections and Priority Policies

- Aim for securing full-year sales and operating income on par with previous projections.
- Continue to launch differentiated products, centering on artificial marble and Sound Shower™ (audio function for bathroom), etc.
- Strengthen the remodeling business.
- Cut production costs by improving production processes and strengthening buying power.

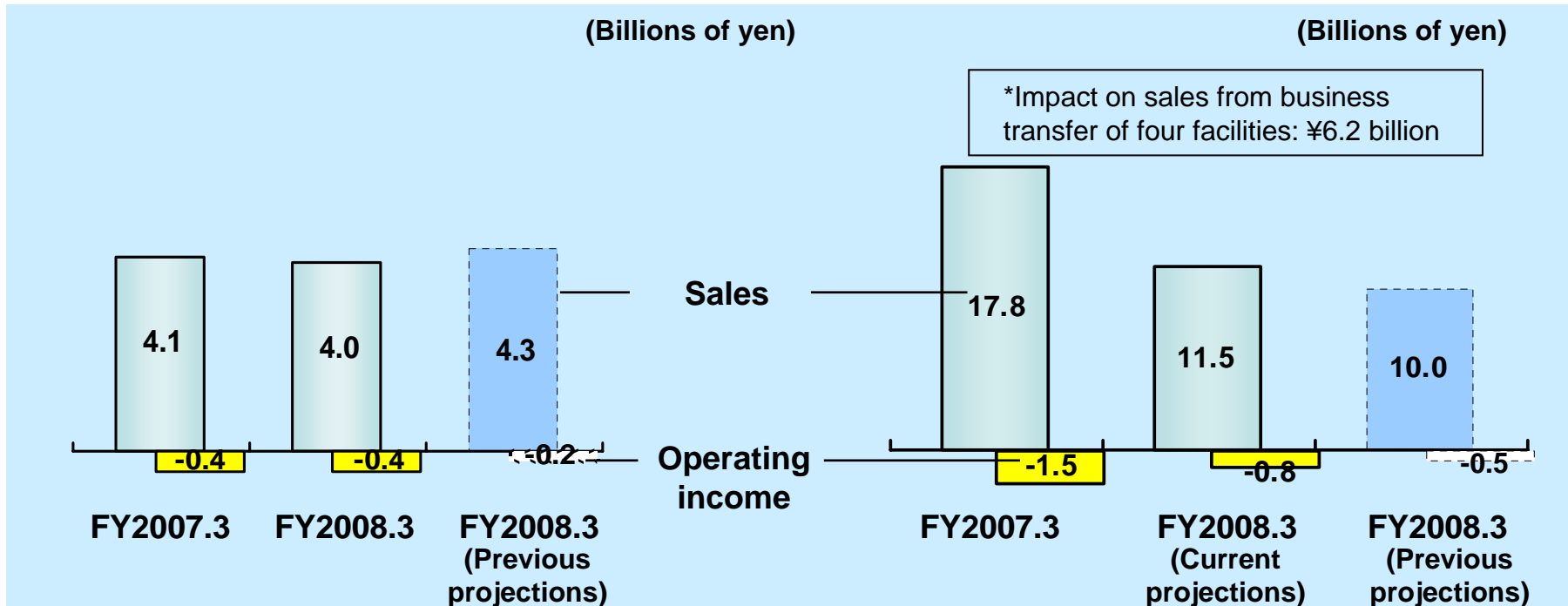


1Q Overview

- First quarter sales and operating income were below previous projections.
- In terms of specific facilities, revenue increased from Tsumagoi, but decreased from Kiroro and Haimurubushi.

FY2008.3 Projections and Priority Policies

- The transfer date for the four resort facilities was changed from the initially scheduled date of July 31 to October 1, so sales are forecast to be higher than previously projected. This will have a minor impact on operating income.
- We continue to aim to shrink losses by attracting visitors and streamlining expenses.

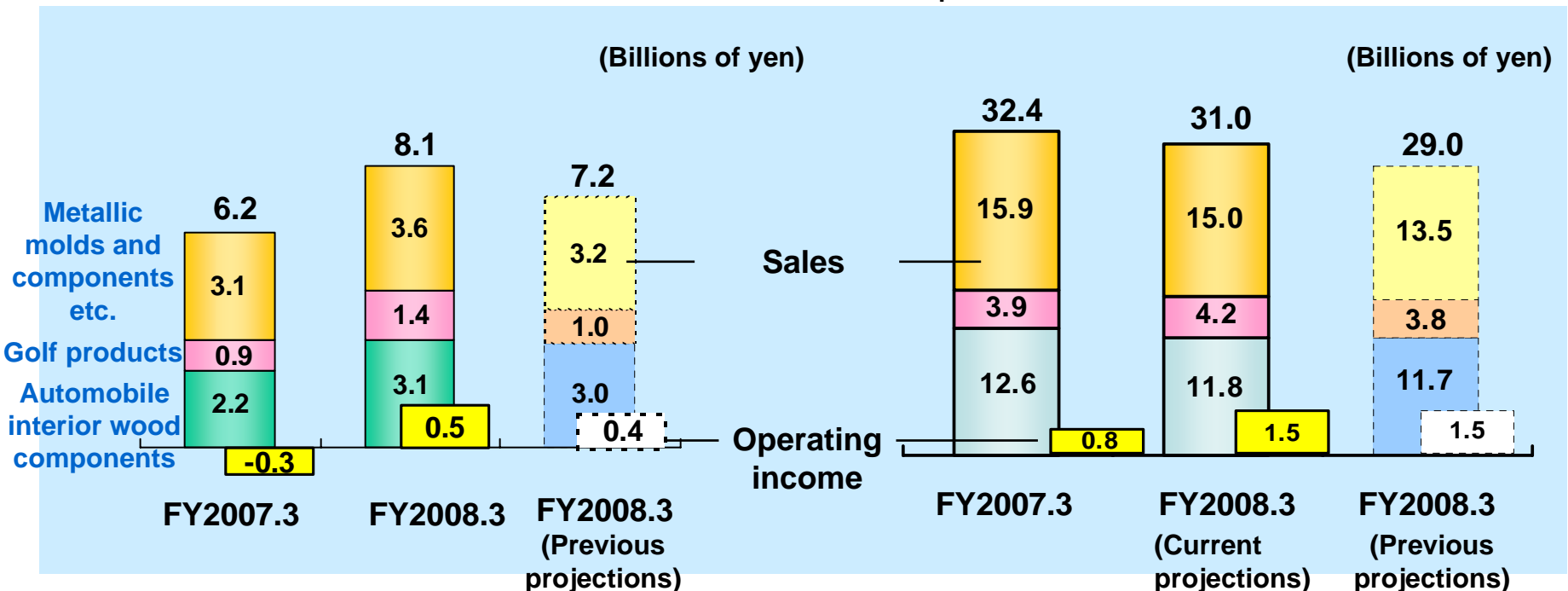


1Q Overview

- Sales and operating income increased year-on-year.
- In the metallic molds and components businesses, production of both magnesium and plastic parts increased. However, shipments of metallic molds and FA equipment declined.
- Automobile interior wood components turned profitable at operating income in the first quarter thanks to increased production and improved yields.
- Golf products continued to perform well in domestic and overseas markets.

FY2008.3 Projections and Priority Policies

- Continue focusing on production cost reductions and yield improvements for automobile interior wood components, metallic molds and components.
- Prepare to smoothly launch production of the next lineup of automobile interior wood components.
- Continue to raise awareness of our golf products.



First Quarter Non-operating Income (Loss) / Extraordinary Income (Loss)



	FY2007.3 1Q (Results)	FY2008.3 1Q (Results)	FY2008.3 1Q (Previous projections)
			(Billions of yen)
Non-operating Income (Loss)			
Equity method income	6.4	0	0
Net financial income	0.4	0.9	0.2
Other	- 0.9	- 0.7	- 1.0
Total	+ 5.9	+ 0.2	- 0.8
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	0.1	-0.1	0
Other	0	27.9	27.8
Total	+ 0.1	+ 27.8	+ 27.8
Corporate Income Tax and Other Expenses			
Corporate income taxes, etc.	2.6	11.9	11.8
Minority interests in consolidated subsidiaries	0.1	0.2	0.2
Total	2.7	12.1	12.0

Dividend income 0.8

Gain on sale of Yamaha Motor shares 27.8

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FY2008.3 (Full Year) Non-operating Income (Loss)



/Extraordinary Income (Loss)

	FY2007.3 (Results)	FY2008.3 (Current projections)	FY2008.3 (Previous projections)
Non-operating Income (Loss)			(Billions of yen)
Equity method income	17.8	0	0
Net financial income	0.1	2.4	1.6
Other	- 3.0	- 4.4	- 4.6
Total	+ 14.9	- 2.0	- 3.0
Extraordinary Income (Loss)			
Income from (loss on) disposal of fixed assets	- 1.1	- 0.8	- 0.7
Other	- 8.4	29.8	30.5
Total	- 9.5	+ 29.0	+ 29.8
Corporate Income Tax and Other Expenses			
Corporate income taxes, etc.	4.7	22.9	23.5
Minority interests in consolidated subsidiaries	0.5	0.6	0.8
Total	5.2	23.5	24.3

Dividend income 2.7

Dividend income 2.5

- Impairment loss from resorts: -4.7
- Dissolution of overseas plants: -3.2
- Special retirement benefits: -0.7

Gain on sale of Yamaha Motor shares 27.8

Gain on sale of Yamaha Motor shares 27.8

Inventories

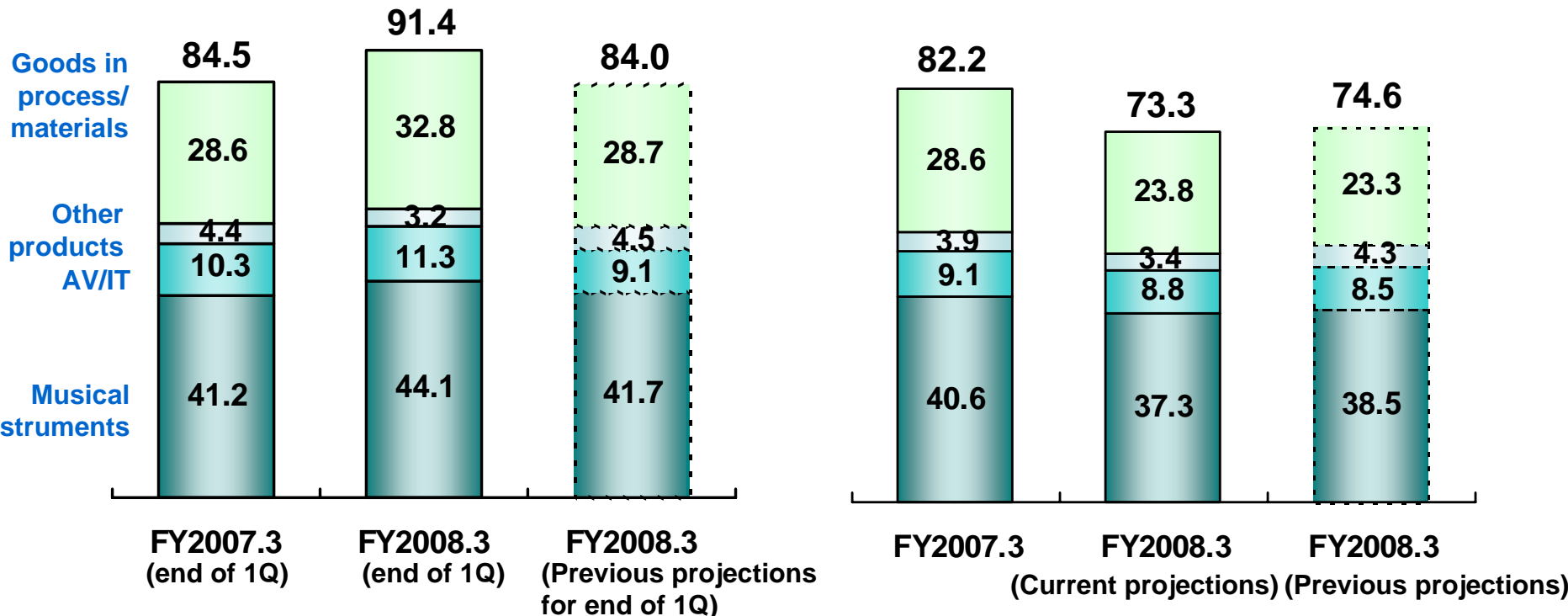


- Inventories at the end of the first quarter increased against previous projections; goods in process/materials increased. Discounting the impact of exchange rates, inventories of finished musical instruments are at close to proper levels; AV/IT inventories are slightly high. We will seek to meet previous projections for year-end inventories.

(Billions of yen)

End-1Q

Fiscal year-end



Impact of exchange rates in 1Q

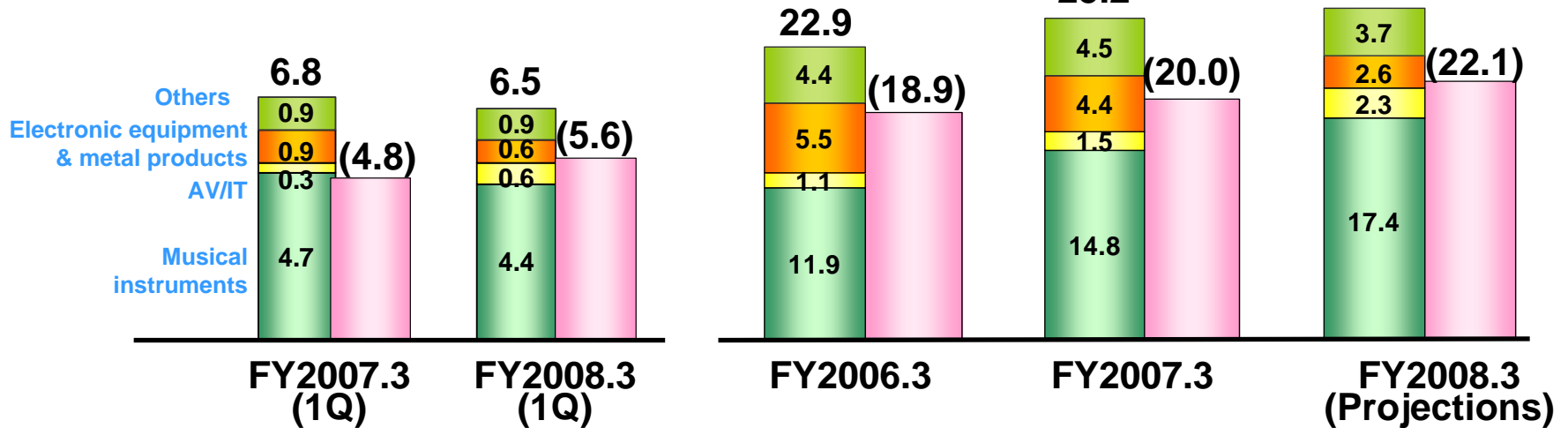
Year-on-year: +¥5.7 billion (musical instruments +¥3.8 billion, AV/IT +¥1.3 billion)

Versus previous projections: +¥5.4 billion (musical instruments +¥3.5 billion, AV/IT +¥1.2 billion)

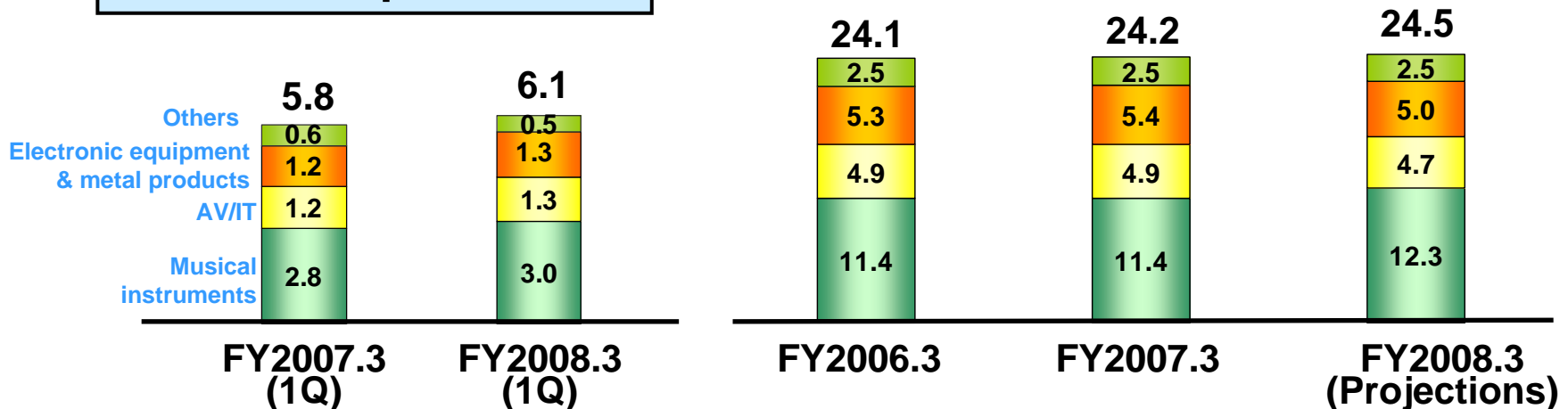
Capital Expenditure/Depreciation/R&D Expenses

Capital Expenditure/Depreciation

(Billions of yen)



R&D Expenses



Balance Sheet Summary (Projection)



(Billions of yen)

	As of June 30, 2006	As of March 31, 2007	As of June 30, 2007	As of March 31, 2008
Cash and bank deposits	29.4	46.7	92.2	106.3
Accounts and notes receivable	70.4	76.6	76.9	73.2
Inventories	84.5	82.2	91.4	73.3
Other current assets	26.4	25.5	30.9	26.6
Fixed assets	316.5	328.0	366.1	357.5
Total assets	527.2	559.0	657.5	636.9
Accounts and notes payable	42.2	43.2	46.3	37.0
Short- and long-term borrowings	30.1	25.6	30.7	20.8
Resort deposits	27.2	26.7	18.7	17.1
Other liabilities	99.8	112.1	157.8	162.7
Total net assets	327.9	351.4	404.0	399.3
Total liabilities and net assets	527.2	559.0	657.5	636.9

Sale of Yamaha Motor Shares



- Increase in the market value of Yamaha Motor shares held by Yamaha
- Increasing impact of Yamaha Motor financial results on Yamaha's consolidated results in the form of equity method income or loss.

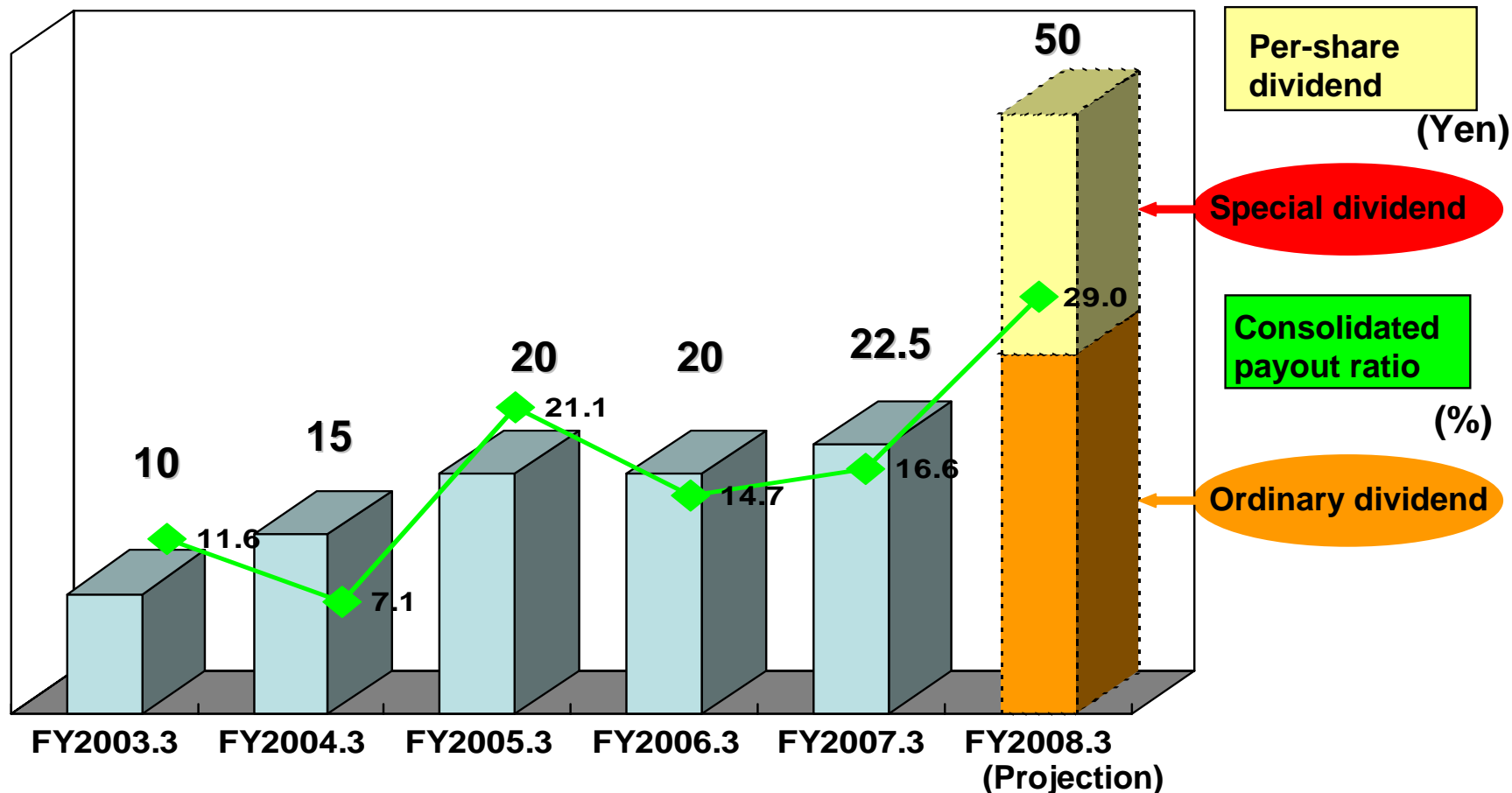


- Yamaha removes Yamaha Motor from the scope of consolidation through the equity method by selling 7.8% of its total shares outstanding.
- Both companies will work to build a long-term and stable capital relationship under their shared “Yamaha” brand to further increase the corporate value and enhance the value of the brand. Specifically, Yamaha will hold 14.9% of Yamaha Motor shares and Yamaha Motor will hold 5% of Yamaha shares.
- Proceeds from the sale will be used to invest in the growth of “The Sound Company” business domain, and returned to shareholders.

Return to Shareholders



- Based on a stable and ongoing dividend, Yamaha will strive to further return the profits to shareholders, targeting a consolidated payout ratio of 40%.
- Starting from FY2008.3, a special dividend totaling ¥12.0 billion will be paid out over three years (20 yen per share each year) and a share buyback worth ¥18.0 billion in aggregate will be conducted.



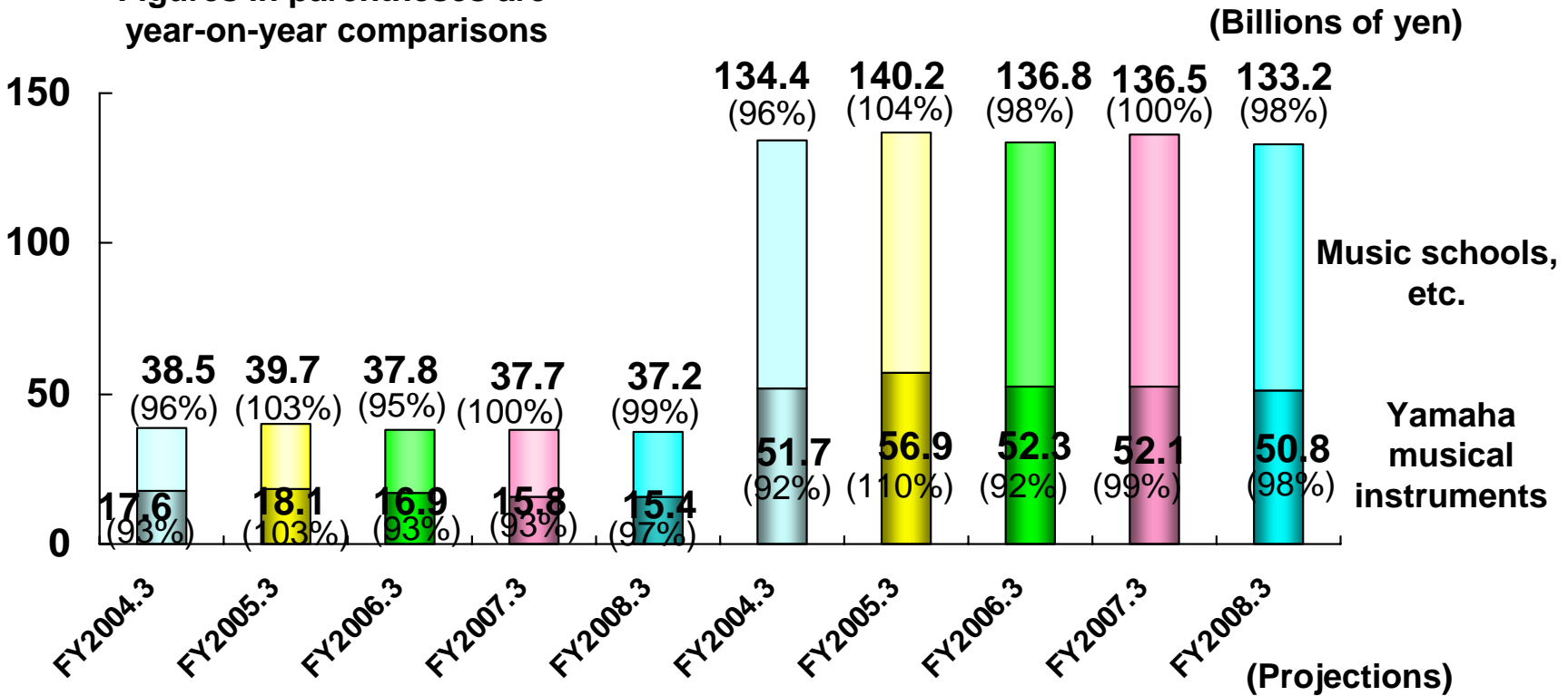
Appendix

Yamaha Musical Instrument and Professional Audio Equipment Sales in the Japanese Market



First quarter sales were nearly on par with the first quarter of the previous year. Regarding piano sales, while orders of grand pianos have been solid thanks to the effects of new products, upright piano sales struggles. Electone™ sales continue to decrease.

Figures in parentheses are year-on-year comparisons



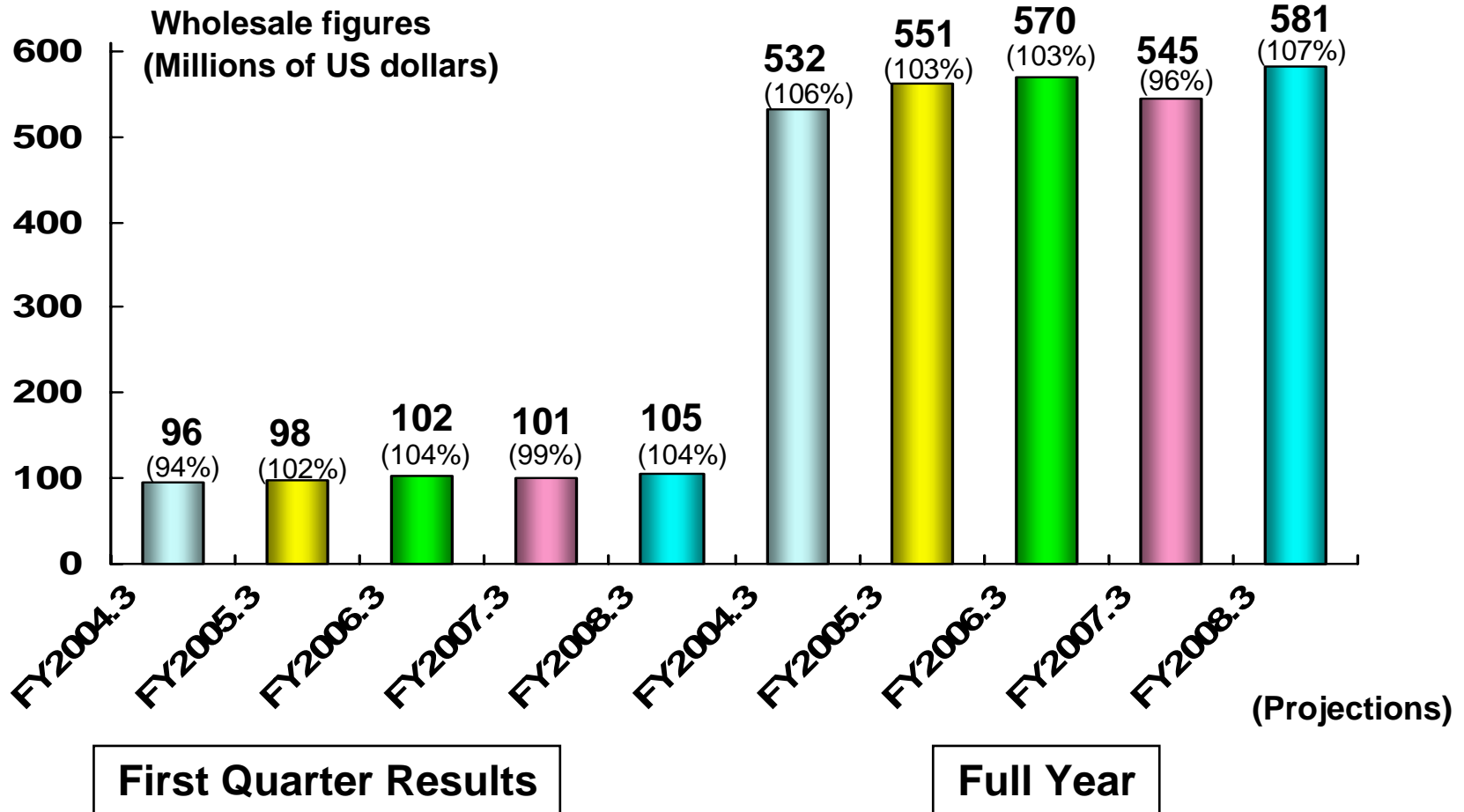
First Quarter Results

Full Year

Yamaha Musical Instrument and Professional Audio Equipment Sales in the U.S. Market



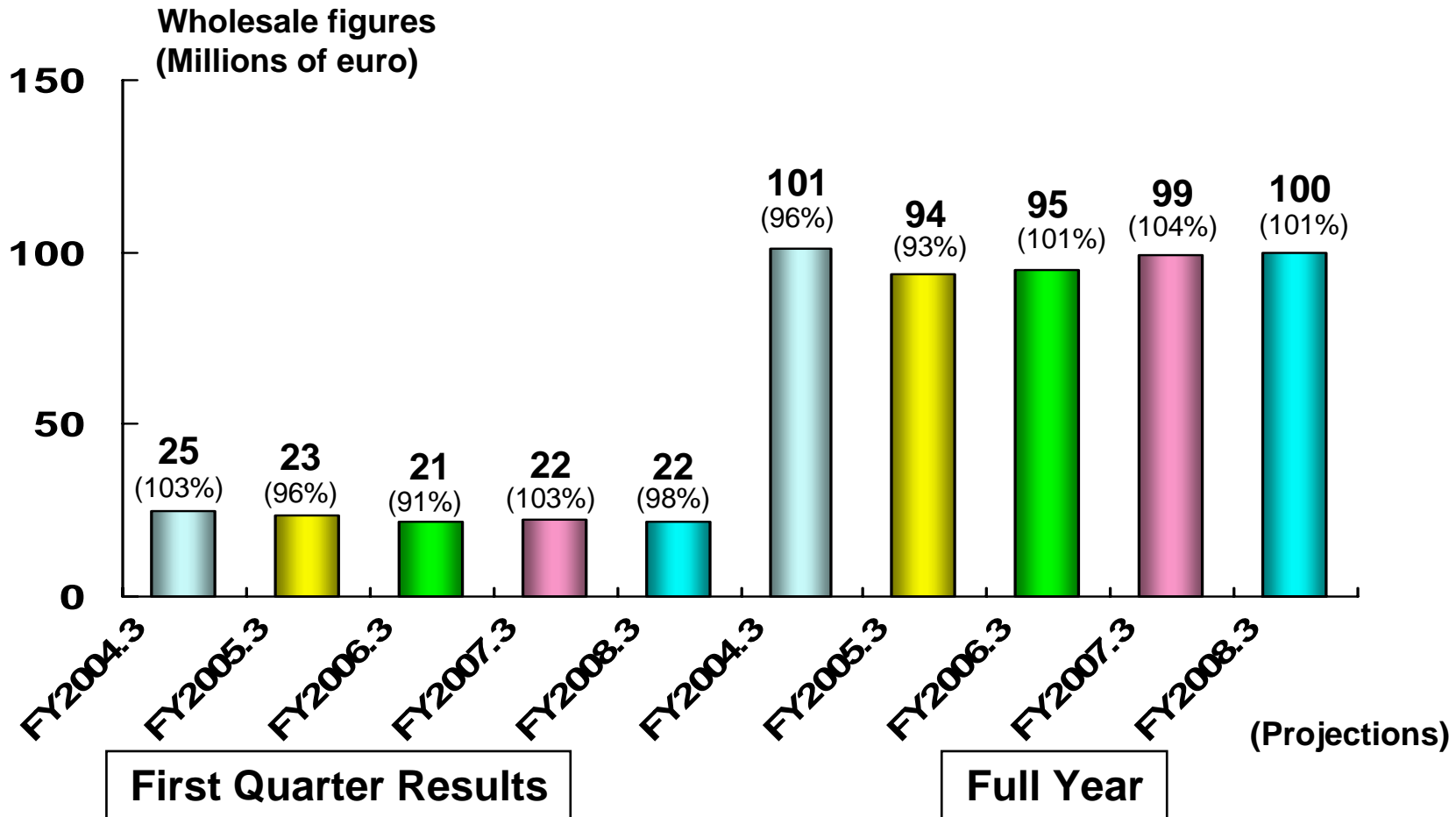
Last year's downturn in demand caused by housing start stagnation and other factors has ended and the piano market is recovering. Going forward, sales of new electronic piano and synthesizer products are expected to increase and a strong performance is expected from commercial audio equipments.



Yamaha Musical Instrument and Professional Audio Equipment Sales in the German Market



Piano shipments made progress on the back of strong orders for new products, but dealer stock has temporarily increased. Audio equipments for facilities continue to perform well. Performance from the second quarter onward is expected to be even with the previous year owing to sales promotions for new electronic musical instrument products.

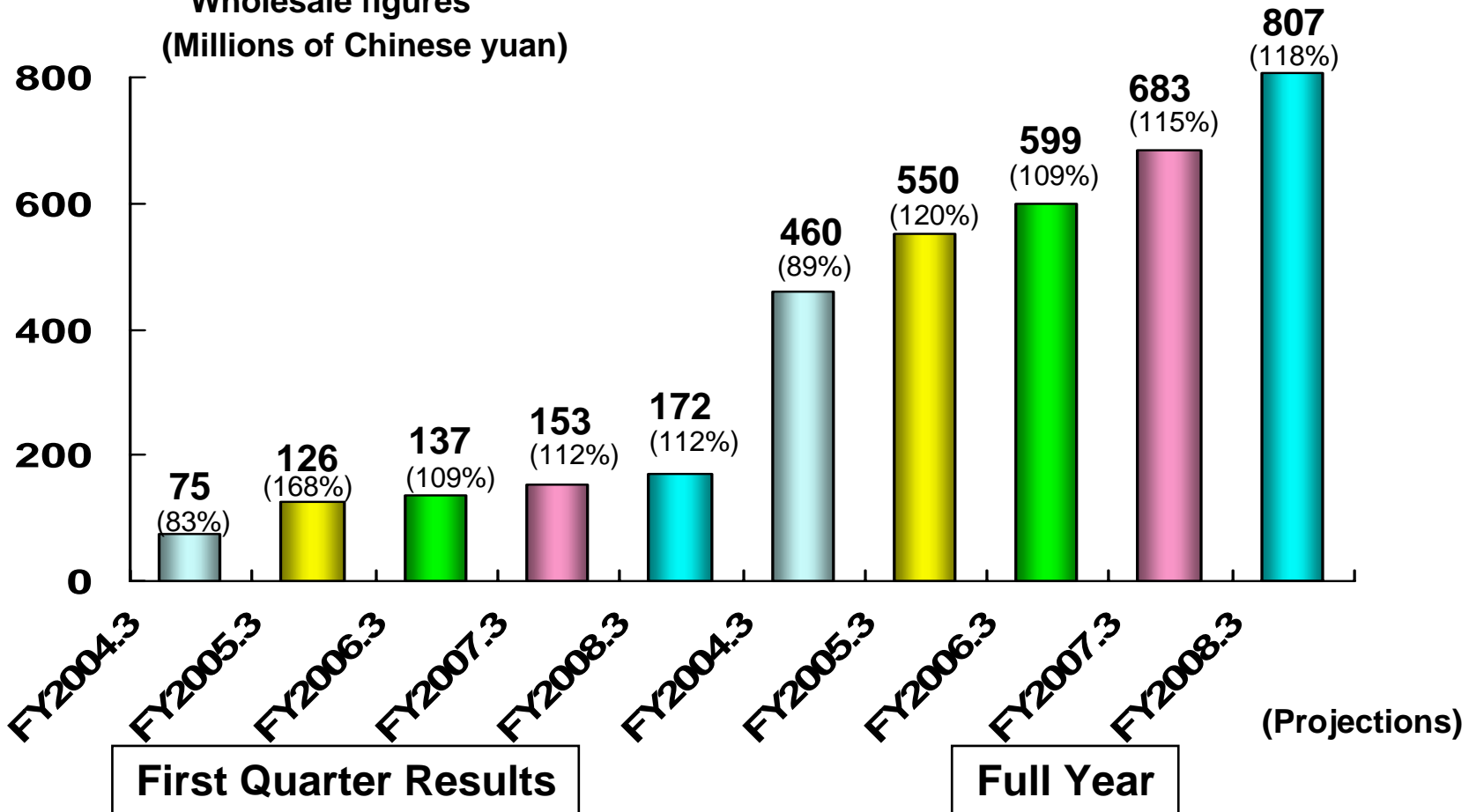


Yamaha Musical Instrument and Professional Audio Equipment Sales in the Chinese Market



Piano sales remain strong on the back of sales growth of Hangzhou-made pianos and deliveries of high-priced Japan-made products to schools. Bidding opportunities are also increasing for instruments other than pianos like wind instruments and electronic keyboards thanks to increased education budgets at schools in rural areas.

Wholesale figures
(Millions of Chinese yuan)



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 our operating and economic conditions, demand trends and the value of key currencies, such as the U.S. dollar and the euro.