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For immediate release

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**Explanation of Differences between Forecasts and Actual Performance
for the Interim period of FY2007.3 and Revisions in
the Forecast for FY2007.3 as a Whole
(Consolidated and Non-consolidated)**

The following news release indicates the differences between previously issued forecasts and actual performance (consolidated and non-consolidated) for the interim period (April 1, 2006, to September 30, 2006) of FY2007.3 and provides a revised outlook for performance (consolidated and non-consolidated) during the full fiscal year (April 1, 2006, to March 31, 2007).

1. Forecast and Actual Performance (Consolidated and Non-Consolidated) for the Interim Period of FY2007.3

(1) Consolidated

(Millions of yen)

	Net Sales	Recurring Profit	Interim Net Income
Forecast (A)	265,000	17,000	14,000
Actual (B)	264,517	22,931	17,471
Difference (B – A)	(483)	5,931	3,471
Difference (%)	(0.2)	34.9	24.8
Actual in FY2006.3	257,193	21,338	16,524

(2) Non-Consolidated

(Millions of yen)

	Net Sales	Recurring Profit	Interim Net Income
Forecast (A)	169,000	8,000	6,000
Actual (B)	169,696	13,188	9,029
Difference (B – A)	696	5,188	3,029
Difference (%)	0.4	64.9	50.5
Actual in FY2006.3	170,183	12,861	9,150

(3) Reasons for the Differences

On a consolidated basis, net sales were approximately the same as the forecast.

Recurring profit was 34.9% higher than forecast, owing to the effect of the decline in the value of the yen against other currencies, an increase in operating income in the musical instruments and certain other businesses, and an increase in equity in earnings of unconsolidated subsidiaries and affiliates

Interim net income was 24.8% above the forecast level, a rate of growth not as high as the increase in recurring profit because of an extraordinary loss incurred due to expenses related to the decision to dissolve Kaohsiung Yamaha Co., Ltd., a subsidiary manufacturing guitars in Taiwan.

On a non-consolidated basis, sales were approximately the same as the forecast.

Regarding earnings, recurring profit was 64.9% higher than forecast and interim net income was 50.5% higher, owing to the effect of the decline in the value of the yen, the increase in operating income in the musical instruments and certain other businesses, and a decline in selling, general and administrative expenses.

**2. Revised Forecast of Performance (Consolidated and Non-Consolidated) for FY2007.3
(April 1, 2006, to March 31, 2007)**

(1) Consolidated

(Millions of yen)

	Net Sales	Recurring Profit	Net Income
Previous forecast (A)	546,000	35,000	28,000
Revised forecast (B)	546,000	38,000	29,000
Difference (B – A)	—	3,000	1,000
Difference (%)	—	8.6	3.6
Actual in FY2006.3	534,084	35,244	28,123

(2) Non-Consolidated

(Millions of yen)

	Net Sales	Recurring Profit	Net Income
Previous forecast (A)	323,000	10,000	7,000
Revised forecast (B)	320,000	16,000	11,000
Difference (B – A)	(3,000)	6,000	4,000
Difference (%)	(0.9)	60.0	57.1
Actual in FY2006.3	321,252	13,950	10,242

(3) Reasons for the Revisions

On a consolidated basis, recurring profit and interim net income for the latter half of FY2007.3 are expected to be below initial forecasts because of severe conditions in the operating environment, increases in certain raw material prices, and other factors. As a result, for the fiscal year as a whole, recurring profit is forecast to be 8.6% higher than the previous forecast and interim net income is expected to be 3.6% higher than forecast.

On a non-consolidated basis, recurring profit is now expected to exceed the previous forecast by 60.0% and interim net income will exceed the previous forecast by 57.1%. Factors accounting for this are the increase in profitability during the interim period and dividends that are scheduled to be paid to the parent company by subsidiaries.