

**Analyst and Investor Briefing on the
First Quarter of the Fiscal Year
Ending March 31, 2012 (FY2012.3)**

August 2, 2011

YAMAHA CORPORATION

Overview of Performance in the First Quarter



- First quarter sales and operating income both declined year-on-year, but exceeded previous projections (made on May 9).

Year-on-year

- Net sales declined by 3.3% (¥3.0 billion). Discounting the impact of exchange rates (-¥2.4 billion), actual sales were 0.7% (¥0.6 billion) lower than the same period of the previous year.
- Operating income declined by ¥2.1 billion (impact of exchange rates -¥1.1 billion) due to reduced income from the electronic devices and others segments in addition to disrupted production resulting from earthquake-related component procurement difficulties.

Compared to previous projections

- Discounting the impact of exchange rates (¥0.7 billion), actual net sales rose by 1.4% (¥1.2 billion).
- Operating income increased by ¥2.6 billion, due to factors including improvements in the component procurement situation and savings in SG&A expenses.

■ Inventories

- Inventories at the end of the first quarter were up ¥3.0 billion year-on-year. Discounting the impact of exchange rates (-¥0.5 billion), actual inventories were up ¥3.5 billion year-on-year, mainly due to higher inventories of parts and materials.

Performance in the First Quarter



➤ Sales and operating income declined year-on-year, but exceeded previous projections.

(Billions of yen)

	FY2011.3 (1Q) results	FY2012.3 (1Q) results	Change from same period of the previous year	Previous projections (May 9, 2011)	Change from previous projections
Net sales	90.9	87.9	-3.3%	86.0	+2.2%
Operating income (Operating income ratio)	5.2 (5.7%)	3.1 (3.5%)	-39.8%	0.5	+520.6%
Ordinary income	4.9	2.8	-43.1%	0	—
Net income	2.2	0.5	-77.2%	-1.5	—

Currency exchange rates (yen)

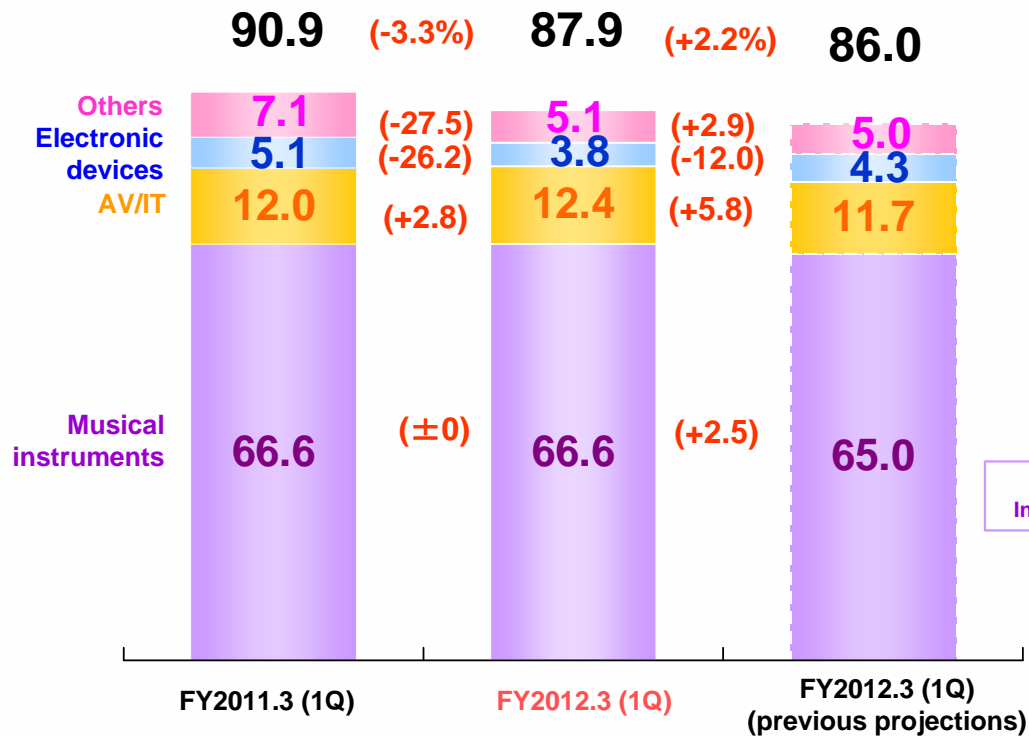
Net sales	US\$	92	82	85
	EUR	117	117	110
Operating income	US\$	93	82	85
	EUR	123	114	110

Performance by Business Segment in the First Quarter



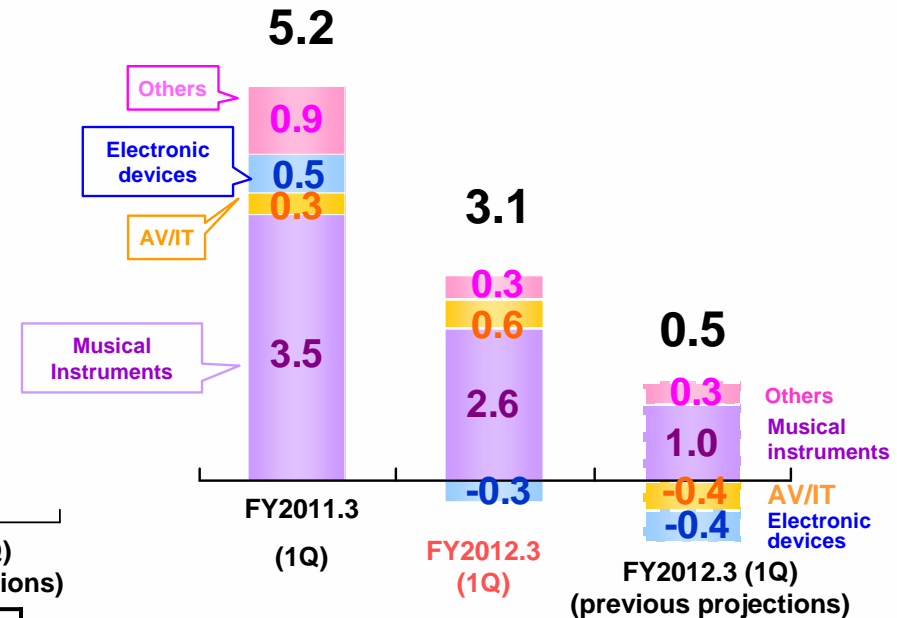
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



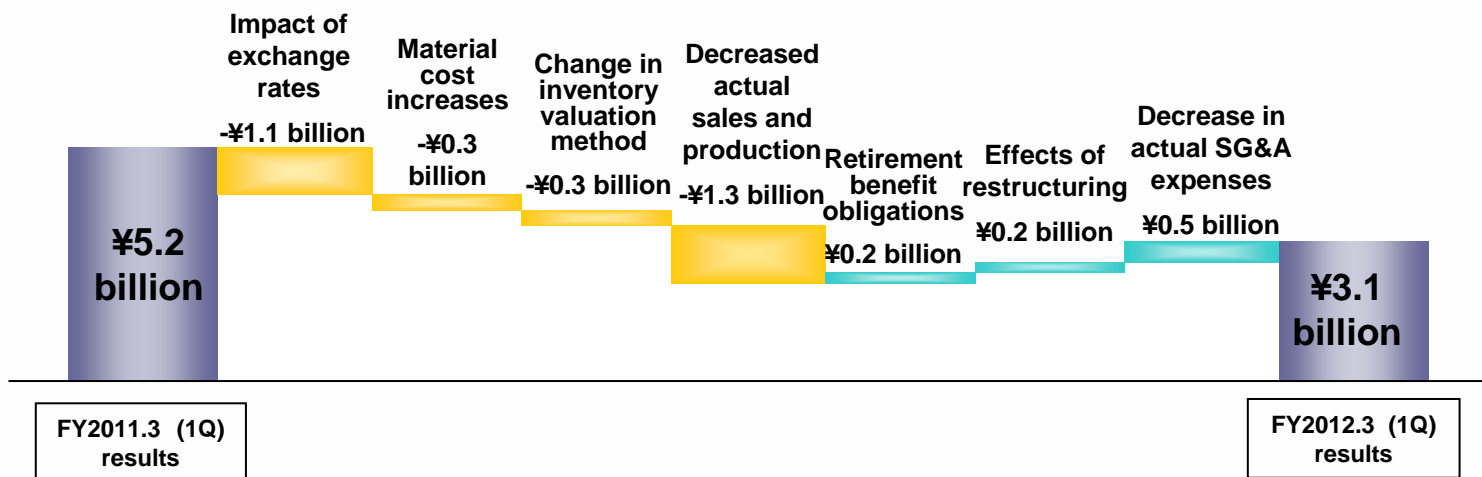
Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥2.4 billion (musical instruments -¥1.9 billion, AV/IT -¥0.4 billion, semiconductors -¥0.1 billion)
Versus previous projections	+¥0.7 billion (musical instruments +¥0.6 billion, AV/IT +¥0.2 billion)

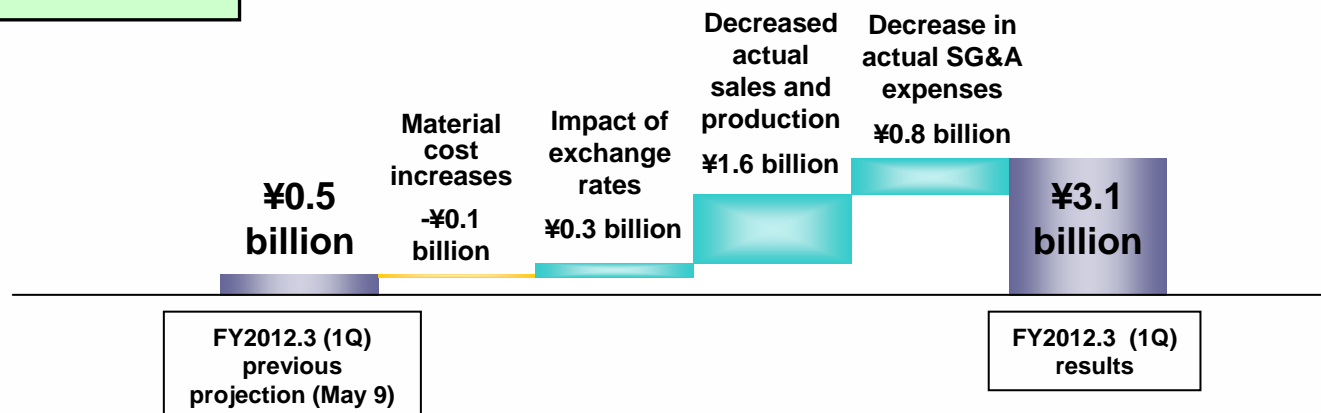
	Impact of exchange rates
Year-on-year	-¥1.1 billion (musical instruments -¥1.0 billion, AV/IT -¥0.1 billion)
Versus previous projections	+¥0.3 billion (musical instruments +¥0.3 billion, AV/IT +¥0.1 billion)

FY2012.3 1Q Operating Income Analysis

Versus same period of the previous year



Versus previous projections



Business Environment in 2-4Q and Full Year Outlook



2-4Q Business Environment

- Increasing uncertainty in global economy
- Steady economic growth in China and emerging markets, but concerns over delayed recovery in the US and financial instability in Europe
- Continuing strong yen

2-4Q Overview and Priority Policies

- Avoid negative impact from earthquake-related component procurement difficulties and focus on supplying products to meet year-end holiday shopping demand
- Strengthen business foundation in line with medium-term management plan
- Expand sales networks in China and emerging markets, and launch products suited to local markets
- Build optimum production structure for pianos and wind instruments

Full Year Performance Forecast

■ Full year projections have been reviewed on the basis of performance in the first quarter and expectations that the Great East Japan Earthquake will have less impact than initially anticipated. Projections for sales and all categories of income have been revised upward from previous projections (made on May 9).

Forecast for Business Performance in FY2012.3 (Full Year)



- Following a review of full year forecasts, projections for sales and all categories of income have been revised upward
- Estimated exchange rates for 2-4Q: US\$=85, EUR=115

(Billions of yen)

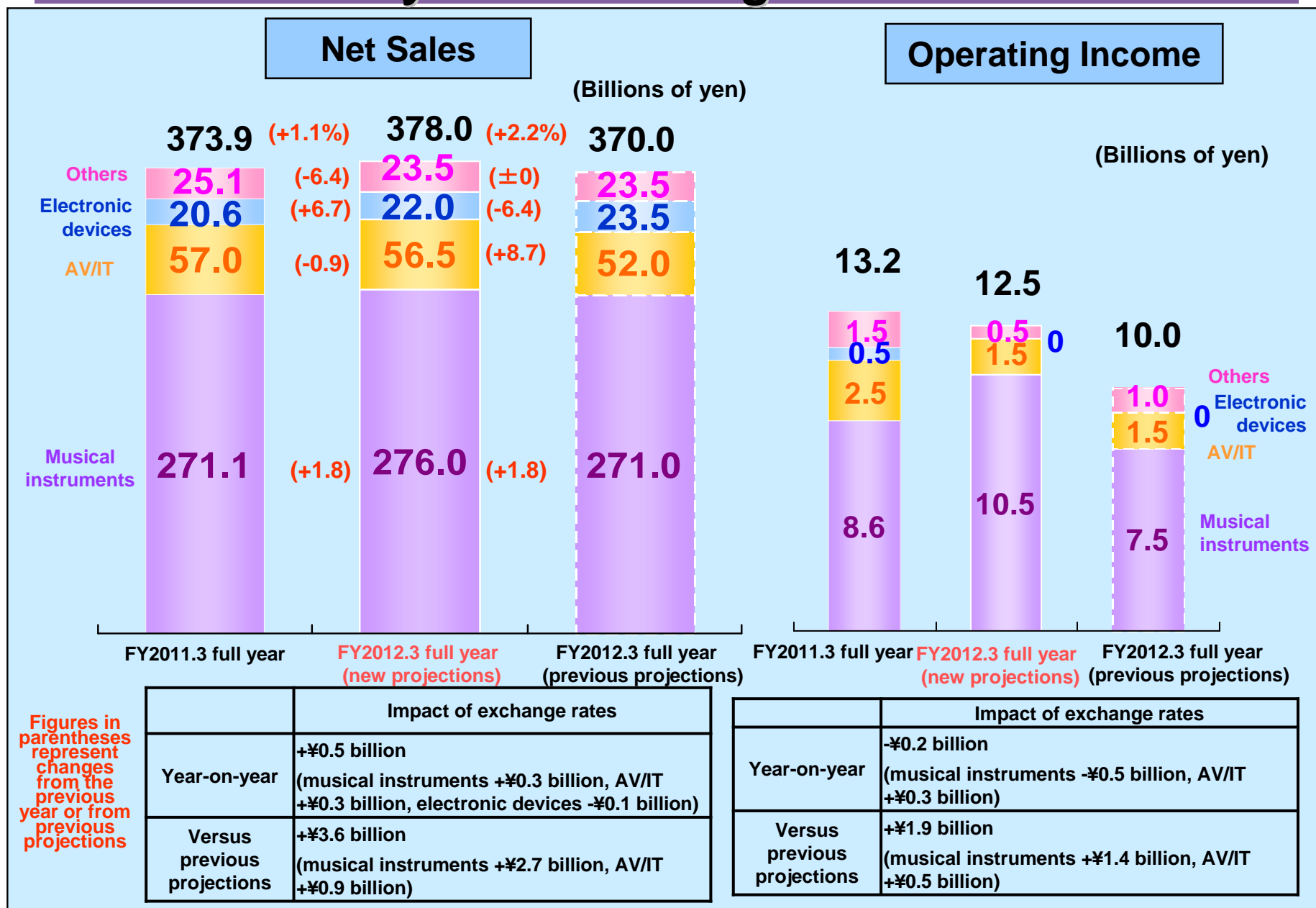
	FY2011.3 results	FY2012.3 projections	Change from previous year	Previous projections (May 9, 2011)	Change from previous projections
Net sales	373.9	378.0	+1.1%	370.0	+2.2%
Operating income	13.2	12.5	-5.1%	10.0	+25.0%
Ordinary income	11.0	10.5	-4.3%	8.0	+31.3%
Net income	5.1	6.5	+28.0%	5.0	+30.0%

Currency exchange rates (yen)

(2-4Q)

Net sales	US\$	86	84	85	85
	EUR	113	116	115	110
Operating income	US\$	86	84	85	85
	EUR	115	115	115	110

FY2012.3 Full Year Forecast for Performance by Business Segment



Impact of Great East Japan Earthquake



➤ The previously estimated impact of -¥17.0 billion on sales and -¥6.0 billion on operating income has been revised to -¥11.7 billion on sales and -¥4.0 billion yen on operating income.

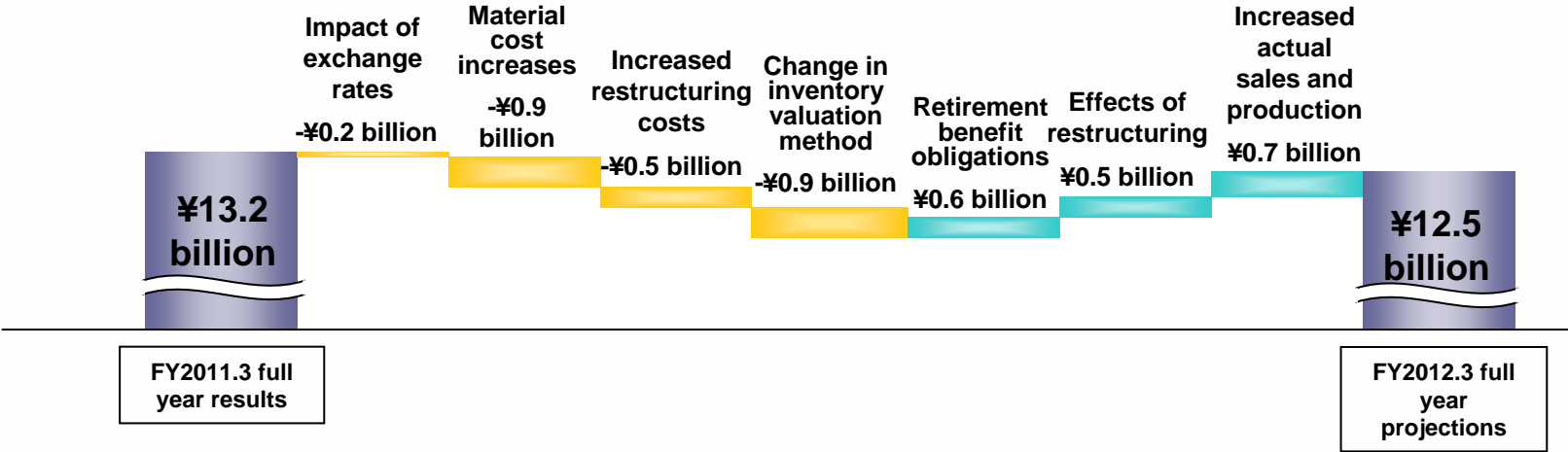
Impact		Previous projection (May 9, 2011)		New projection (August 1, 2011)	Situation
Component procurement difficulties (mainly affecting digital musical instruments and AV products)	Net sales	-¥9.2 billion	➔	-¥6.4 billion	Impact on AV products almost resolved. Still some impact on digital musical instruments.
	Operating income	-¥3.3 billion		-¥1.9 billion	
Weak consumer spending in Japan	Net sales	-¥4.5 billion	➔	-¥2.4 billion	Direct impact of earthquake is easing, but still some effects on product supply due to component procurement difficulties.
	Operating income	-¥1.5 billion		-¥0.8 billion	
Customers' production cuts (electronic devices and "others" businesses)	Net sales	-¥3.3 billion	➔	-¥2.9 billion	Slow recovery in electronic devices business. Automobile interior wood components business expected to rebound as finished product manufacturers recover.
	Operating income	-¥1.2 billion		-¥1.3 billion	

Note: Impact on production -¥13.6 billion ➔ -¥6.0 billion

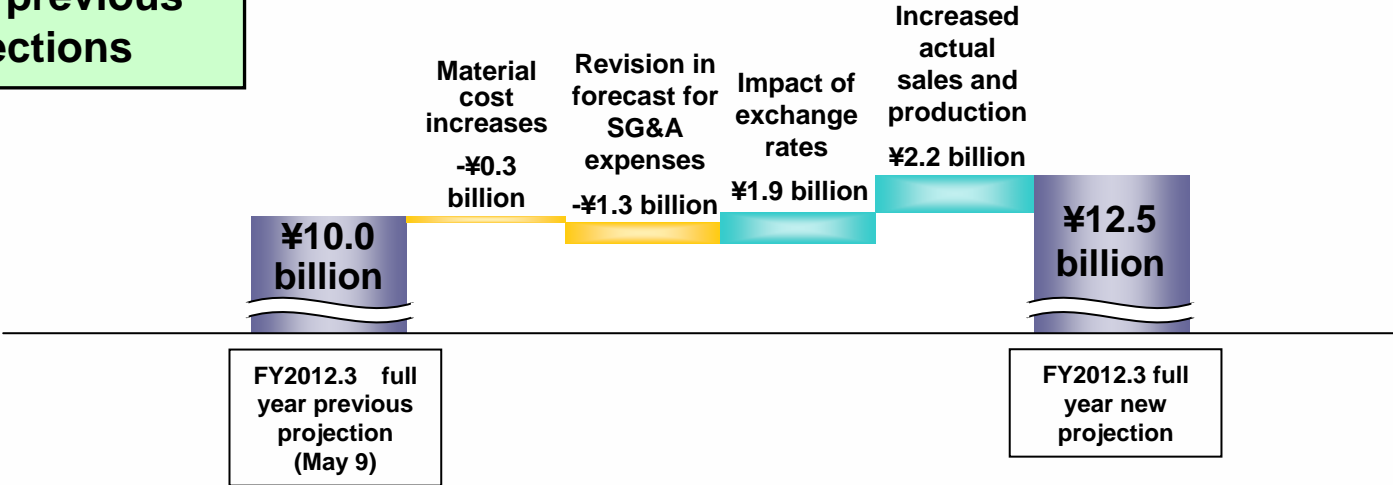
FY2012.3 Full Year Operating Income Analysis



Versus previous year



Versus previous projections



Musical Instruments

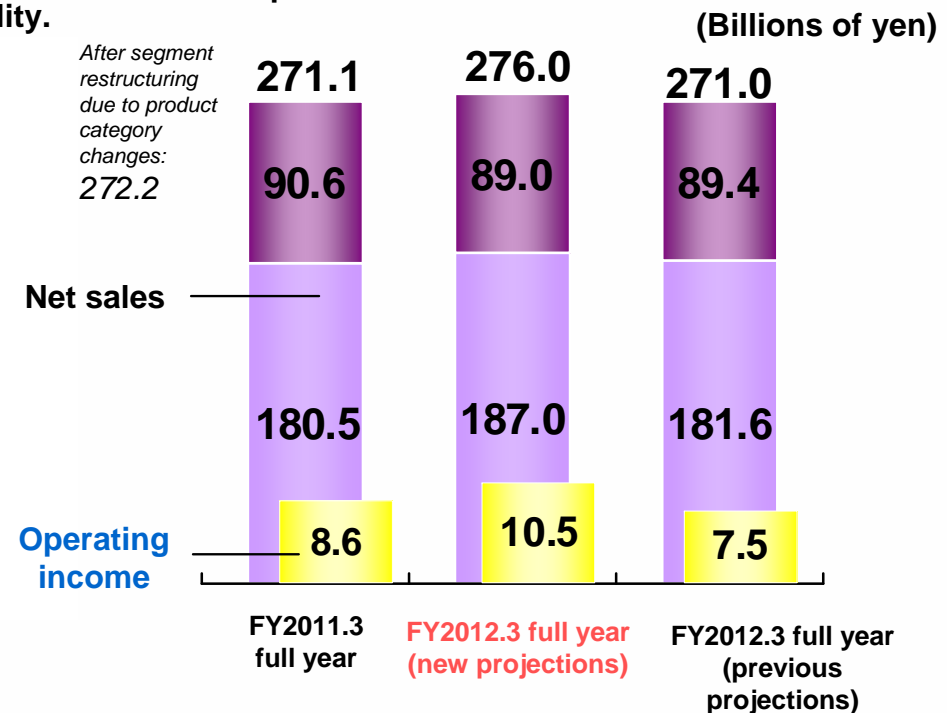
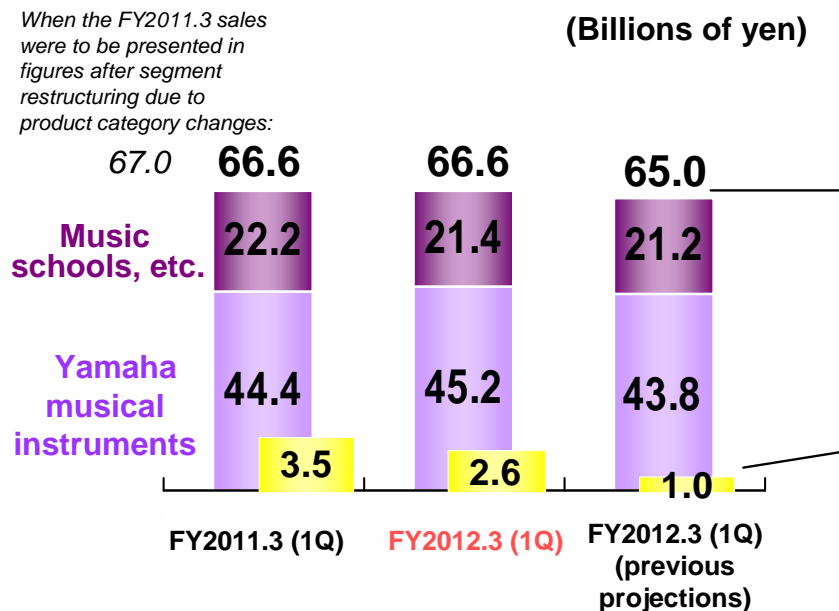


1Q Overview

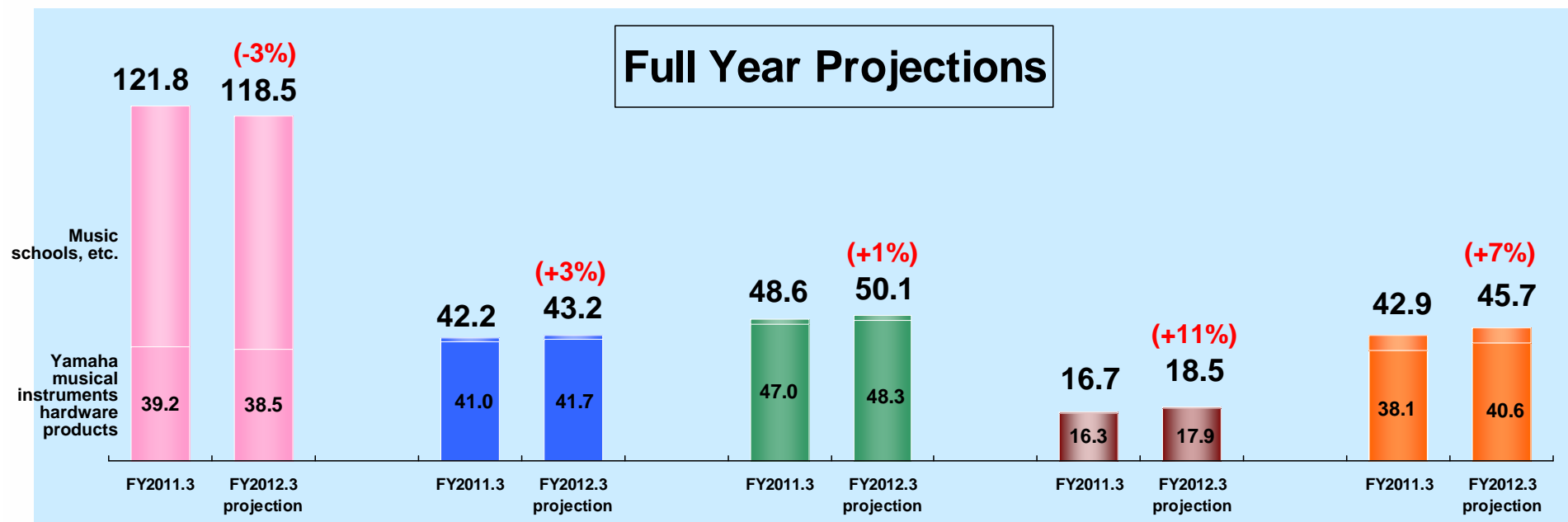
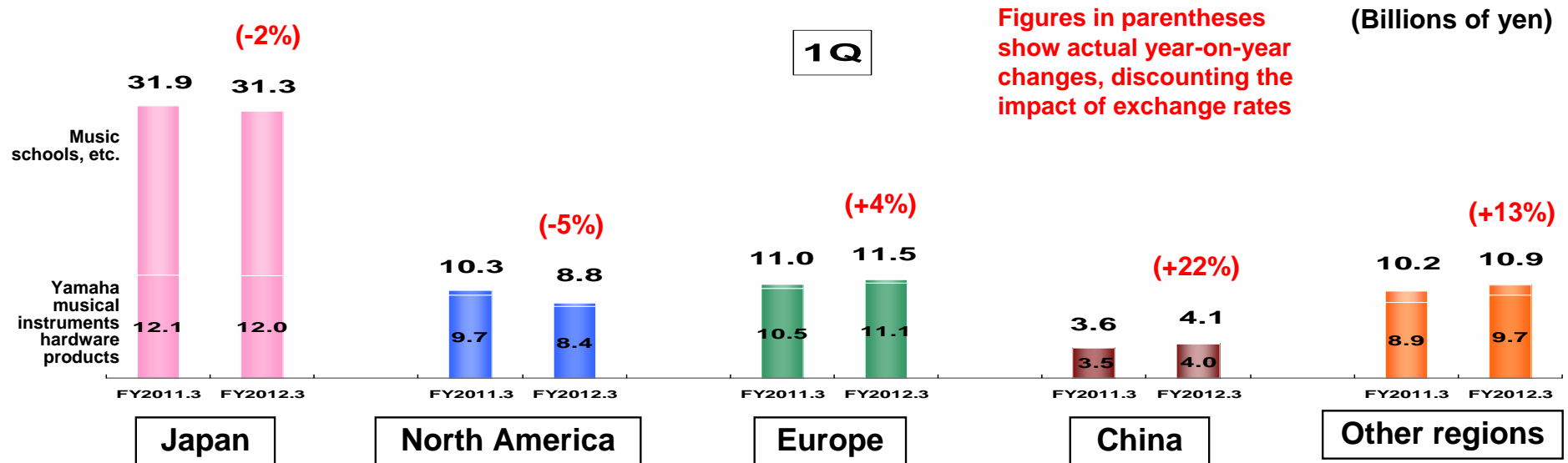
- Sales were on a par with the same period of the previous year, but income declined. Sales and income both exceeded previous projections.
- Discounting the impact of exchange rates, actual sales were up 2.9% (¥1.9 billion) year-on-year. Actual sales were 1.5% (¥1.0 billion) higher than previous projections.
- Sales of key piano products continued to drive strong performance in China. There was a slowdown in North American market.
- Operating income fell year-on-year, partly due to the impact of exchange rates and the negative effects of component procurement difficulties on manufacturing profitability. Income was higher than previous projections.

Full Year Overview and Priority Policies

- Sales and income projections revised upward to reflect improving component procurement environment.
- Minimize impact of component procurement difficulties on production of digital instruments.
- Monitor trends in developed markets of North America and Europe.
- Steadily develop sales networks in China and emerging markets.
- Continue to consolidate wind instrument factories in Japan.



Musical Instruments: Sales by Region

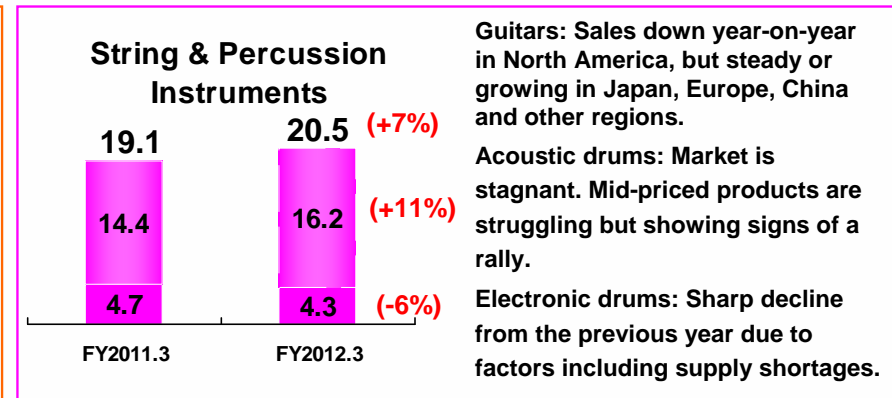
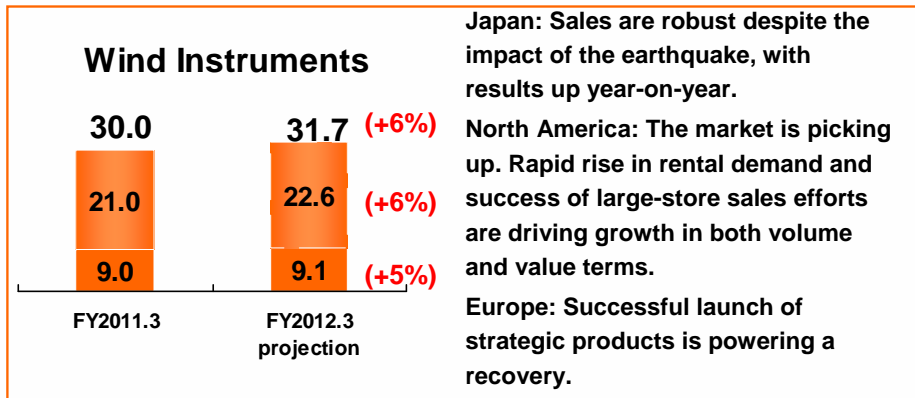
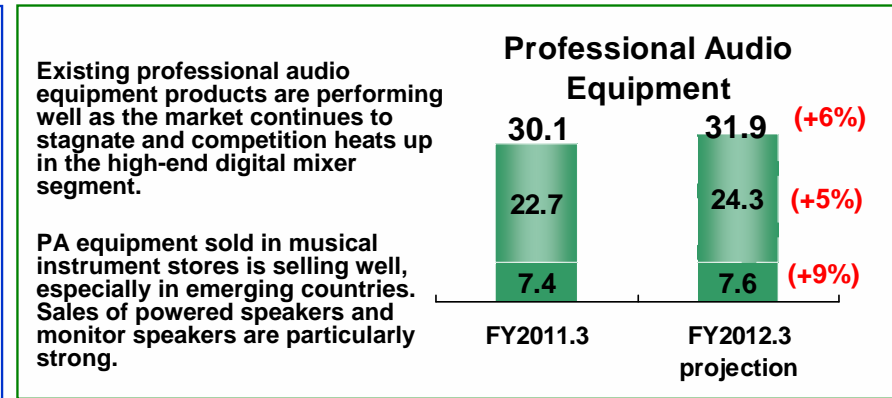
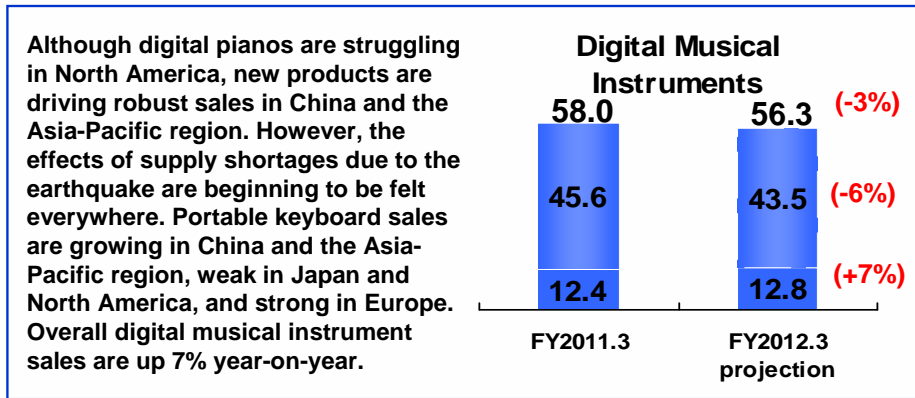
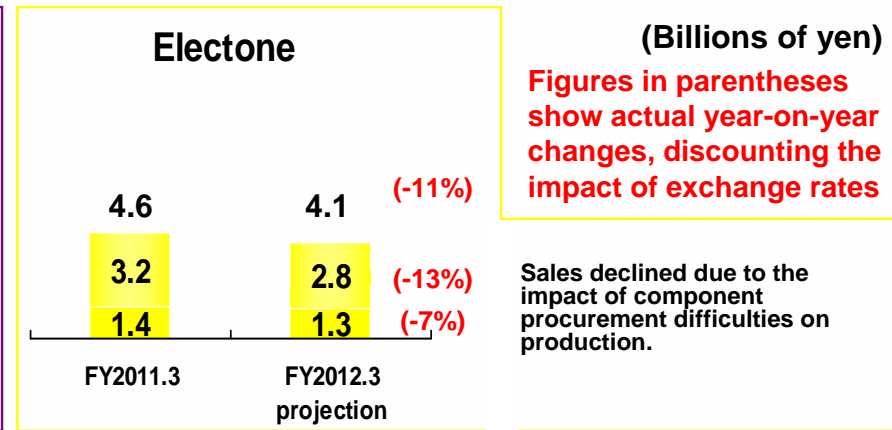
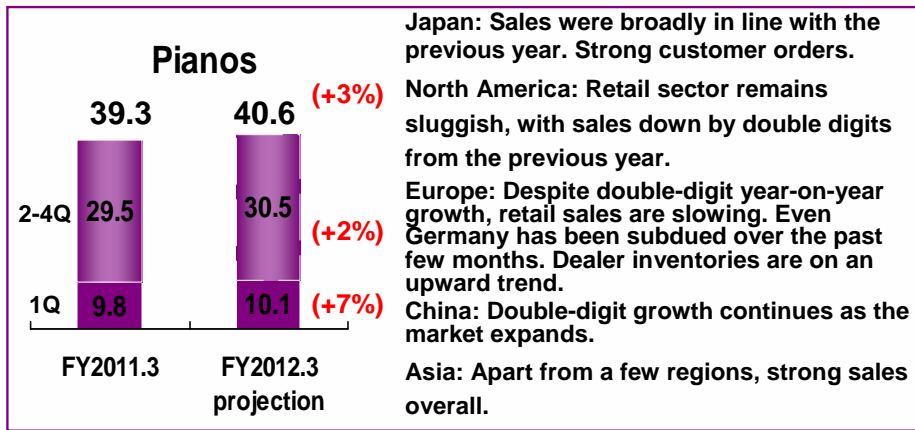


Musical Instruments: Sales by Region



Musical Instrument Sales by Region	
Japan	Although the market stalled temporarily after the March 11 earthquake, it is gradually recovering. Customers returned to the stores from the May “Golden Week” holidays onward, and sales of wind instruments and digital pianos are up year-on-year. However, the impact of product shortages resulting from inevitable earthquake-related production adjustments began to appear in the second half of the first quarter, and digital musical instruments are expected to struggle for some time.
North America	Although the musical instrument market is on a recovery trend, the rally lacks strength and sales of acoustic and digital pianos are slower than in the previous year. Since dealer inventories were particularly high for acoustic pianos at the end of the previous fiscal year, sell-in is sluggish. Dealers also have large stocks of old Clavinova digital piano models and deliveries of new products are delayed. Electronic drum sales are lagging amid temporary inventory shortages due to production delays. However, shipments of wind instruments for the school rental market are up year-on-year. The launch of new moderately-priced models drove strong synthesizer sales.
Europe	Southern European markets are sluggish, especially France and Spain. Germany and other central European markets, which had recorded strong sales, are showing signs of a slowdown. Sales are robust in emerging markets including eastern European countries and Turkey. Although sales of acoustic and digital pianos are up year-on-year, the growth rate is slowing. Portable keyboards sales are strong and wind instruments are steady. Electronic drums sales were down sharply year-on-year due to inventory shortages.
China	As the pace of economic expansion cools somewhat, efforts to develop sales networks are paying off and sales are growing rapidly. In addition to larger numbers of outlets in smaller inland cities, development of specialty shops for mid to high end pianos and wind instruments in larger cities progressed. Grand pianos including moderately-priced products such as the Indonesian-made model launched in January are being displayed in stores. However, major dealers’ high levels of inventory are a cause for concern. Music school enrollments have reached 5,424 pupils, up 52% year-on-year.
Other regions	Overall sales surpassed those for the same period of the previous year, with 1Q results for all local affiliates except Singapore and Australia rising year-on-year. Thailand, Latin America and Russia recorded growth of more than 20%. Pianos were a key driving force behind sales in the Middle East, Thailand, Malaysia, Taiwan and Korea. Efforts to develop stores and sales networks continue to bear fruit in all countries.

Musical Instruments: Sales by Product Category

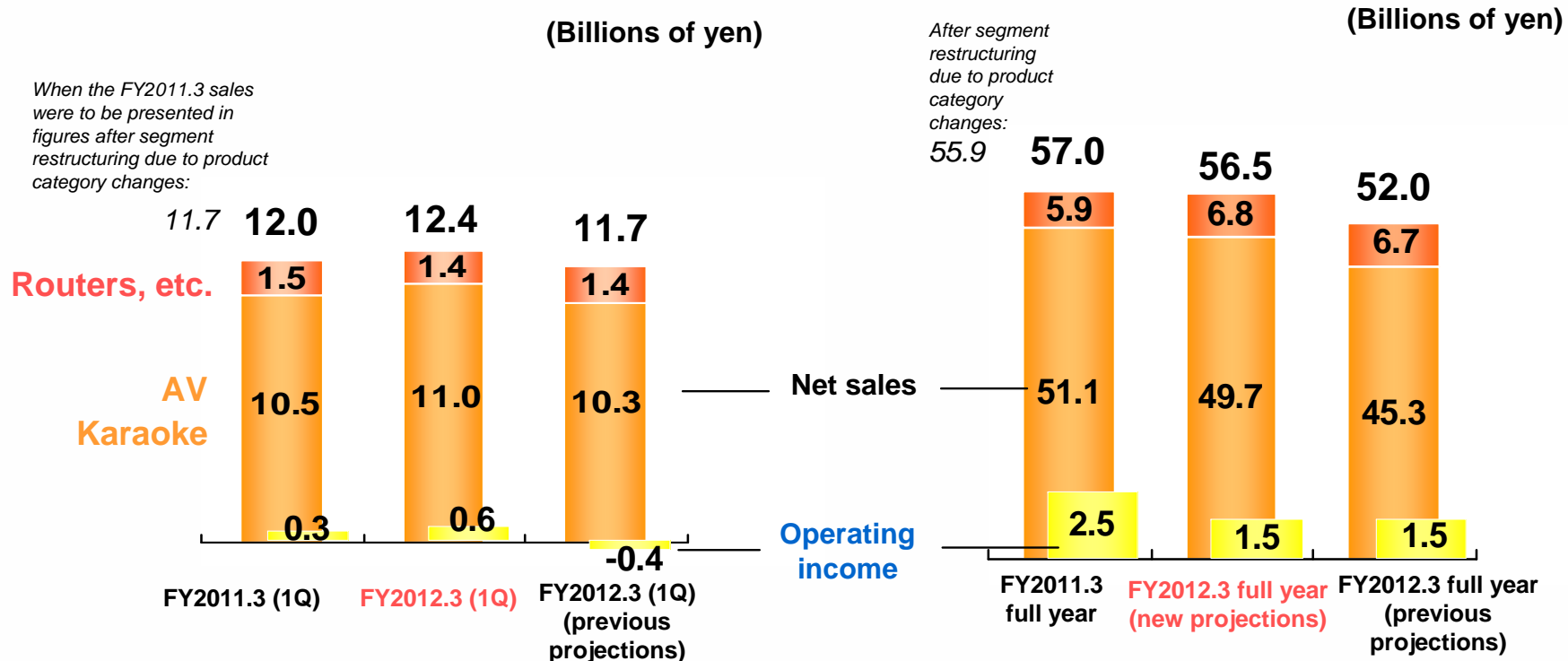


1Q Overview

- Sales and income rose year-on-year and against previous projections.
- Discounting the impact of exchange rates, actual sales increased by 6.6% (¥0.8 billion).
- Although AV products sales declined due to the component procurement situation, sales of karaoke equipment were steady.

Full Year Overview and Priority Policies

- Sales projection revised upward to reflect improving component procurement environment.
- Steadily launch new products in developed markets of North America, Europe, Japan, etc.
- Ensure stable supply of online karaoke equipment.



Electronic Devices

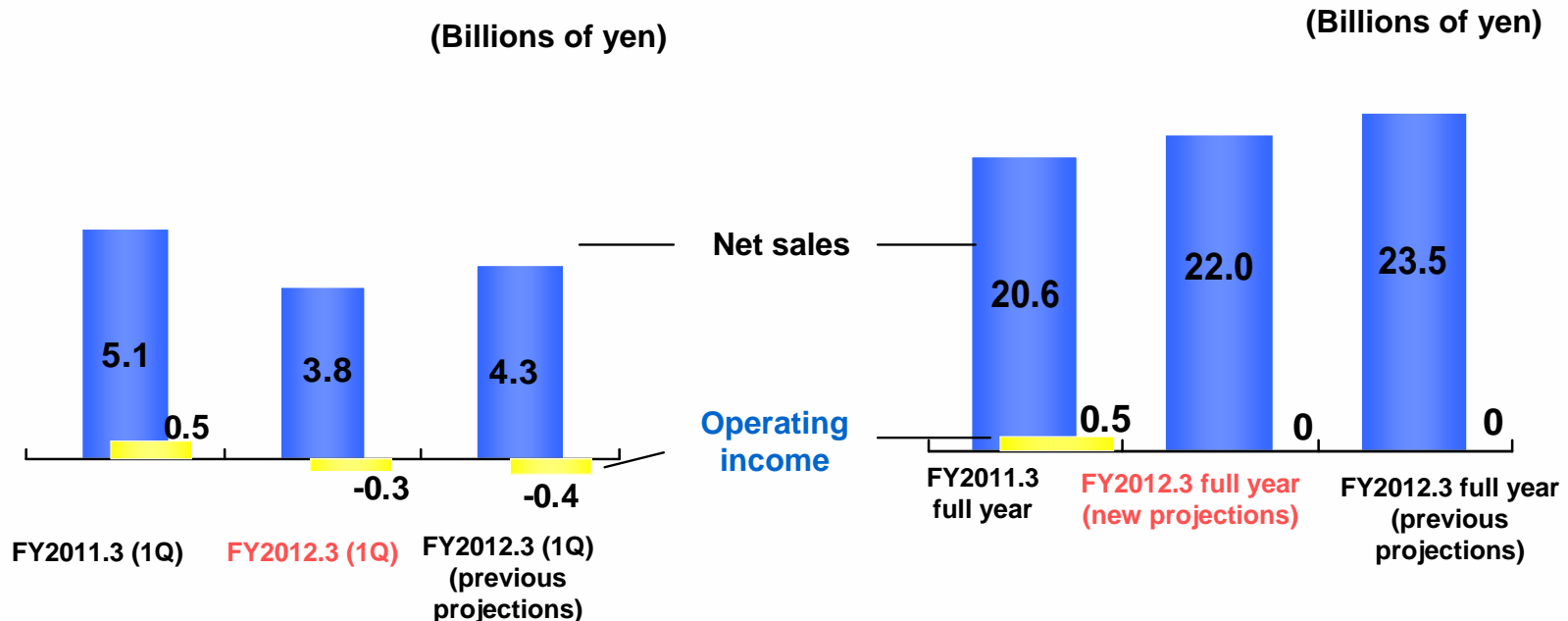


1Q Overview

- Sales and income declined year-on-year, and sales were lower than previous projections.
- Sales of sound generators for mobile phones declined due to reduced production by customers in the aftermath of the earthquake and slow sales of conventional mobile phones. Sales of graphics controllers used in amusement equipment also declined year-on-year.
- Operating income fell due to major decline in sales.

Full Year Overview and Priority Policies

- Sales projection revised downward.
- Actively expand sales of analogue devices including new magnetic sensor products and high-added-value digital devices for use in applications such as amusement equipment.
- Accelerate product development to drive next growth phase.
- Boost profitability by further trimming SG&A expenses, etc.



Others

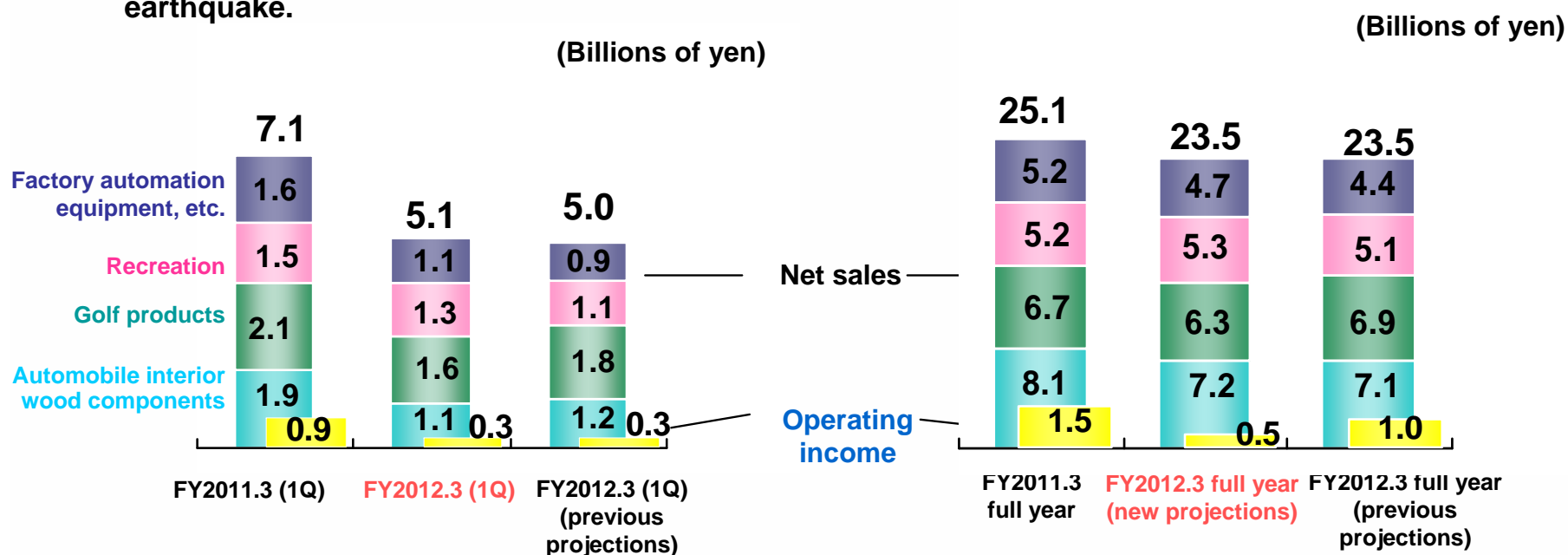


1Q Overview

- Sales and income declined year-on-year.
- Sales of automobile interior wood components fell sharply due to reduced production by automakers.
- The overall market environment and aggressive sales efforts by competitors led to lower sales of golf products.
- Recreation business customer numbers were affected in the immediate aftermath of the earthquake.

Full Year Overview and Priority Policies

- Income projection revised downward.
- Steadily supply automobile interior wood components to meet rebounding demand from automakers.
- Introduce new golf products in second half and stage full-scale launch into Chinese market.
- Focus on attracting recreation business customers during the peak season in the second quarter.



Capital Expenditure/Depreciation/ R&D Expenses

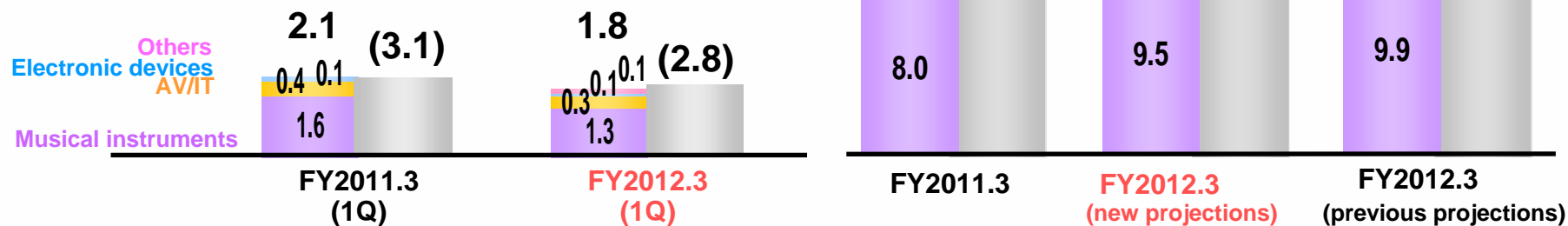


Capital Expenditure (Depreciation)

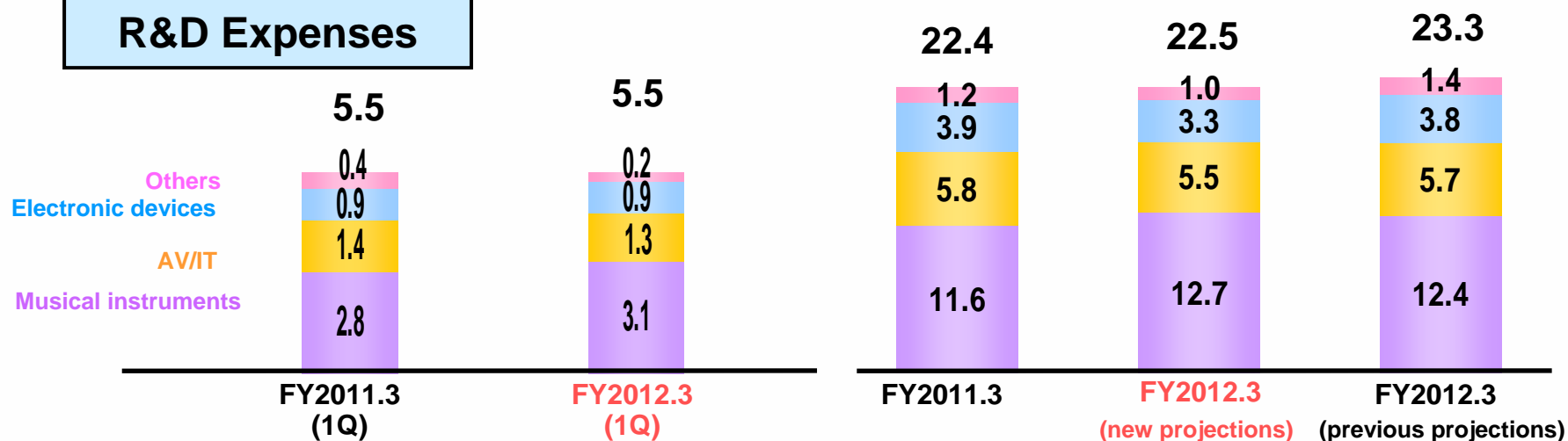
(Billions of yen)

1Q

Full Year



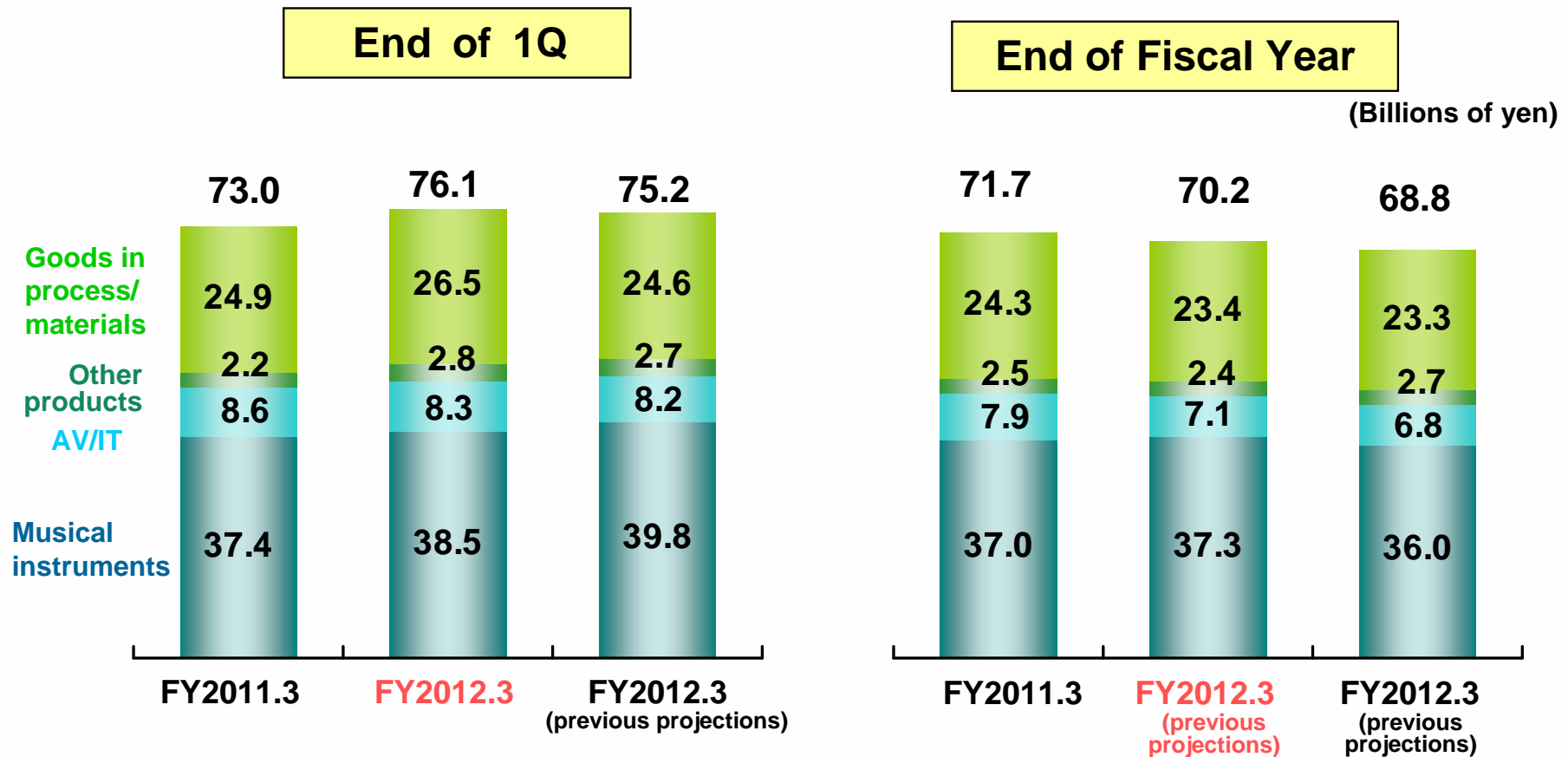
R&D Expenses



Inventories



➤ Inventories at the end of 1Q were ¥3.0 billion higher than the same quarter of the previous year. Discounting the impact of exchange rates (-¥0.5 billion), actual inventories increased by ¥3.5 billion.



Balance Sheet Summary



(Billions of yen)

	As of end of 1Q			As of fiscal year end		
	As of June 30, 2010	As of June 30, 2011	Change	As of March 31, 2011	Mar. 31, 2012 projection	Change
Cash and deposits*	50.6	52.6	1.9	58.7	62.0	3.3
Notes and accounts receivable	45.0	43.1	-1.9	45.1	48.7	3.6
Inventories	73.0	76.1	3.0	71.7	70.2	-1.5
Other current assets	17.3	15.7	-1.6	19.2	17.6	-1.6
Fixed assets	196.1	195.7	-0.4	196.2	197.5	1.3
Total assets	382.0	383.1	1.1	390.9	396.0	5.1
Notes and accounts payable	23.3	23.2	0	24.2	22.7	-1.5
Short- and long-term loans	13.7	11.3	-2.4	11.8	9.1	-2.7
Resort membership deposits	16.0	15.8	-0.2	15.9	15.8	-0.1
Other liabilities	89.2	89.3	0.1	94.0	100.0	6.0
Total net assets	239.8	243.5	3.7	245.0	248.4	3.4
Total liabilities and net assets	382.0	383.1	1.1	390.9	396.0	5.1

*Includes negotiable deposits

Appendix

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



	FY2011.3 (1Q) results	FY2012.3 (1Q) results	FY2012.3 (1Q) previous projections
(Billions of yen)			
Non-operating income/loss			
Net financial income (loss)	0.5	0.3	0.2
Other	-0.8	-0.6	-0.7
Total	-0.3	-0.3	-0.5
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	-0.1	0
Other	-1.3	-0.1	0
Total	-1.4	-0.2	0
Income taxes and other expenses			
Income taxes - current	1.3	0.8	0.6
Income taxes - deferred	-0.1	1.2	0.9
Minority interests in income	0.1	0.1	0
Total	1.3	2.1	1.5

•Revaluation loss on investment securities -1.5

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



	FY2011.3 results	FY2012.3 new projections	FY2012.3 previous projections (Billions of yen)
Non-operating income/loss			
Net financial income (loss)	0.7	0.4	0.2
Other	-2.9	-2.4	-2.2
Total	-2.2	-2.0	-2.0
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.2	-0.3	-0.3
Other	-4.0	-0.2	-0.2
Total	-4.2	-0.5	-0.5
Income taxes and other expenses			
Income taxes - current	4.3	3.0	3.1
Income taxes - deferred	-3.0	0.3	-0.8
Minority interests in income	0.4	0.2	0.2
Total	1.7	3.5	2.5

•Revaluation loss on investment securities -1.5
•Impairment loss -2.7

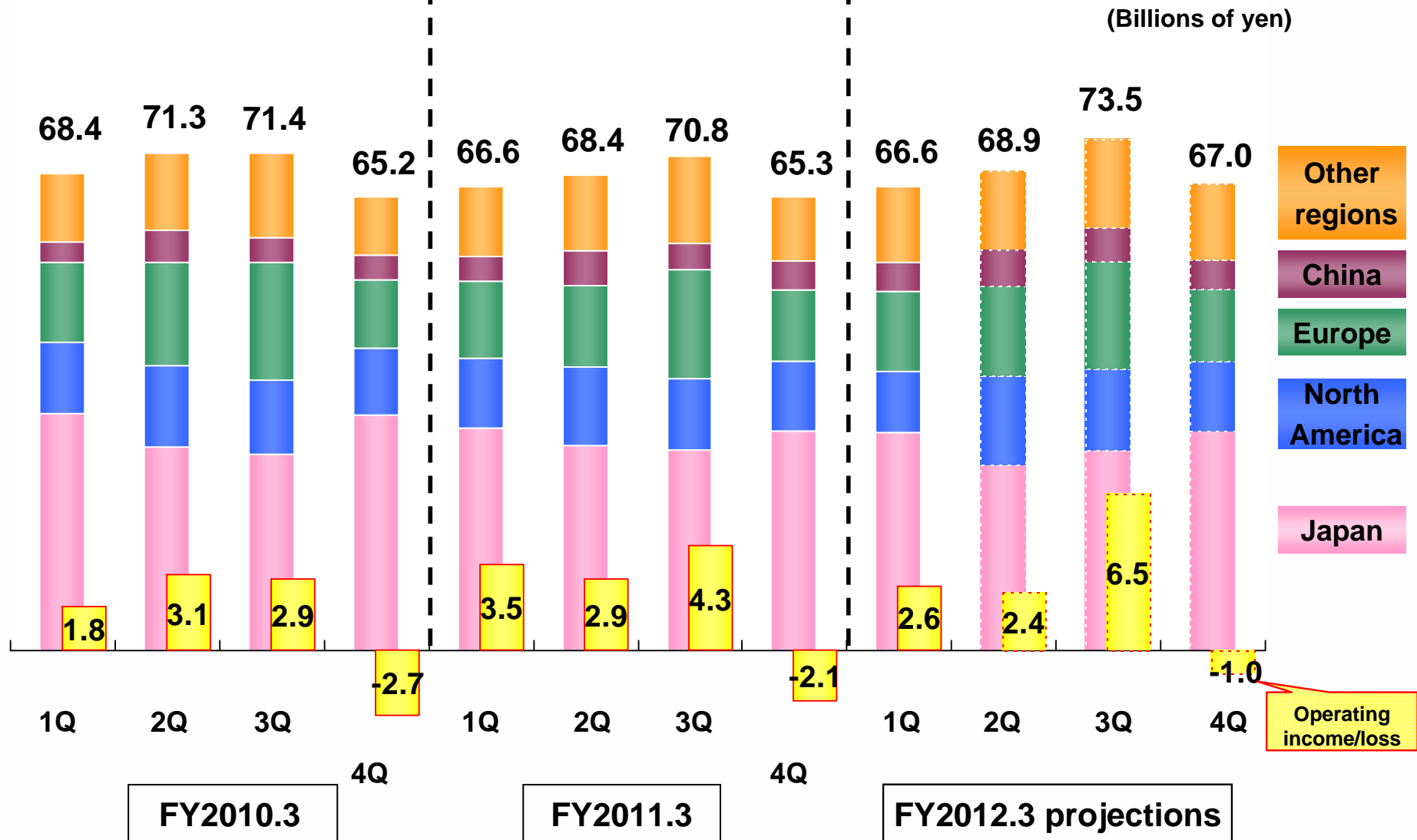
Musical Instruments: Sales and Income by Quarter



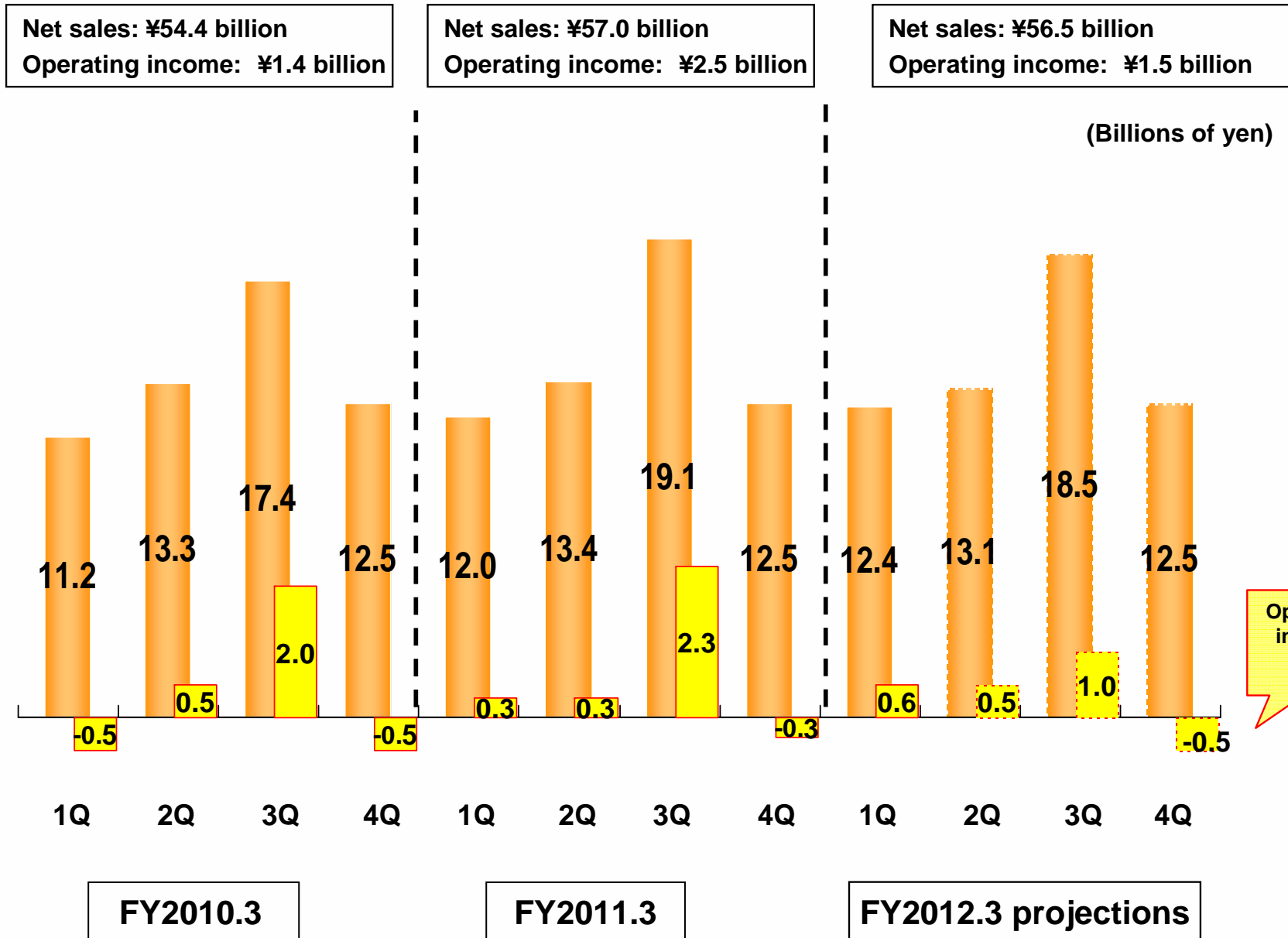
Net sales: ¥276.3 billion
Operating income: ¥5.1 billion

Net sales: ¥271.1 billion
Operating income: ¥8.6 billion

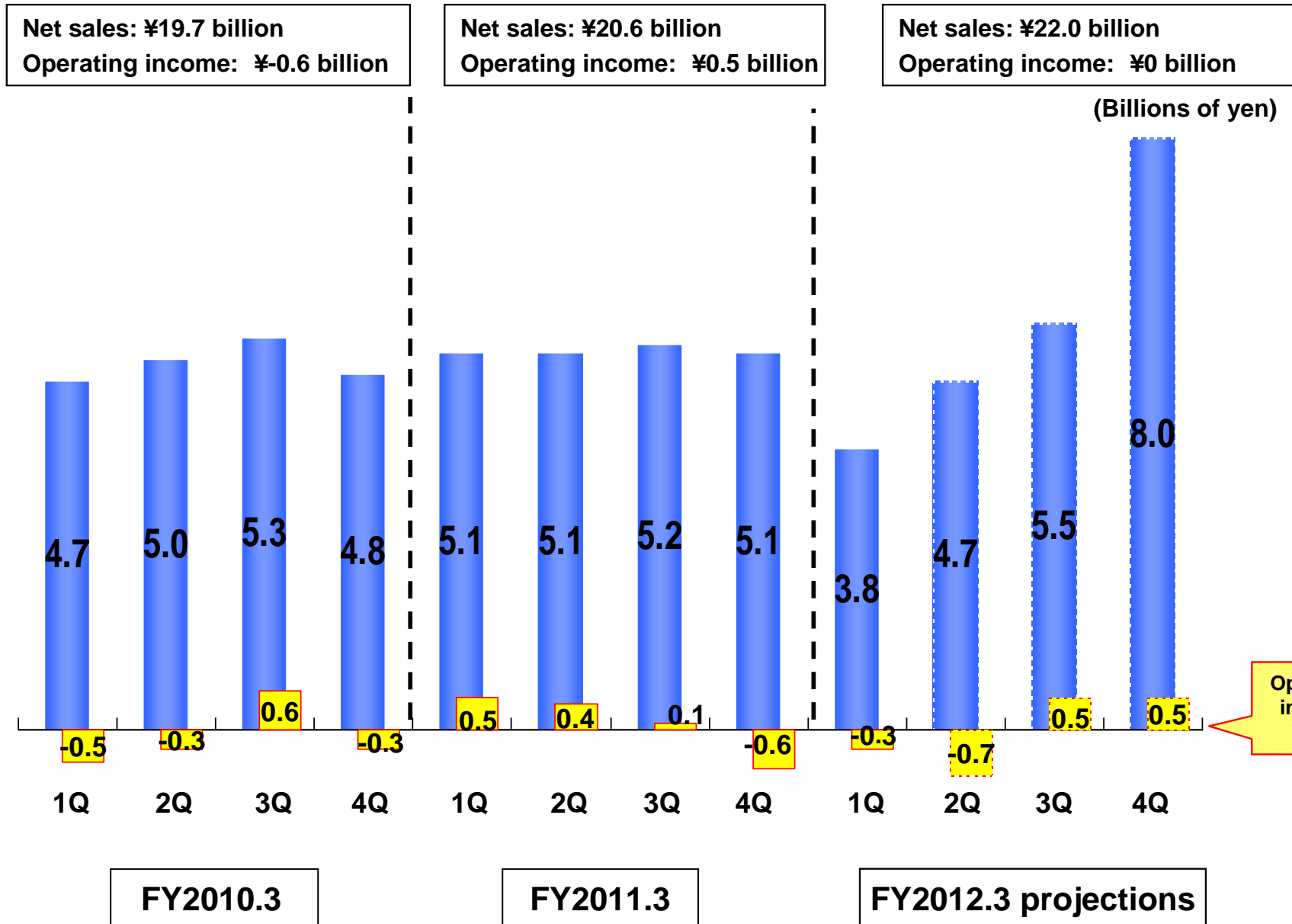
Net sales: ¥276.0 billion
Operating income: ¥10.5 billion



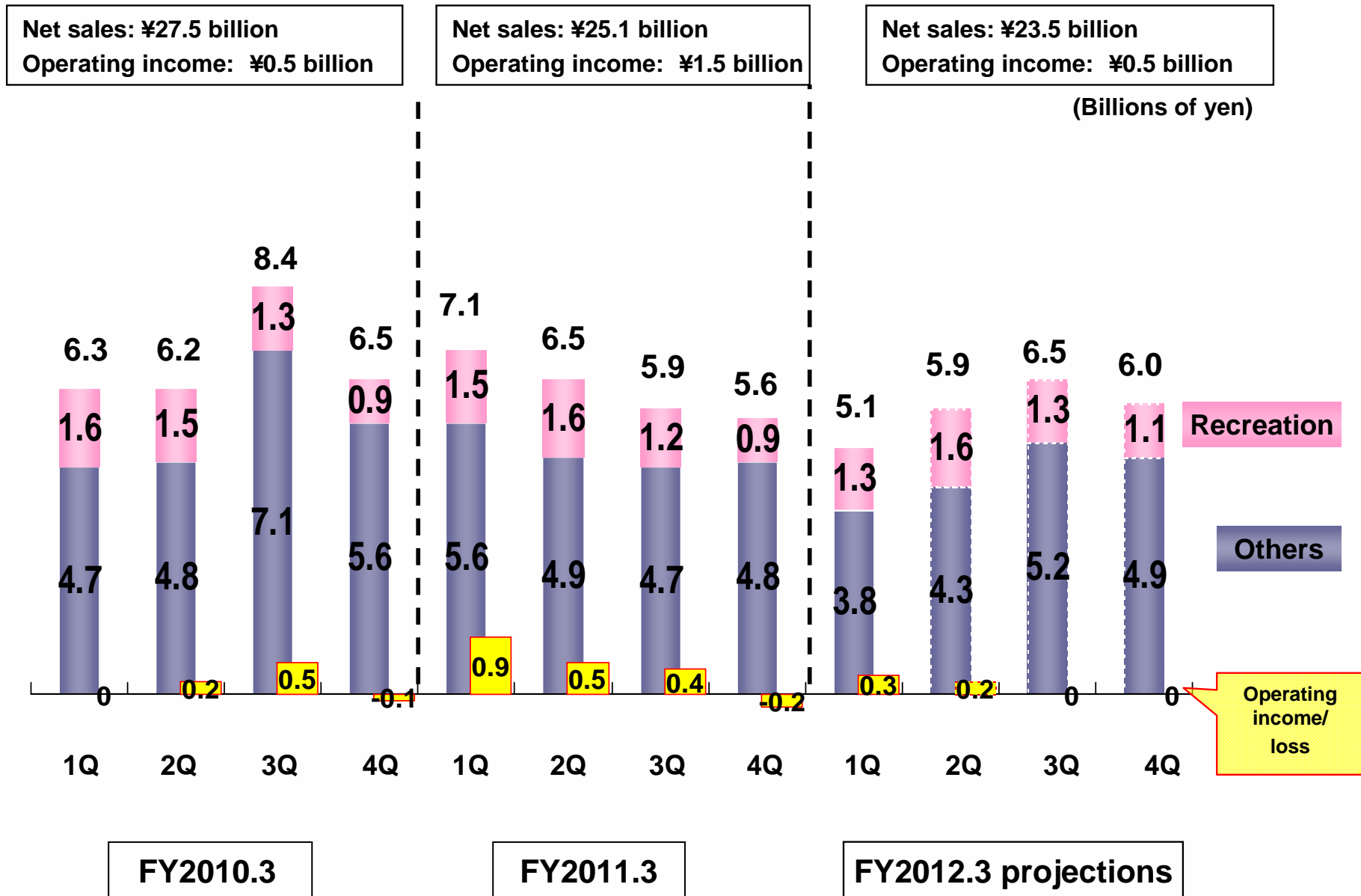
AV/IT: Sales and Income by Quarter



Electronic Devices: Sales and Income by Quarter



Others: Sales and Income by Quarter



In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our predictions depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.