June 9, 2006

Company name: YAMAHA CORPORATION

President and representative director: Shuji Ito

Code number: 7951

Stock listings: Tokyo Stock Exchange (First Section)

For further information, please contact: Fumio Umeda

Telephone: +81 53 460 2141

Notice Relating to Additions and Revisions to the Financial Statements for the Fiscal Year Ended March 31, 2006

This is to advise you that certain additions and revisions have been made to the financial statements for the year ended March 2006 (fiscal 2006) announced on April 28, 2006.

Particulars

I. Additions to Supplementary Materials to Fiscal 2006 Financial Statements (Consolidated)

1. Analysis of Financial Position and Management Performance

The forward-looking statements contained herein are based on judgments made by Yamaha Group as of the closing day of the fiscal year.

(1) Major Accounting Policies and Estimates

Yamaha Group prepares its financial statements in accordance with accounting principles generally accepted in Japan. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Management bases these estimates on historical experience. Nevertheless, actual results may differ from these estimates on account of various uncertain factors.

Of Yamaha Group's major accounting policies, the following affect the more significant estimates and assumptions made by management.

Estimated Value of Allowance for Doubtful Accounts

The amount of allowance for doubtful accounts is determined based on an estimated amount for probable doubtful accounts based on the collectibility of individual receivables and an amount based on past experiences.

Estimated Value of Inventories

The value of inventories is mostly estimated based on consideration of unit value according to the last-in, first out (LIFO) method as well as the use of current market value..

Estimated Impairment of Fixed Assets

Future cash flow and the discount rate are estimated in the calculation of impairment loss on fixed assets and the calculation of recoverable value.

Estimated Impairment of Other Marketable Securities with Market Value.

Yamaha records impairment charges when it believes the decline in value of securities and investments is considered to be other-then-temporary based on the anticipated recoverability of fair value.

Estimate of Deferred Tax Assets

The collectibility of deferred tax assets is estimated based on the estimation of future taxable income.

Estimate of Revision of Product Warranties

A warranty reserve is provided to cover the costs for possible repairs which may be claimed by customers after group companies' sales. The amount is estimated based on,prior defects to unit sales volume or to net sales, or individual estimation by product.

Estimate of Accrued Employees' Retirement Benefits

The allowance for employees' retirement benefits is estimated based on the estimated amount of retirement benefit obligations and plan assets.

(2) Analysis of Business Results

Net Sales by Business Segment

Sales increased on a year-on-year basis in the musical instruments and lifestyle-related products businesses. But sales from electronic equipment and metal products fell sharply because of lower demand for the LSI sound chips used in mobile phones and as a result of continued price erosion. Sales also fell in the AV/IT and recreation segments. Net sales amounted to ¥534.1 billion, on a par with the previous year.

Sales of musical instruments increased ¥11.5 billion, or 3.8%, compared with fiscal 2005, to ¥314.1 billion. Positive currency translation effects due to yen depreciation accounted for ¥8.3 billion of the increase in sales posted by this core segment. Excluding such effects, the real year-on-year increase in musical instrument sales was ¥3.2 billion, or 1.1%.

Sales in the Japanese market declined after demand for STAGEA™, a new Electone™ model, settled down following that product's launch in 2004. Sales in the North American market, conversely, rose on the growth in sales of pianos, professional audio equipment, and wind instruments. Sales were also brisk in Europe, reflecting strong demand for electronic musical instruments and for professional audio equipment. Sales in both of these markets increased compared with fiscal 2005. Other markets where sales increased over the previous year included South Korea, South America, and the Middle East. Double-digit sales growth was posted in China once again, spurred by strong piano sales supported by increased piano production at the Hangzhou Yamaha musical instruments Co., Ltd.

By product category, sales of Electones™ fell sharply in fiscal 2006. Professional audio equipment sales, though, increased more than 20% over the previous year due primarily to sales growth overseas, especially in North America. Other product categories posting year-on-year gains in sales included pianos and wind instruments. However, sales of guitars in North America unexpectedly declined.

The Company continued its efforts to make its music schools appeal to modern consumer lifestyles through new concepts and facilities, while also striving to boost student enrollment numbers. As a result, overall students numbers expanded as both children and adult enrollments increased compared with fiscal 2005, leading to higher sales. Music school operations also commenced in China.

Sales in the AV/IT segment fell ¥1.8 billion, or 2.3%, compared with the previous year, to ¥75.9 billion. In audio products, although shipments of the new Digital Sound Projector™ "YSP" range of products were favorable, overall sales of audio products were poor because of a depressed home theater market. By market, sales rose in the U.S. market, led by medium- and high-end amplifiers and receivers, but sales fell in Japan and Europe amid fierce competition. Sales of routers to small and medium-sized firms also declined on account of intense competition and the effects of price erosion.

Electronic equipment and metal products segment sales fell ¥12.9 billion, or 18.7%, compared with the previous year, to ¥56.2 billion. A drop in demand in the market for the LSI sound chips used in mobile phones was compounded by unit sales price erosion, resulting in a substantial decline in the sales of these chips compared with fiscal 2005. Sales of electronic metal materials rose gradually beginning in the second half of fiscal 2006, based on a recovery in markets for digital consumer electronics.

Sales in the lifestyle-related products segment increased ¥2.4 billion, or 5.5%, compared with the previous year, to ¥45.2 billion. This rise was mainly due to a shift in operational emphasis toward the home remodeling sector as housing starts in Japan stalled. The popularity of system kitchens featuring sinks made of artificial marble was another factor boosting sales throughout the year.

A drop in sales revenue from wedding functions had a negative impact on the business of the recreation segment. As a result, despite a recovery in accommodation occupancy rates, overall segment sales declined ¥0.3 billion, or 1.5%, compared with fiscal 2005, to ¥18.0 billion.

In other operations, sales of automobile interior wood components rose on the success of client development efforts, offsetting effects related to clients' lack of model changes. The launch of improved golf club models conform to new standards that reduce the spring-like energy transfer from clubface to ball met with the approval of golfers in Japan and abroad, boosting golf-related sales. The factory automation (FA) business likewise continued to expand steadily. Sales of metallic molds and components also rose, reflecting a recovery in demand in the second half of the year for magnesium parts used in mobile handsets and digital cameras. Total sales in the others segment increased ¥1.1 billion, or 4.7%, compared with the previous year, to ¥24.7 billion.

Sales by Geographic Area

In Japan, sales of lifestyle-related products increased over sales the previous year, but sales of semiconductors fell sharply, particularly for the LSI sound chips used in mobile phones. Likewise, domestic demand for a new model of Electone™, STAGEA™, dipped in its post-launch year, dragging down overall musical instrument sales. Sales in Japan thus fell ¥17.7 billion, or 5.7%, year on year, to ¥295.2 billion.

Sales in North America increased ¥8.0 billion, or 9.2%, year on year, to ¥94.7 billion. This reflected generally strong sales of musical instruments and AV equipment and gains due to the yen's depreciation against the dollar.

In Europe, sales advanced ¥3.0 billion, or 3.6% year on year, to ¥87.5 billion. Higher sales of musical instruments and increased shipments of automobile interior wood components helped to offset a decline in AV equipment sales.

In Asia, Oceania and other areas, higher sales of musical instruments in South Korea, South America, the Middle East, and other parts of the world contributed to a ¥6.7 billion, or 13.4%, growth in sales, to ¥56.7 billion. Although sales dipped below target levels, a double-digit gain was still posted in China.

Cost of Sales and SG&A Expenses

Ongoing cost reduction only partially offset an increase in material costs caused by factors such as yen depreciation and higher crude oil prices. The overall cost of sales increased ¥6.2 billion, or 1.8%, compared with fiscal 2005. Gross profit declined ¥6.3 billion, or 3.2%, to ¥192.3 billion, with sales remaining basically on par with the previous year. The gross profit margin declined 1.2 percentage points, from 37.2% to 36.0%.

Selling, general and administrative (SG&A) expenses increased ¥5.2 billion, or 3.2%, over fiscal 2005, to ¥168.1 billion. The increase reflected a rise in expenses associated with yen depreciation, a hike in costs related to newly consolidated subsidiaries, and a surge in distribution costs. The ratio of SG&A expenses to sales rose 1.0 percentage point, from 30.5% to 31.5%.

Operating Income

Operating income fell ¥11.6 billion, or 32.4%, from a year earlier, to ¥24.1 billion. Despite a foreign exchange gain due to depreciation of the yen, there was a change in sales composition, notably with a decline in the proportion of high-profit-margin semiconductors, while rising raw materials prices, especially for crude oil, and higher transportation costs, also had a negative effect.

Operating income in the musical instruments segment was largely unchanged, at ¥14.1 billion. The segment's higher sales and currency translation gains were offset by a combination of higher raw material prices; adverse changes in the product sales mix; and corrective inventory-related measures, which resulted in lower gross profit margins for the segment.

Operating income also declined in the AV/IT segment, by ¥1.5 billion, or 42.1%, to ¥2.1 billion, due to the effects of lower sales and of reduced gross profit margins due to fierce competition, despite continued efforts to cut production costs.

The electronic equipment and metal products segment recorded a second consecutive substantial year-on-year drop in operating income of ¥12.0 billion, or 60.3%, from ¥20.0 billion to ¥7.9 billion. This mirrored a significant fall in sales caused by lower demand for the LSI sound chips used in mobile phones and by further price erosion.

Profitability, meanwhile, was restored at the operating level to the lifestyle-related products segment. This was due to a combination of increased sales and reduced manufacturing and fixed costs.

Depreciation expenses were reduced in the recreation segment after the adoption of asset-impairment accounting standards in the previous year resulted in a decline in depreciable assets. Although this helped to curtail losses, the business still recorded an operating loss of ¥1.8 billion due to difficulties in stemming the decline in sales. .

Operating income from others segment amounted to ¥0.6 billion, an increase of ¥0.4 billion, or 245.4%, compared with the previous year. The improvement came as a result of higher sales and a lowering of manufacturing costs across the automobile interior wood components, FA, and metallic molds and components businesses.

Other Income and Expenses

Net nonoperating income recorded a year-on-year improvement of ¥5.5 billion, rising from ¥5.6 billion to ¥11.1 billion. This gain mainly came as a result of an increase of ¥5.7 billion, or 62.9%, in the equity in earnings of unconsolidated subsidiaries and affiliates, from ¥9.1 billion to ¥14.8 billion.

Compared with fiscal 2005's net extraordinary loss of ¥7.8 billion, the extraordinary gain in fiscal 2006 represented an improvement of ¥8.4 billion. There were no special factors this year as in fiscal 2005, which included asset impairment loss and extraordinary gains from the return of the substitutional portion of welfare pension fund plans to the government. .

Net Income

Income before income taxes and minority interests increased ¥2.3 billion year on year, rising from ¥33.5 billion to ¥35.8 billion. Reflecting the increase in the nontaxable equity in earnings of unconsolidated subsidiaries and affiliates, net income for the year increased ¥8.4 billion, or 42.8%, from ¥19.7 billion to ¥28.1 billion.

Foreign Exchange Rate Fluctuations and Risk Hedging

In terms of the average exchange rates recorded during the year, the yen fell ¥5 against the U.S. dollar compared with the previous year, to ¥113 per $1. The year-on-year effect of this change was an increase of ¥5.0 billion in sales at overseas consolidated subsidiaries. The yen also depreciated against the euro by ¥3 compared with the previous year, for an average exchange rate of ¥138 to €1. This resulted in a year-on-year gain in sales of ¥1.3 billion. The net effect on sales of foreign exchange rate fluctuations, including fluctuations of the yen against such other currencies as the Australian and Canadian dollars, was a gain of ¥10.7 billion over fiscal 2005.

Profits, meanwhile, also were affected by foreign exchange rate fluctuations. The average yen-U.S. dollar settlement rate was ¥113 to $1, representing depreciation of ¥5, and the average settlement rate for the euro was ¥135 to €1, representing depreciation of ¥2. The effects on profits were gains of ¥0.2 billion and ¥0.8 billion, respectively. Including the effects of other currencies, the net effect on profits of foreign exchange rate fluctuations was a gain of ¥1.9 billion over fiscal 2005.

The Company undertakes most of its hedging operations against currency risks in Japan. U.S. dollar–related currency fluctuation risks are hedged by marrying risk associated with dollar receipts from exports with risk associated with dollar payments for imported products. The Company hedges the value of risks associated with the euro and the Australian and Canadian dollars by projecting related export revenues and purchasing relevant three-month currency forwards.

(3)Analysis of Financial Condition

Assets

Total assets at March 31, 2006, amounted to ¥520.0 billion, an increase of ¥14.4 billion, or 2.8%, compared with the previous year-end. Current assets decreased ¥16.2 billion, or 7.2%. Cash and bank deposits fell ¥14.8 billion, or 28.9%, to ¥36.4 billion, from ¥51.2 billion at the previous year-end. Notes and accounts receivable and inventories also declined.

The total value of fixed assets increased ¥30.6 billion, or 10.9%, from ¥280.0 billion to ¥310.6 billion. This was due mainly to an increased value of shares in Yamaha Motor Co., Ltd., an equity-method affiliate, and an appreciation in the market value of the equity holdings of financial institutions and other stocks, which led to growth of ¥31.9 billion, or 31.6%, in investment securities compared with the previous year-end.

Liabilities

Total liabilities at March 31, 2006, amounted to ¥199.5 billion, a drop of ¥27.0 billion, or 11.9%, from the ¥226.5 billion recorded on the same date in 2005. Contributory factors included a reduction in long- and short-term debt due to a continued emphasis on debt repayments and lower income taxes payable.

Actual Interest-Bearing Debt

One of the goals of the YSD50 medium-term business plan is to improve the Company's financial health by reducing actual interest-bearing debt*— borrowings,less cash and bank deposits—to zero. Having accomplished this goal in fiscal 2005, the Company recorded a negative real balance of interest-bearing debt at the end of fiscal 2006. Borrowings amounted to ¥28.5 billion, and cash and bank deposits totaled ¥36.4 billion. This result confirmed the achievement once again of profitability in real terms.

*The balance of actual interest-bearing debt is defined as the sum of borrowing and convertible bonds, less cash and bank deposits.

Shareholders' Equity

Shareholders' equity increased ¥40.8 billion, or 14.8%, compared with the previous year-end, to ¥316.0 billion. This reflected a combination of higher net income, higher net unrealized holding gains on other securities in line with an increase in share value, and a net gain on translation adjustments due to yen depreciation. The shareholders' equity ratio was 60.8% as of March 31, 2006, an increase of 6.4 percentage points over the 54.4% posted at the previous year-end. Return on equity (ROE) was 9.5%.

(4) Analysis of Capital Resources and Liability of Assets.

Cash Flows

Net cash provided by operating activities in fiscal 2006 totaled ¥25.5 billion. The ¥14.1 billion, or 35.6%, decline from the previous year came despite higher income before income taxes and minority interests. Significant factors depressing operating cash flow included an absence of the impairment losses and the return of the substitutional portion of welfare pension fund plans to the government recorded in fiscal 2005 and higher equity in the earnings of unconsolidated subsidiaries and affiliates.

Net cash used in investing activities totaled ¥18.1 billion, compared with ¥12.9 billion the year before. The ¥5.2 billion, or 40.4%, increase in cash outflow was mainly the result of lower proceeds from sales of investment securities, even though the decline was partially offset by reduced payments for capital investments associated with acquisitions and business alliances during the period.

Net cash used in financing activities rose to ¥25.8 billion, primarily because of the repayment of long- and short-term debt and increased cash dividend payments to shareholders. The rise represented increased cash outflow of ¥17.5 billion, or 211.0%, compared with the previous year.

The fiscal 2006 year-end balance of cash and cash equivalents totaled ¥35.4 billion, a year-on-year decline of ¥15.0 billion, or 29.7%. This amount includes a net positive effect of ¥1.8 billion due to exchange rate fluctuations and a net cash gain arising from an increase in the number of subsidiaries included in the scope of consolidation.

Cash Demands

The primary cash demands within Yamaha Group are for working capital, capital expenditures, the purchasing cost of materials and components to be used in manufacturing, the purchase of products and other merchandise and SG&A expenses.

Capital expenditures of ¥22.9 billion in fiscal 2006 were roughly equal to the previous year's total. The musical instruments business increased its capital expenditures by ¥0.6 billion, or 5.0%, to ¥11.9 billion. This included heightened investment in molds for new products; in the establishment of new Yamaha music schools in Japan; and in the expansion of musical instrument assets for rental purposes in line with growth in musical instrument rental operations.

Capital expenditures in the electronic equipment and metal products business increased ¥0.5 billion, or 10.8%, to ¥5.5 billion, reflecting investment in new semiconductor production equipment at Yamaha Kagoshima Semiconductor Inc. aimed at miniaturization (0.18µm). In the recreation segment, capital spending declined ¥1.6 billion, or 66.8% to ¥0.8 billion, with the conclusion of a guest room expansion program undertaken in the previous year.

The Company's depreciation and amortization expense amounted to ¥18.9 billion.

R&D expenses increased ¥1.1 billion, or 4.8%, from ¥23.0 billion a year earlier, to ¥24.1 billion. The ratio of R&D expenses to sales was 4.5%, an increase of 0.2 percentage points compared with fiscal 2005. Most of this spending was directed at product development in electronic and digital musical instruments and in the AV/IT and semiconductor businesses. R&D budgets also funded programs to develop basic sound-related technologies in speakers, sound field control, voice synthesis, sound sources, and DSP*; innovations in HIC, such as actuators and sensors; materials for professional audio equipment; and technologies related to the environment.

Technical glossary:

1,DSP(digital signal processor) General digital signal processing technology includes Yamaha's own unique digital sound and musical signal processing such as sound field control in AV equipments, adding sound effects in professional mixing console, sound generator for mobile phones and 3D processing of voices.

2,HIC (Human Interface Components): HICs are devices and materials whose qualities enhance the functional performance of musical instruments and AV systems by improving the human, emotional and comfort interface. An example would be a device that can help create a truly quiet sound environment.

Financing

All funds for working capital and capital expenditures in Yamaha Group are procured from internal funds or dead loans. Dead loans are generally procured in the form of short-term loans in local currency by each consolidated company. However, certain loans may be procured in the form of long-term loans upon consideration of the amount, term and interest rate.

2. Retirement Benefits

Items Related to Retirement Benefit Obligation

(Millions of Yen)

	FY2006 (as of Mar. 31, 2006)	FY2005 (as of Mar. 31, 2005)
(1) Retirement benefit obligation	△161, 027	△160, 761
(2) Plan assets at fair value	118, 746	100, 340
(3) Unfunded retirement benefit obligation (1+2)	△ 42, 280	△ 60, 421
(4) Unrecognized actuarial gain or loss	14, 536	32, 861
(5) Unrecognized past service cost (an increase or decrease of liability)	1, 727	1, 992
(6) Net retirement benefit obligation recognized in the consolidated balance sheet (3+4+5)	△ 26, 016	△ 25, 567
(7) Prepaid pension cost	1, 961	2, 702
(8) Accrued retirement benefit (6-7)	△ 27, 978	△ 28, 269

II. Revision to Supplementary Materials to Fiscal 2006 Financial Statements (Consolidated)

(Revised sections have been underlined)

(1) Page 11: Types of Business Risk (13) Matters Related to changes in Financial Position

(Prior to Revision)

b. Unrecognized Losses on Land Valuation

The difference between the market value of the Group's land, revalued in accordance with relevant legal regulations and the carrying value of such land on the Group's balance sheets the <u>previous</u> year-end was negative ¥18.2 billion, implying the Group had an unrealized loss on its landholdings in the amount. In the event of the sale, or other disposal, of such land, this unrealized loss will be recognized and this may have an adverse impact on the Group's performances and financial position .

(After Revision)

b. Unrecognized Losses on Land Valuation

The difference between the market value of the Group's land, revalued in accordance with relevant legal regulations and the carrying value of such land on the Group's balance sheets the <u>current</u> year-end was negative ¥18.2 billion, implying the Group had an unrealized loss on its landholdings in the amount. In the event of the sale, or other disposal, of such land, this unrealized loss will be recognized and this may have an adverse impact on the Group's performances and financial position .