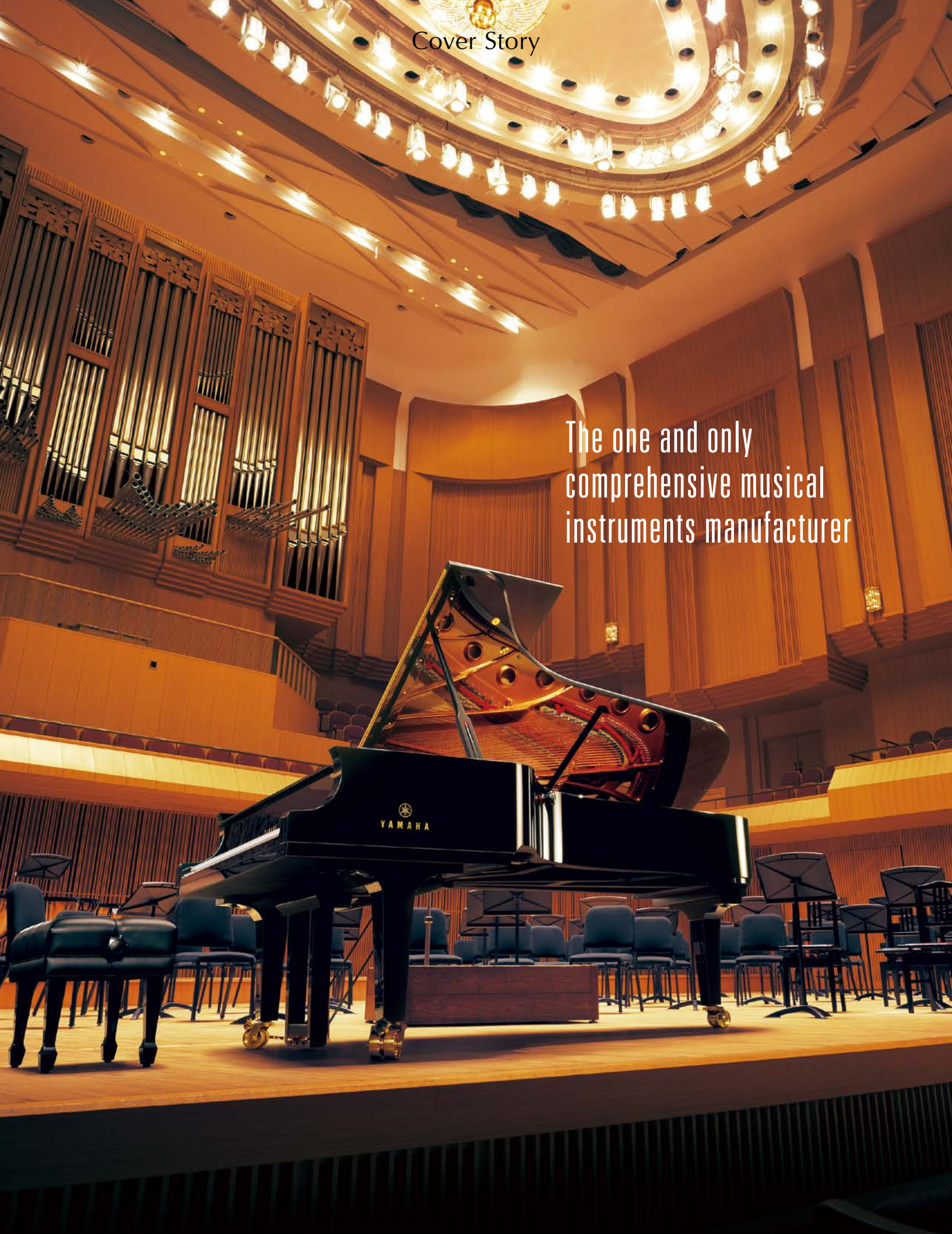
YAMAHA

Keeping a sound beat, Striving for further growth



Annual Report 2015

Year ended March 31, 2015



The one and only comprehensive musical instruments manufacturer



Blending acoustic craftsmanship with cutting-edge digital technology

World's One and Only

For more details on the Company's history,

please refer to the "Our History" section.

The origins of Yamaha date back to 1887, when company founder Torakusu Yamaha repaired an imported reed organ at an elementary school. Shortly thereafter, he successfully completed the first reed organ to be built in Japan. Since then, Yamaha has expanded its product domains to include pianos, wind instruments, string and percussion instruments, and digital musical instruments. By doing so, Yamaha established a solid foundation and presence as what can be said to be the world's one and only comprehensive musical instruments manufacturer.

Yamaha positions R&D as one of the most important facets of its operations, and the fruits of its R&D efforts have provided the background for establishing the Company's solid foundation. Over the years, to advance the evolution of traditional instruments, such as acoustic instruments, Yamaha endeavored to refine its technologies from various perspectives, from raw materials and manufacturing methods to structural design. In addition, Yamaha worked to develop high-quality products that meld acoustic and digital technologies, and such products are best represented by its player pianos and SILENT™ series. By taking full advantage of its unique technologies centered on sound and music, Yamaha pursued initiatives to provide new value to musical instruments. In doing so, the Company responded to a wide range of social needs.

With the production technologies it possesses, Yamaha has continued to develop a full lineup of musical instruments, spanning from acoustic to digital. These technologies have allowed the Company to create products that exceed customer expectations and have provided the source of Yamaha's competitiveness.



Overseas and regional production and sales bases

32 Countries

For more details on YMP2016,
please refer to
the “Message from the President” section.

Early on in its history, Yamaha set its sights beyond Japan and took steps to expand its business activities globally. In 1958, Yamaha established its first overseas subsidiary in Mexico, and since then the Company has steadily advanced the establishment of overseas sales and production bases. Further, by consolidating production bases in Japan, China, Indonesia, and Malaysia, Yamaha has built a system that is capable of efficiently manufacturing and supplying products globally. Today, Yamaha has production and sales bases in 32 countries and regions around the world, and it is making efforts to establish a sales network that spans more than 100 countries. As a result of these endeavors, the Yamaha brand is receiving worldwide recognition.

The Company is also engaging in initiatives under the “Yamaha Management Plan 2016 (YMP2016),” which represents the quantum leap phase for the Company. One of the crucial strategies of YMP2016 is to accelerate growth in China and other emerging countries. With growth in Japan, North America, and Europe remaining flat, Yamaha is taking steps to establish an expanded sales network for its musical instruments and audio equipment businesses in China and other emerging countries, as these are markets that possess considerable potential for growth going forward. In this way, Yamaha is advancing efforts to further strengthen its global presence.



■ Priority countries and areas in emerging markets
● Overseas sales subsidiaries / branches
○ Newly established sales subsidiaries / branches / representative offices











An enhanced global presence in the quantum leap phase

Since establishment

More than 125 Years

For more details on Yamaha's business domains,
please refer to the "Our Presence" and "Our Business" sections.



A long history of taking on challenges to respond to a wide range of customer needs





Throughout its history, which spans more than 125 years, Yamaha has continued to receive high praise from the customers of each generation. By drawing on the accumulated technologies, know-how, and sensitivities it has long-cultivated, Yamaha aims to constantly create new value. To this end, the Company has taken on challenges to meet a wide range of customer needs, relating to music, education, and culture, and has continued to share passion and performance. In 1954, Yamaha commenced organ classes, which were the predecessor to the Yamaha Music School. Today, in addition to the musical instruments business, the Company also engages in audio equipment, music software, semiconductor, golf products, factory automation (FA) equipment, and resort businesses. Yamaha has organized these various businesses into four business domains—acoustic musical instruments, electronics, education and leisure, and industrial parts and machinery—and is developing products and services in each of those domains with a focus on sound and music. Moreover, in line with another key strategy of YMP2016, Yamaha is taking on the challenge of expanding its business domains through efforts to develop new businesses, such as engaging in M&A activities.

Yamaha will continue to steadily take initiatives under its various strategies for growth to manufacture and sell products as well as provide services related to music, education, and culture. By doing so, the Company hopes to continue to receive high praise from customers over the next 50 to 100 years.









Photo by Elizabeth Shrier, Gallant Entertainment

Contents

6 To Our Stakeholders

8 About Yamaha
- 8 Our History
- 10 Our Presence
- 12 Our Business

16 Management Strategy
- 16 Message from the President
- 24 Board of Directors, Corporate Auditors, and Executive Officers

26 Growth Foundation
- 26 R&D and Intellectual Property
- 28 Corporate Social Responsibility (CSR)
- 30 Corporate Governance
- 35 Risk Factors

38 Financial Section

90 Main Networks

92 Investor Information

94 Yamaha Product History

Forward-looking statements

The plans and strategies regarding Yamaha's future prospects presented in this annual report have been drawn up by the Company's management based on information available at the time of writing and, therefore, are subject to risks and uncertainties. Accordingly, our actual performance may differ significantly from our predictions depending on changes in the operating and economic environments, demand trends, the value of key currencies, such as the U.S. dollar and the euro, technological advancements, and developments in intellectual property litigation.



To Our Stakeholders

My name is Takuya Nakata, President and Representative Director of Yamaha.

As the first stage in its quantum leap phase for growth, Yamaha Corporation has been taking initiatives under the "Yamaha Management Plan 2016 (YMP2016)," its medium-term management plan commenced on April 1, 2013. In fiscal 2015, the second year of the plan, economic growth in China and other emerging countries slowed due to changes in their market environments. However, we were able to post higher sales in the electronics business domain and bolster our competitiveness by working toward our target of ¥15 billion in cost reductions, all in line with YMP2016 goals. As a result, we achieved year-on-year increases in sales and earnings, with sales, operating income, and the operating income ratio reaching the plan's numerical targets a year ahead of schedule.

Yamaha's more than 125-year history spans over three centuries. In order for the Company to reach the next level of growth, it is imperative for Yamaha to continue to deliver attractive products and services that exceed customer expectations. It is also important to have customers experience the level of satisfaction and excitement that only Yamaha products and services are able to provide. To those ends, I believe it is necessary for us to take on challenges that excite and motivate ourselves as well. Accordingly, we established the Yamaha Philosophy in fiscal 2015 to act as a cornerstone by which we can tackle such challenges. The Yamaha Philosophy is a valuable guideline to promoting a workplace environment where all employees are proactive in carrying out their duties and to instilling the belief that every employee has the power to transform Yamaha.

Fiscal 2016, the final year of YMP2016, is a milestone for the Company, as it must produce the results required to accomplish the plan's goals. Guided by our corporate slogan of "Sharing Passion & Performance," we will leverage the accumulated strengths we have cultivated over our more than 125-year history. With the operating environment changing drastically, future conditions are becoming increasingly difficult to predict. However, it is precisely because of this growing uncertainty that we must give greater priority to boldly taking on new challenges. In doing so, we will actively create new value in our products and services and realize further growth. Please look forward with anticipation to the future of Yamaha.



Takuya Nakata
President and Representative Director

Our History

The Yamaha Group is steadily expanding its business operations guided by its corporate philosophy which continues to be upheld to this day. Drawing upon the accumulated unique Yamaha qualities that Yamaha has cultivated in its more than 125-year history, Yamaha will continue to create products and services that contribute to the development of musical culture and the enrichment of society. In this way, Yamaha will continue on its path for growth.

Before the 1930s »

1887 •Company founder Torakusu Yamaha repairs elementary school's reed organ and successfully builds his first reed organ



1889 •Establishes Yamaha Fukin Seizoujo (currently Yamaha Corporation)

1897 •Establishes Nippon Gakki Co., Ltd. (currently Yamaha Corporation)



1890 •Establishes organ factory at its headquarters

1900 •Begins production of upright pianos

1939 •Creates Guiding Principles of Yamaha POINT 1



1940 to 1980s »

1949 •Lists on Tokyo Stock Exchange

1954 •Establishes Yamaha Music School and holds pilot classes POINT 2



•Produces its first audio product (HiFi player) POINT 3

•Begins production of motorcycles

1955 •Establishes Yamaha Motor Co., Ltd. (splits off motorcycle division)

1958 •Begins production of sports equipment (fiber-reinforced plastics [FRP] archery products)



•Establishes first overseas subsidiary, Yamaha de México S.A. in Mexico POINT 4

1959 •Begins production of electronic organs (Electone™)

1960 •Establishes subsidiary in United States, Yamaha International Corporation (currently Yamaha Corporation of America)



1962 •Begins recreation business

POINT

1 Inheriting the spirit of Yamaha

The Guiding Principles of Yamaha set out the Company's expectations for how each employee should act. Today, the original spirit of Yamaha still remains, embodied in the values upheld by its employees, such as kindness and sincerity, perseverance, continuous improvement, and a commitment to contribute to society.

2 Working to expand the population of music players

Yamaha decided its mission was to not only sell musical instruments, but also bring the joy of playing music to as many people as possible. Accordingly, Yamaha took initiatives to expand the population of music players.

3 Developing businesses born from a passion for creating sound

By drawing on accumulated technologies and sensitivities associated with the playing of musical instruments, the Company developed the Yamaha HiFi player. Its manufacture led to the production of various other products, including pre-main amplifiers and speakers.

1990 to 2015 »

1965 • Begins production of wind instruments

1966 • Establishes Yamaha Music Foundation (becomes general incorporated foundation in 2011)

• Expands into Europe with founding of Yamaha Europa GmbH in former West Germany



1968 • Issues shares at market price (the first such issuance in Japan)

1971 • Begins production of semiconductors POINT 5

1980 • Establishes Yamaha Piano Technical Academy, a piano tuner training school



1987 • Changes corporate name from Nippon Gakki Co. Ltd. to Yamaha Corporation to mark 100th year in business

• Opens Yamaha English language school

1989 • Establishes subsidiary in China, Tianjin Yamaha Electronic Musical Instruments, Inc., for manufacture and sale of digital musical instruments



1993 • Begins sales of SILENT Piano™ POINT 6

2002 • Establishes Yamaha Music & Electronics (China) Co., Ltd.

• Establishes Yamaha Music Holding Europe GmbH in Germany (currently Yamaha Music Europe GmbH)



2003 • Establishes a Level 1 American Depositary Receipt (ADR) program

2005 • Acquires German audio software house Steinberg Media Technologies GmbH

2007 • Establishes music entertainment business holding company Yamaha Music Entertainment Holdings, Inc.

2008 • Acquires Austrian piano manufacturer L. Bösendorfer Klavierfabrik GmbH

• Acquires French loudspeaker manufacturer NEXO S.A.

2010 • Completes integration of Japanese piano factories into Kakegawa plant

2012 • Completes integration of Japanese wind instrument factories into Toyooka plant

• Celebrates 125th year in business

2014 • Acquires U.S. musical instrument and audio equipment manufacturer Line 6, Inc.

• Acquires U.S. provider of wireless audio solutions Revolabs, Inc.

4 Expanding overseas

Since the establishment of its first overseas subsidiary in Mexico, Yamaha has expanded into the United States, Europe, and the rest of Asia. By pursuing business activities that are attuned to each location, Yamaha successfully made its way into new markets.

5 Improving the sound quality of electronic musical instruments

To improve the sound quality of its electronic musical instruments, Yamaha decided to develop its own large-scale integrated (LSI) circuits instead of relying on outsourced circuits from semiconductor manufacturers. In 1971, Yamaha completed the construction of its then cutting-edge integrated circuit plant in Toyooka.

6 Melding acoustic and digital technologies

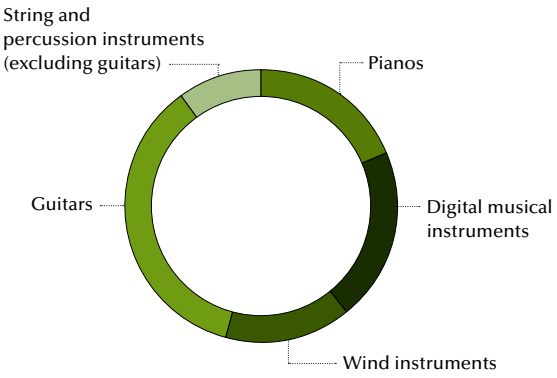
With the launch of its SILENT Piano in 1993, Yamaha developed numerous musical instruments in the SILENT™ series as well as its range of hybrid pianos, skillfully melding the traditional technologies of acoustic musical instrument creation with digital audio technology.

Yamaha Market Share by Musical Instrument

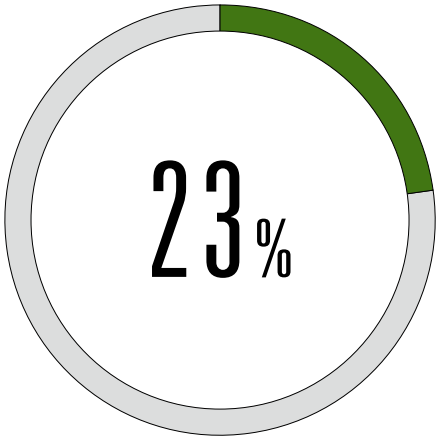
(based on amounts for fiscal year ended March 31, 2015, Yamaha estimates)

Global Market Size for Musical Instruments

Approx. ¥840 billion



Yamaha Market Share for Musical Instruments



Key Financial Figures

Year ended March 31, 2015

Net Sales

¥432.2 billion

+5.3 %

ROE

8.1 %

−1.1 points

Operating Income

¥30.1 billion

+15.9 %

Free Cash Flow

¥20.0 billion

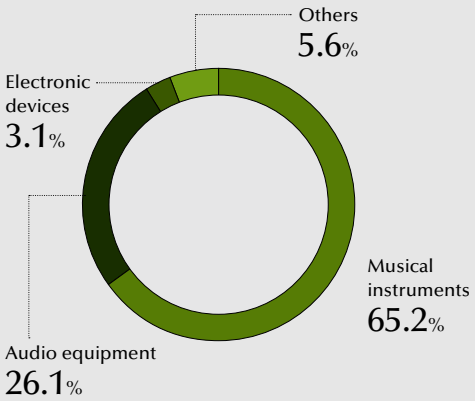
+95.2 %

Net Income

¥24.9 billion

+8.9 %

Segment Sales Composition



Yamaha's Business Domains

Acoustic Musical Instruments

Business that brings richer sound to more customers by concentrating outstanding craftsmanship and production technology capabilities in precision processing of wood and metal

Education/Leisure

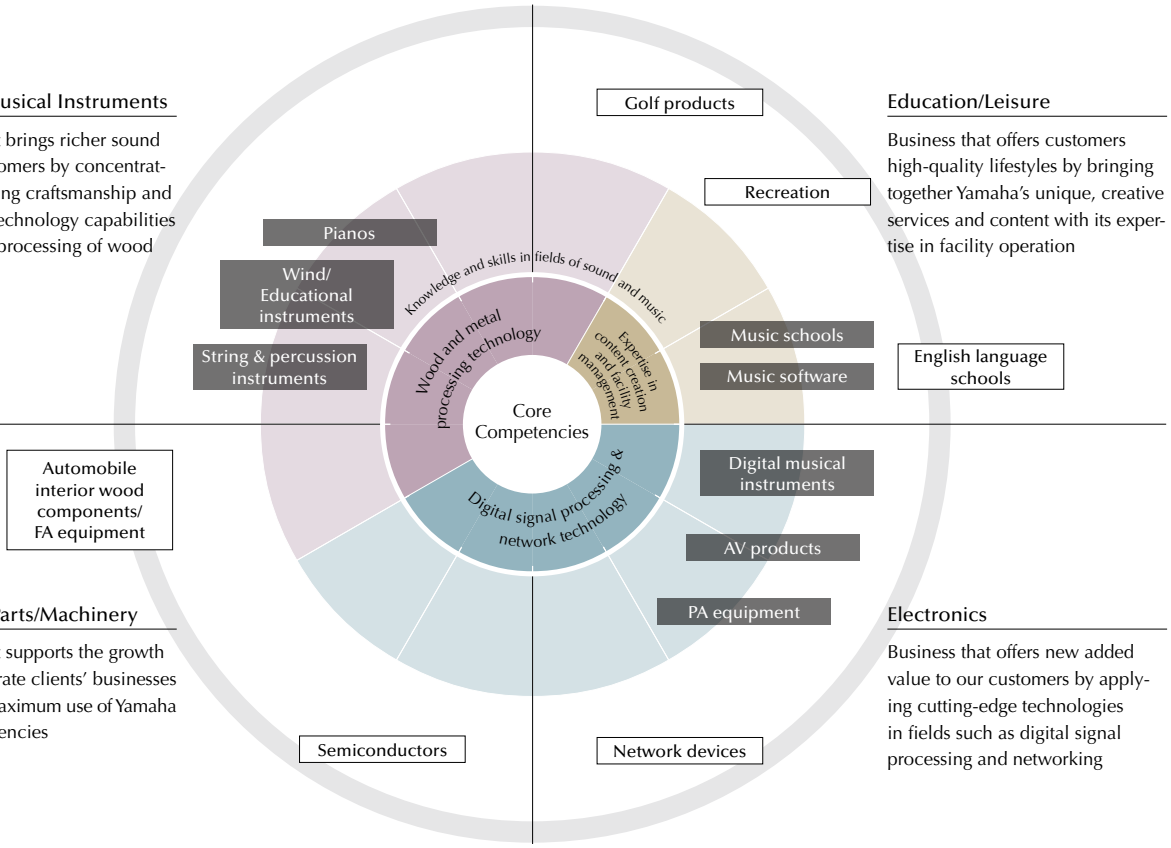
Business that offers customers high-quality lifestyles by bringing together Yamaha's unique, creative services and content with its expertise in facility operation

Industrial Parts/Machinery

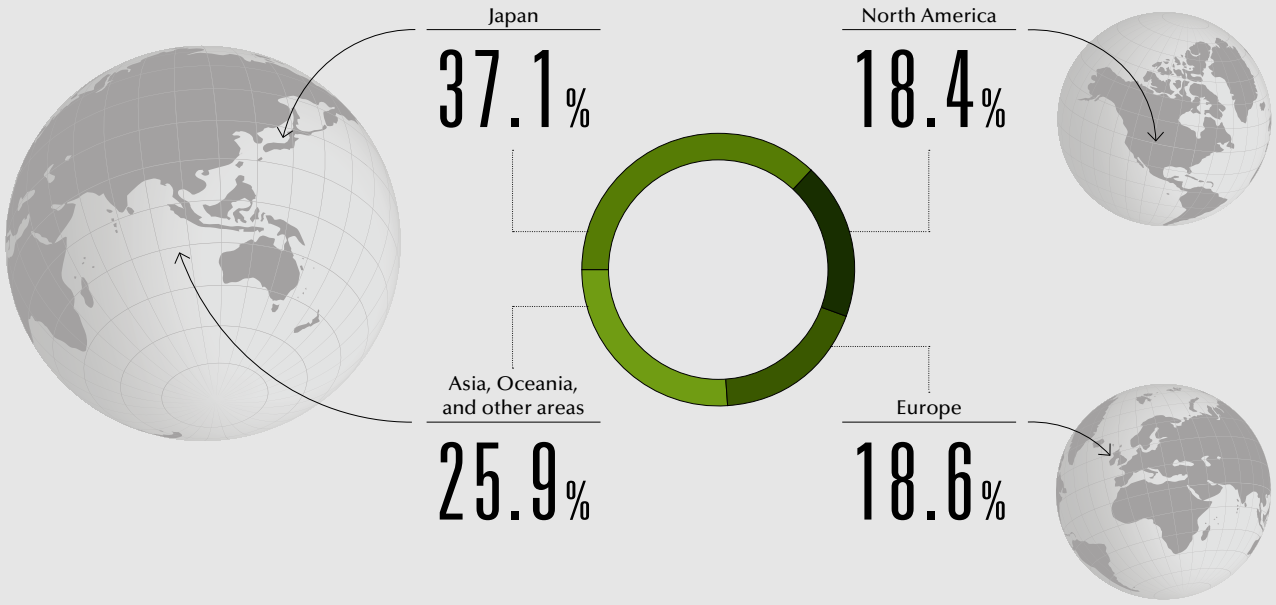
Business that supports the growth of our corporate clients' businesses by making maximum use of Yamaha core competencies

Electronics

Business that offers new added value to our customers by applying cutting-edge technologies in fields such as digital signal processing and networking

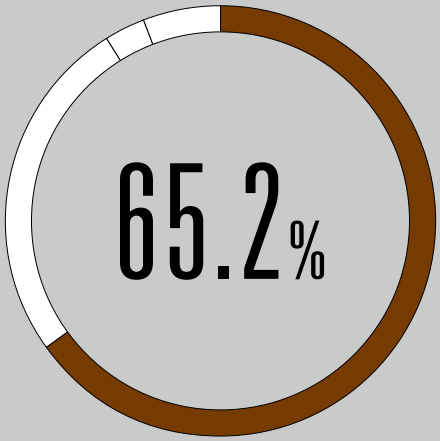


Sales Proportion by Region



Musical Instruments

Segment Sales Proportion



Sales

¥281.7 billion

Operating Income

¥25.1 billion

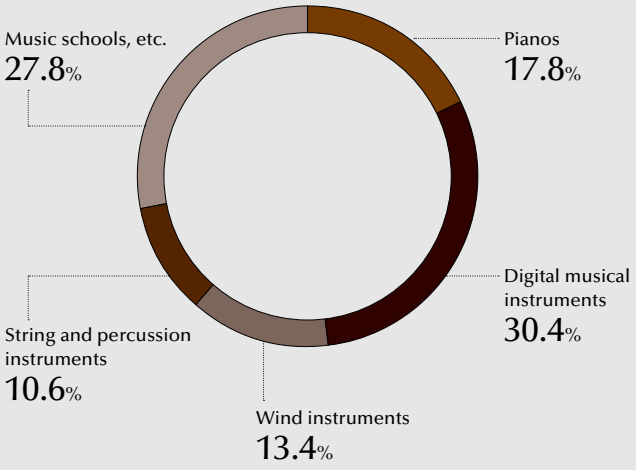
Major Products & Services

- Pianos
- Digital musical instruments (digital pianos, Electone™, portable keyboards, synthesizers, etc.)
- Wind instruments (trumpets, flutes, saxophones, etc.)
- String instruments (guitars, violins, etc.)
- Percussion instruments (drums, timpani, marimbas, etc.)
- Educational musical instruments (recorders, Pianica™, etc.)
- Soundproof rooms (AVITECS™)
- Music schools, English language schools
- Music entertainment business
- Piano tuning

Business Strengths

- Wealth of core technical expertise based on traditional craftsmanship in acoustics and advanced digital technology
- Development of high-quality products by forging close relationships with artists
- Manufacturing of high-value-added musical instruments utilizing cutting-edge electronics technology
- Global strategy built on Yamaha's localized marketing and service activities in each country
- Variety of activities through the operation of music schools to increase the music-playing population

Sales Proportion by Product Category





Music school



Grand piano



Digital piano



Saxophone

Trumpet



Acoustic guitar



Portable keyboard

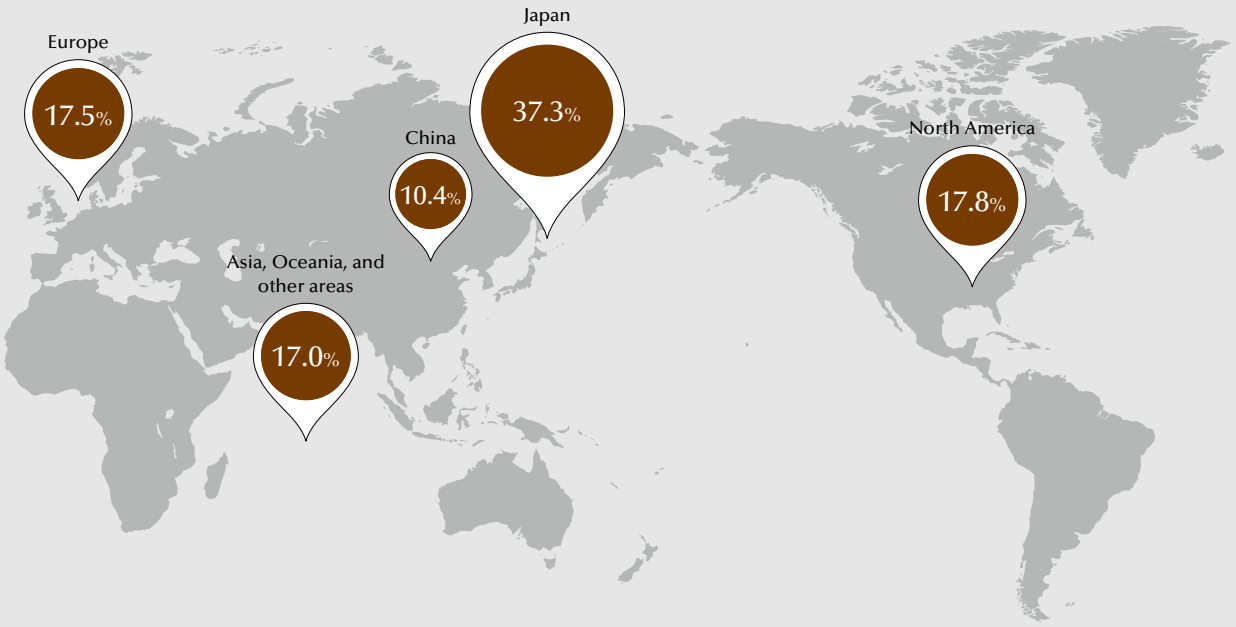


Acoustic drums



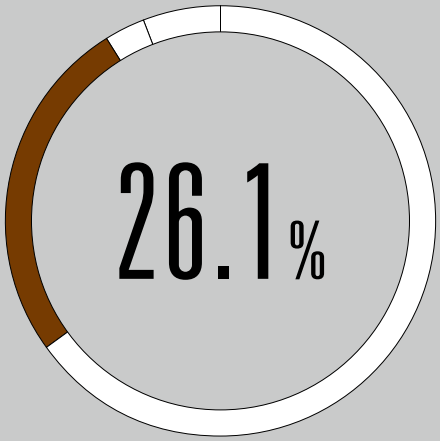
Silent Violin™

Sales Proportion by Region



Audio Equipment

Segment Sales Proportion



Sales

¥112.8 billion

Operating Income

¥6.1 billion

Major Products & Services

Audio products (AV receivers, speaker systems, front surround speakers, desktop audio systems, etc.)

PA equipment (mixers, power amplifiers, etc.)

Commercial online karaoke equipment

Enterprise network equipment (routers, switches, wireless LAN access points)

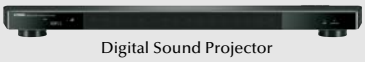
Telecommunication peripheral devices

Business Strengths

- High-quality sound technology in AV components and HiFi audio products
- Front surround sound technology for Digital Sound Projector™
- Provision of system solutions using digital network technology for professional audio equipment
- Internet VPN and backup solutions for the enterprise by VPN router and visualization solutions for small and medium-scale LAN by the switch and AP
- Signal processing technology for high-quality sound and wide coverage of microphone speakers for Web conferencing



Digital mixing console



Digital Sound Projector



AV receiver



USB conference speakerphone



Switch



Ceiling speakers



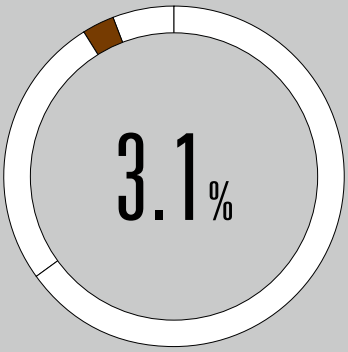
Lighting audio system



Headphones

Electronic Devices

Segment Sales Proportion



Sales

¥13.4 billion

Operating Loss

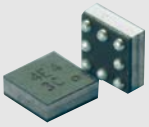
–¥1.4 billion

Major Products & Services

Semiconductors



Audio hub IC


Electric compass

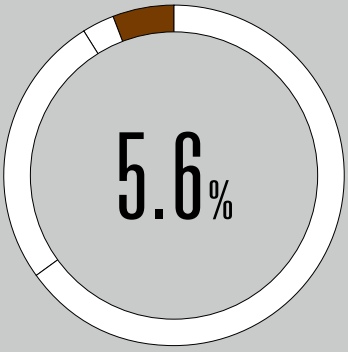

Graphic controller for amusement equipment

Business Strengths

- Accumulated experience and know-how in generating high-quality sound
- Wealth of expertise in the development of devices for digital musical instruments
- High-quality digital signal processing (DSP) technologies
- Software technologies for middleware and content development tools

Others

Segment Sales Proportion



Sales

¥24.2 billion

Operating Income

¥0.4 billion

Major Products & Services

Golf products

Automobile interior wood components

Factory automation (FA) equipment

Resort facilities (Tsumagoi™, Katsuragi Kitanomaru™, Katsuragi Golf Club™)


Automobile interior wood components


Resort facility



Golf product


FA equipment



Takuya Nakata
President and
Representative Director

Progress under YMP2016

Market Conditions and Yamaha's Business Performance in Fiscal 2015

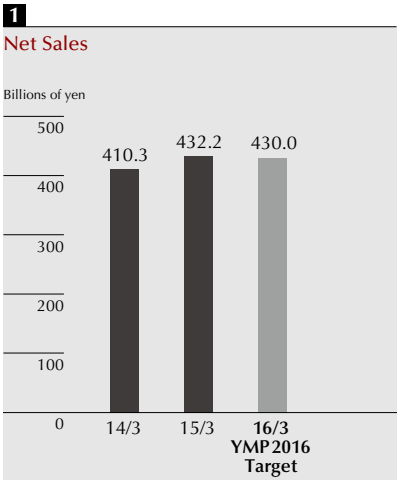
» Despite sluggish sales growth in China and other emerging countries, performance was strong in North America. As a result, Yamaha achieved year-on-year increases in sales and earnings in fiscal 2015.

In China, exports picked up and consumer spending remained solid. Nevertheless, economic growth declined compared with previous fiscal years. In addition, in such emerging countries as Indonesia, India, Brazil, and Russia, resource prices, including crude oil, dropped and local currencies depreciated against the U.S. dollar. Accordingly, overall growth in those markets began to slow. Turning to our business performance, although economic uncertainty remained in Europe, our sales there were favorable. In North America, a long-awaited, full-fledged economic recovery in the aftermath of the Lehman collapse strongly helped our business performance there.

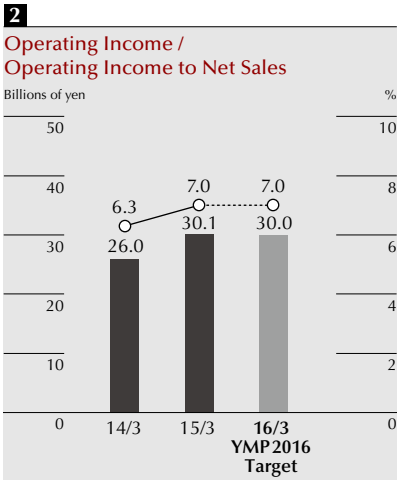
Amid these global market conditions, consolidated net sales rose 5.3% year on year, to ¥432.2 billion. 1 Operating income was up 15.9%, to ¥30.1 billion, 2 and net income was ¥24.9 billion, surpassing that of the previous fiscal year.

The musical instruments business performed well, primarily in overseas markets, posting increases in both sales and earnings compared with the previous fiscal year. Operating income climbed from ¥19.7 billion in fiscal 2014 to ¥25.1 billion in fiscal 2015, and there was substantial improvement in profitability. In the audio equipment business, double-digit sales growth of professional audio equipment made a significant contribution to fiscal 2015 business performance, overcoming struggling sales of AV products.

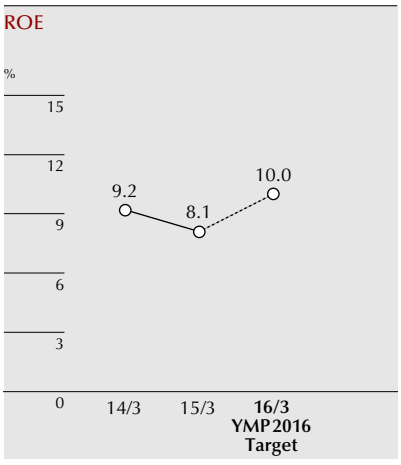
1 Net Sales



2 Operating Income / Operating Income to Net Sales



ROE



At the end of the second year of YMP2016, our medium-term management plan, although there were differences to exchange rate assumptions, we had reached our final-year numerical targets for sales, operating income, and the operating income ratio a year ahead of schedule.

Key Business Strategies of YMP2016

Accelerating Growth in China and Other Emerging Countries

» We continue to see the promise of markets in China and other emerging countries, and we are planting the seeds for realizing solid growth in those markets.

In line with our strategy of accelerating growth in emerging countries, we aim to achieve substantial sales growth of 30% or more over the three-year period of YMP2016. To this end, we continued to advance our business in China and other emerging countries in fiscal 2015. We expanded our market shares in these countries by introducing strategic models of digital musical instruments and guitars suited to local markets.

We also worked to establish and expand optimal sales networks for each of our musical instruments. **3** We set up distribution outlets for pianos, primarily in inland areas of China, and, in Indonesia, we extended our sales network through the development of the concept store Music Square, which operates in conjunction with our music schools. In India, while we failed to achieve our targets after establishing local sales subsidiaries due to significant exchange rate fluctuations, we widened our customer base and revised our pricing strategy. As a result, sales have grown in India, and, moving forward, we anticipate even higher levels of sales growth in that country. Moreover, we are implementing optimal marketing activities at sales subsidiaries throughout the emerging markets of Asia, Latin America, and other regions to respond accurately to the different cultures and customs of each country.

Although the rate of economic growth is slowing to a certain degree in China and other emerging countries, we continue to view them as key markets, and we will maintain our policy of investing management resources in these markets.

» We will continue working to increase the music-playing population.

Another important measure we are taking to accelerate growth in China and other emerging countries is to increase the number of people playing musical instruments through music popularization activities. 4 In Japan, with the birthrate declining, growth in student enrollments at our music schools remains sluggish, whereas in China and other emerging countries student enrollments at our schools are on the rise. However, the environment for learning a musical instrument in emerging countries is not as adequately equipped compared with that in developed countries. With this in mind, as we continue to develop Yamaha music schools and conduct local music lessons in China and other emerging countries, we are incorporating educational systems that are in line with local needs. In doing so, we hope to better serve local markets through our music programs.

Expanding Sales in the Electronics Business Domain

In the electronics business domain, we aim to expand sales in three fields: digital keyboard instruments, professional audio equipment, and information and communications technology (ICT) devices. Over the three-year period of YMP2016, we aspire to grow sales by ¥32.3 billion, a substantial 28% increase, and we are pursuing various measures to make that growth a reality.

» By drawing on Yamaha's unique strengths, we are endeavoring to expand sales of digital keyboard instruments.

In fiscal 2015, we maintained solid sales of digital keyboard instruments, including digital pianos, in both emerging and developed countries. 5 One of our strengths in this field, and a driving force behind our solid sales, is the hybrid instruments we offer that meld acoustic and digital technologies in a highly effective manner. To differentiate our products from those in lower price segments, we are developing original LSIs specialized for sound by drawing on our accumulated know-how and expertise. Through these means, we will grow our share of the digital keyboard instrument market.

3

China

• Continued to establish and expand optimal sales networks



Piano retailer in Nanjing



Guitar bar in Xiamen

4

Other Emerging Countries

• Promoted initiatives to increase the music-playing population



School Project in Malaysia

Yamaha is providing musical instruments, textbooks, and music teachers to elementary schools with music equipment in need in Malaysia. The Company has also put in place a curriculum with elective subjects. Through this project, Yamaha is conveying the joy of playing a musical instrument to a large number of children.

›› We are focusing our efforts to expand operations in the professional audio equipment business by offering comprehensive system solutions.

In the professional audio equipment business, we achieved double-digit sales growth for professional audio equipment in fiscal 2015. Yamaha was the pioneer of digital mixing consoles, and it has introduced advanced products into the professional audio equipment business throughout its history. We have expanded our product lineup over the years and steadily worked to establish a business structure to provide our customers with comprehensive system solutions. One of the steps we took to accomplish these goals was making professional loudspeaker manufacturer NEXO S.A. a wholly owned subsidiary in 2008. In recent years, sluggish market conditions have led to a certain degree of stagnation in the professional audio equipment business. However, in the final year of YMP2016, we will focus efforts on achieving continued sales growth by introducing into various markets our flagship digital mixing system, the RIVAGE™ PM10, as well as moderately priced products in the TF series. 6



We are also anticipating positive results following our entry into the commercial installed sound market in fiscal 2015. While sales volume in this market is not particularly large at present, we are expanding our product offerings and beginning to see favorable responses in both Japan and Europe.

Yamaha positions the professional audio equipment business as one of its main pillars for growth. In addition to actively launching new products, such as those mentioned, we are reorganizing our sales networks in the North American and ASEAN regions to make them more suited to each region.



Recorder lesson in Brazil

5

Digital Musical Instruments

- Achieved solid sales of products in the CLP500 series in all markets



CLP-535 digital piano

The newest model in the Clavinova CLP series realizes a true tone of the finest grand pianos ever made; Yamaha's premium piano the CFX concert grand piano and Bösendorfer grand piano from Vienna, both of which continue to be loved by pianists.

6

PA Equipment

- Announced new products in the TF series and the digital mixing system, RIVAGE PM10



RIVAGE PM10 digital mixing system

The digital mixing system RIVAGE PM10 is a new-generation, flagship audio system designed for large-scale live concerts.

›› We are achieving solid sales of ICT devices.

For ICT devices, we are transforming our commercial router business into a solution-oriented network devices business. We are expanding our product lineup to include network peripheral devices together with wireless microphone and telecommunication peripheral devices. In fiscal 2015, we made Revolabs, Inc., a manufacturer of conference microphones with high technological capabilities in the area of digital wireless communications, a consolidated subsidiary, and we anticipate this move will contribute to sales expansion. 7 We are also pursuing synergistic effects with Revolabs by sharing technologies across our product lines, and these efforts are already yielding positive results.

Strengthening Cost-Competitiveness

›› We are steadily progressing toward our target of ¥15 billion in cost reductions in three years.

We are making concerted efforts to reach our target of ¥15 billion in cost reductions 8 by improving operational efficiency at existing production bases and promoting cost-cutting initiatives. Two years have passed since the launch of YMP2016, and, although we have felt the impact of rising labor costs overseas, we are making steady progress toward achieving that target more or less in line with our plan, thanks to the effects of operational efficiency improvements, cost-cutting, and other initiatives. Moreover, efforts to reduce processing costs and fixed costs at production bases and to enhance precision in production planning that promotes sales staff involvement have also allowed us to reap cost reduction benefits.

Developing New Businesses

›› We are actively investing in M&A opportunities and capital alliances as well as pursuing new business projects in-house.

Under YMP2016, we established an investment allocation framework of ¥30 billion for investment in M&A opportunities and capital alliances and of ¥3 billion for investment in venture firms. In line with our investment policy, we turned Revolabs, Inc. (Headquarters: Massachusetts, United States), and Line 6, Inc. (Headquarters: California, United States), into wholly owned subsidiaries in the beginning of 2014. 9 In fiscal 2015, we included these companies in the scope of consolidation. We are focusing our efforts on accelerating sales growth in the musical instruments and audio equipment business domains, and we are promoting joint development with these companies to create new value for our customers. Fiscal 2015 sales at Line 6 fell short of planned levels; however, with its foundation of high-level modeling and wireless technologies, the company did yield results in terms of plans for new products and development capabilities. Thanks to these results, we released the first lineup of jointly developed products in spring 2015.

7

ICT Devices

- Turned Revolabs, Inc. into a wholly owned subsidiary, which greatly contributed to sales expansion

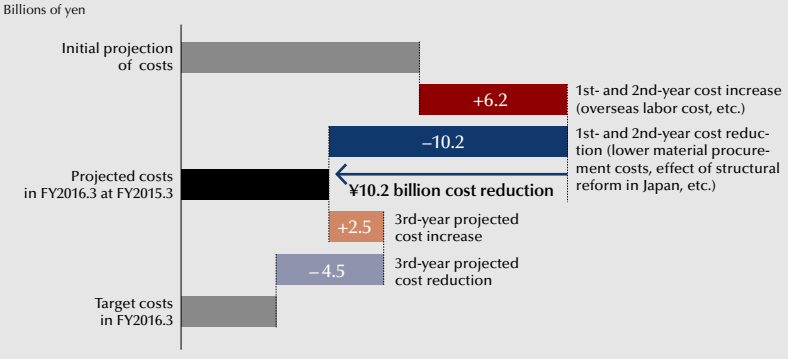


FLX UC 500 USB conference phone

8

Progress of Initiatives to Strengthen Cost-Competitiveness

- Made steady progress toward the YMP2016 target of ¥15 billion in cost reductions in three years; achieved a substantial ¥10.2 billion in cost reductions at the two-year mark



In addition to the initiatives we are taking in terms of M&A opportunities and capital alliances, we are also pursing efforts to create new businesses in-house. When employees propose new businesses that they believe are viable, we have a system in place that ensures steps are taken to develop those businesses, if deemed feasible.

Domestic Business Structure Reform

» To strengthen our semiconductor business, we will enhance our competitiveness and mobility through fabless manufacturing and actively introduce new products into the sound domain.

We have decided to transfer the manufacturing operations of wholly owned subsidiary Yamaha Kagoshima Semiconductor Inc. to semiconductor manufacturer Phenitec Semiconductor Corporation.

Since its establishment in 1987, Yamaha Kagoshima Semiconductor has played an important role as the Company's main semiconductor manufacturing base in Japan. Beginning in 2012, we shifted our focus to mainstay geomagnetic sensors to respond to global demand in the expanding markets for smartphones and other products. However, we were unable to fully respond to the increasingly changing conditions in these markets, and as a result we suffered deteriorating profits. Amid such adverse conditions, it is of the utmost urgency that we enhance our mobility in the semiconductor business. Therefore, we have decided to make the transition to fabless manufacturing by completely transferring the business operations at Yamaha Kagoshima Semiconductor to Phenitec Semiconductor. In fiscal 2016, we expect an approximate ¥2 billion improvement in profits through reduced fixed and R&D costs brought about by this business transfer.

By enhancing our competitiveness and mobility through fabless manufacturing and actively introducing new products into the sound domain, we plan to realize substantial growth in the semiconductor business.



9

M&A Opportunities

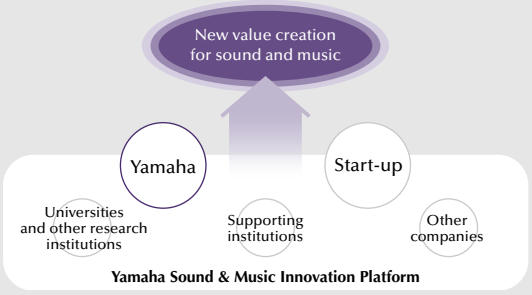
- Promoted collaboration with wholly owned subsidiaries Line 6, Inc. and Revolabs, Inc.
- Promoted sales channel expansion through joint product development and the sharing of sales channels



Variax™ standard Guitars jointly developed with Line 6

Collaboration with Venture Firms

- Established the Yamaha Sound & Music Innovation Platform with the aim of promoting collaboration with venture firms that are taking on challenges in sound- and music-related markets and technologies where growth is anticipated



Yamaha's Strengths and Initiatives for Medium- and Long-Term Growth

Human Resource Development Initiatives

» Global human resources are an invaluable asset for the Company, and Yamaha will take decisive steps to best utilize these resources.

I believe that our global human resources are a truly invaluable asset. Accordingly, we are promoting initiatives in human resource development under YMP2016. A critical part of these initiatives is the enhancement of our global human resources, and, as such, we have made a commitment to do so.

Yamaha engages in educational activities aimed at cultivating core talent for the future, both domestically and overseas. In the past, we opened the Yamaha Global Institute, a personnel development program provider to cultivate local resources and to promote mutual exchange among employees at our businesses around the world. In addition, we implement training in global manufacturing and management practices for employees in management positions at our overseas manufacturing subsidiaries. Last year, we held this training for local managers in Indonesia. 10

As of April 2015, one of our German managers assumed the position of president of sales subsidiary Yamaha Music Europe GmbH. This appointment reflects our policy of actively promoting the placement of local talent in key positions at overseas subsidiaries. Moreover, the transfer of greater autonomy to local subsidiaries is another important initiative that we are taking based on the policy I explained earlier of undertaking the global expansion of our operations.

R&D Initiatives

» Diverse talent is a strength of the Company, and R&D activities are the source of Yamaha's growth.

A strength of the Company is the diverse talent it possesses, which is not limited to talent that is globally active. In particular, our engineering experts apply their talent in various technical fields. Since early on, it has been the concerted efforts of our engineering experts to create new products that have allowed us to establish business domains for musical instruments and other products alike.

We view the R&D activities that our diverse talent engages in as the source of Yamaha's growth. Over the three-year period of YMP2016, we anticipate R&D expenses of ¥68.5 billion, targeted at the creation of new value. 11 Another initiative aimed at creating new value is the integration of our R&D divisions, which were previously separated by business, into one unified organization. This integration was part of the organizational reforms we implemented to establish the foundation for achieving the goals of YMP2016. I am confident the integration will provide a stimulus

10



Management training program in Indonesia

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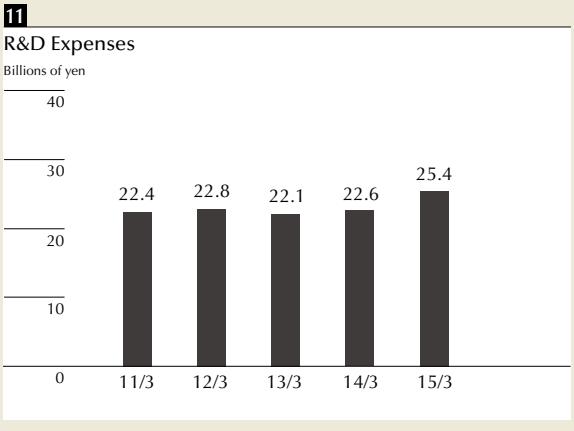


among employees as it will bring about the melding of diverse R&D technologies, which in turn will give rise to a wealth of new ideas and concepts.

To Our Shareholders and Other Investors

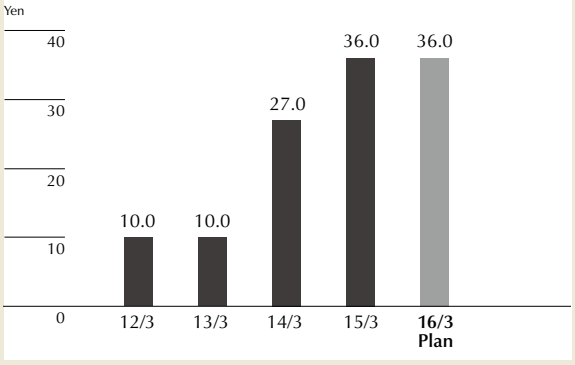
Returning Profits to Shareholders

The Yamaha Group continues to maintain a sound financial position, with an equity ratio of 65.3% and a debt to equity ratio of 0.03 times as of the end of fiscal 2015. Yamaha will continue to adhere to a basic policy of distributing profits in line with consolidated performance on the basis of maintaining financial stability and soundness. At the same time, we will make suitable investments and set aside an appropriate amount of retained earnings to strengthen the Company's business foundation.

With regard to returning profits to shareholders, Yamaha has set a goal of 30% or more for its consolidated dividend payout ratio based on continuous and stable dividend payments. In fiscal 2015, Yamaha paid an annual dividend of ¥36.0 per share. In fiscal 2016, we plan to maintain the annual dividend at ¥36.0 per share. 12

Yamaha also places the utmost value on improving profits to achieve the numerical targets set for ROE under YMP2016, and it will continue to consider other ways to return profits to shareholders.

12
Dividends per Share





In Closing

Our previous medium-term management plan, YMP125, represented a phase for building a foundation for future growth. Under that plan, we made various reforms in our business structure to establish a solid foundation for growth in the musical instruments, music, and audio domains. By building on our accomplishments under YMP125, we are now taking steps to realize new growth under YMP2016. The positive effects of organizational reforms carried out in September 2013 are steadily becoming apparent, and I believe we have reached the stage where we should set our sights on the next level of growth. I would like to ask our shareholders and other investors to look forward with anticipation, now more than ever before, to the future of Yamaha.

Board of Directors, Corporate Auditors, and Executive Officers

(As of June 23, 2015)

Board of Directors

Takuya Nakata
President and Representative Director

1981 Joined Nippon Gakki Co., Ltd.*
2005 General Manager of Pro Audio & Digital Musical Instruments Division
2006 Executive Officer
2009 Director and Executive Officer
2010 Senior Executive Officer of Yamaha Corporation
President of Yamaha Corporation of America
2013 Deputy Senior General Manager of Musical Instruments & Audio Products Sales & Marketing Group
President and Representative Director (to the present)

Masato Oike
Director

1982 Joined Nippon Gakki Co., Ltd.*
2006 President of Yamaha Music Holding Europe GmbH
2008 President of Yamaha Music Europe GmbH
2009 Executive Officer
2011 Senior Executive Officer
2013 Senior General Manager of Musical Instruments & Audio Products Sales & Marketing Group (to the present)
2014 Director and Senior Executive Officer (to the present)

Satoshi Yamahata
Director

1988 Joined Yamaha Corporation
2009 General Manager of Accounting and Finance Division
2013 Executive Officer and General Manager of Corporate Planning Division
2015 Director, Senior Executive Officer, and Senior General Manager of Operations Group (to the present)

(Left to right) Satoshi Yamahata, Yoshikatsu Ota, Takuya Nakata, Hiroyuki Yanagi, Masato Oike, Shigeru Nosaka



Hiroyuki Yanagi
Outside Director
(President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd.)

1978 Joined Yamaha Motor Co., Ltd.
2007 Executive Officer of Yamaha Motor Co., Ltd.
2009 Senior Executive Officer of Yamaha Motor Co., Ltd.
2010 President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd. (to the present)
2011 Outside Director of Yamaha Corporation (to the present)

Yoshikatsu Ota
Outside Director
(Special Advisor of Konica Minolta, Inc.)

1964 Joined Minolta Camera Co., Ltd.
1991 Director of Minolta Camera Co., Ltd.
1995 Managing Director of Minolta Co., Ltd.
1999 President and Representative Director of Minolta Co., Ltd.
2003 Director, Vice President, and Representative Executive Officer of Konica Minolta Holdings, Inc.
2006 Director, President, Chief Executive Officer, and Representative Executive Officer of Konica Minolta Holdings, Inc.
2009 Director and Chairman of the Board of Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)
2012 Outside Director of Yamaha Corporation (to the present)
2014 Special Advisor of Konica Minolta, Inc. (to the present)
2015 Outside Director of J. Front Retailing Co., Ltd. (to the present)

Shigeru Nosaka
Outside Director
(Director, Executive Deputy President & CFO of Oracle Corporation Japan)

1976 Joined Marubeni Corporation
1989 Joined Apple Computer KK
1996 Senior Executive Officer of Japan Communications Inc.
2002 Director and Managing Executive Officer of Oracle Corporation Japan
2005 Retired
2007 Senior Managing Executive Officer of Oracle Corporation Japan
2008 Director and Senior Managing Executive Officer of Oracle Corporation Japan
2011 Director and Executive Deputy President of Oracle Corporation Japan (to the present)
2015 Outside Director of Yamaha Corporation (to the present)

Corporate Auditors

Masahito Hosoi
Full-Time Corporate Auditor

1978 Joined Nippon Gakki Co., Ltd.*
2005 General Manager of Human Resources Division
2009 Executive Officer
2011 General Manager of Staff Business Reform Division
2013 Senior Executive Officer and Senior General Manager of Corporate Administration Group
2014 Full-Time Corporate Auditor (to the present)

Takashi Dairokuno
Full-Time Corporate Auditor

1982 Joined Nippon Gakki Co., Ltd.*
2002 Director and President of Yamaha Electronique Alsace S.A.
2011 General Manager of Human Resources Division
2012 General Manager of Human Resources and General Affairs Division
2014 General Manager of Internal Audit Control Division
2015 Full-Time Corporate Auditor (to the present)

Hirohiko Ikeda
Outside Corporate Auditor (Attorney)

1987 Admitted to the Japan Federation of Bar Associations
Joined Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners)
1991 Worked for Weil, Gotshal & Manges LLP (U.S.A.)
1992 Admitted to the New York State Bar Association (U.S.A.)
1993 Partner in Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners) (to the present)
2011 Outside Corporate Auditor of Yamaha Corporation (to the present)

Junya Hakoda
Outside Corporate Auditor
(Certified Public Accountant)

1974 Joined Mitsubishi Rayon Co., Ltd.
1980 Joined Pricewaterhouse CPA Office
1983 Joined Aoyama Audit Corporation
1984 Registerd as a Certified Public Accountant
2006 Representative of Arata Audit Corporation
2012 Representative of Junya Hakoda & Co. (to the present)
2015 Outside Corporate Auditor of Yamaha Corporation (to the present)

Executive Officers

Senior Executive Officers

Masato Oike
Senior General Manager of Musical Instruments & Audio Products Sales & Marketing Group

Yutaka Hasegawa
Senior General Manager of Musical Instruments & Audio Products Development Group

Satoshi Yamahata
Senior General Manager of Operations Group

Shigeki Fujii
Senior General Manager of IMC Business Group

Shinobu Kawase
General Manager of Acoustic Musical Instruments Production Division, Musical Instruments & Audio Products Production Group

Executive Officers

Akira Iizuka
Senior General Manager of Technology Group

Hirofumi Osawa
General Manager of Audio Products Sales & Marketing Division, Musical Instruments & Audio Products Sales & Marketing Group

Kazunori Kobayashi
General Manager of Business Development Division

Seiichi Yamaguchi
Senior General Manager of Service Business Group

Hitoshi Fukutome
President of Yamaha Corporation of America

Teruhiko Tsurumi
President of Yamaha Music & Electronics (China) Co., Ltd.

Kimiyasu Ito
General Manager of Musical Instruments Development Division, Musical Instruments & Audio Products Development Group

Masato Takai
General Manager of Corporate Communications Division, Corporate Management Group

Shinichi Takenaga
General Manager of Corporate Planning Division, Corporate Management Group

Masato Oshiki
General Manager of Musical Instruments Sales & Marketing Division, Musical Instruments & Audio Products Sales & Marketing Group

* Currently Yamaha Corporation

R&D and Intellectual Property

Yamaha has adopted the corporate slogan of “Sharing Passion & Performance.” Guided by this slogan, Yamaha strives to remain a trusted and admired brand as it conducts its business activities driven by both products and services centered on sound and music. To support its efforts, Yamaha has designated technologies it has amassed in the fields of sound and music as core technologies and is conducting R&D activities with the aim of further advancing and extending these technologies. Yamaha is also sharpening its competitive edge by linking its R&D strategies with its design and intellectual property strategies.

Research and Development

Yamaha’s musical instruments and audio equipment businesses are managed based on a functional organization that includes production, development, and sales and marketing divisions. Other businesses are managed via a divisional system.

Yamaha’s R&D structure consists of two sections. The first section is the Research and Development Division, which is located within the Musical Instruments and Audio Product Development Group. This section oversees the core technologies R&D functions for enhancing the Company’s foundational elemental technologies and creating new businesses. The other section is the Product Development Group, which handles the product development functions of each business division.

Yamaha’s R&D domain ranges from the inlet to the outlet of sound as well as the multipurpose uses of sound, encompassing acoustics, material properties, electronic devices, sound generators, voice and acoustic signal processing, music information processing, operating systems, communications, and networks.

In fiscal 2015, Yamaha identified sound, music, networks, and devices as areas that it needs to further strengthen. In particular, Yamaha endeavored to enhance its scientific understanding of what constitutes “good sound” and advanced R&D initiatives to actually apply “good sound” to its musical instruments and audio equipment design processes. In addition, Yamaha took initiatives to upgrade its various technologies, such as physical modeling, musical analysis, and singing voice synthesis, as well as to advance the development of high-quality sound transmission technology for the network generation and technology related to wireless connectivity.

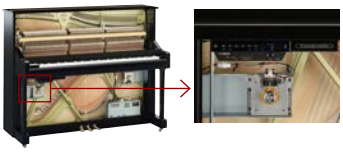
R&D Achievements

TransAcoustic™ Piano

Yamaha has developed the TransAcoustic Piano, an entirely new and unprecedented hybrid piano equipped with TransAcoustic technology. Transducers inside the TransAcoustic Piano effectively transmit vibrations to the acoustic piano soundboard, thereby allowing digital sound to be produced directly from the soundboard without using conventional speakers or amplifiers. The TransAcoustic Piano is also equipped with a mechanism that can offset any future changes in the soundboard's shape due to fluctuations in temperature and humidity.

The TransAcoustic Piano combines the latest optical sensor technology, which Yamaha has cultivated over more than 20 years of SILENT Piano™ development, with digital sound source technology. This combination of technologies allows the piano to produce the natural sound, tone, and resonance of acoustic piano strings from the entire instrument, even when switched to digital sound. While maintaining the sound quality of an acoustic piano, the volume on the TransAcoustic Piano can be adjusted freely by switching to digital sound. In addition, the TransAcoustic Piano can produce harpsichord, organ, and various other sounds aside from those of an acoustic piano. Moreover, audio from external devices, such as iPhones* and iPads*, can be played through the soundboard by connecting these devices to the TransAcoustic Piano. By linking this feature with smartphone applications, the user can enjoy playing along to prerecorded audio in an ensemble performance. In this way, the TransAcoustic Piano expands new scenarios for piano use. Moving forward, Yamaha plans to establish hybrid pianos as a new category of musical instrument by further enhancing this product and its technology.

TransAcoustic™



Transducers that change electric sound signals into vibrations

RIVAGE™ PM10 New-Generation Digital Mixing System

The RIVAGE PM10 is a new-generation, flagship digital mixing system equipped with excellent system flexibility and tremendous mixing capacity. It comprises a control surface, DSP engines, and input-output components connected via TWINLANe™, a newly developed ring network. The RIVAGE PM10 can be used in a variety of environments, from concert hall performances with hundreds of people in attendance to concerts with tens of thousands of people in attendance. The system also supports opening ceremonies and other large-scale events, such as theatrical performances, that require complicated reproduction of system and sound settings.

For the input stage of the RIVAGE PM10, Yamaha has developed the Hybrid Microphone Preamplifier. This new preamplifier consists of an analog section, which represents the Yamaha Natural Sound concept in its most advanced form, and a digital section, which uses advanced Yamaha VCM digital modeling technology. The RIVAGE PM10 also comprises TWINLANe, a network that can handle up to 400 low-latency audio channels. The TWINLANe ring network configuration makes it easy to secure redundancy that will keep the network running in the event of cable failure or similar problems. Moving forward, Yamaha plans to further expand the types of components that comprise digital mixing systems.

DIGITAL MIXING SYSTEM
RIVAGE PM10





* iPhone and iPad are trademarks of Apple Inc. registered in the United States and other countries.

Intellectual Property

Since its founding, Yamaha has sought to acquire its various patents and other intellectual property rights while simultaneously respecting the intellectual property rights held by third parties. More recently, the Company has taken steps to integrate its business, R&D, and intellectual property strategies by implementing a number of measures designed to maximize the contribution of its intellectual property on its business earnings.

Patents

In order to differentiate itself from its competitors, gain business advantage, ensure greater flexibility, and enable licensing to third parties, Yamaha has formulated patent strategies tailored to its operations in specific business segments. These strategies include establishing target technical fields for patent acquisition, such as core technologies, new businesses, and new technologies, and building a strong patent portfolio by identifying and focusing on its core competencies.

From the standpoint of asset optimization, Yamaha annually assesses its full portfolio of patents held within and outside of Japan, evaluating patent rights in terms of present application and future potential, and ultimately retaining only those rights deemed most advantageous.

As of March 31, 2015, the Yamaha Group owned a total of approximately 5,000 patents and utility models in Japan. Outside of Japan, the Group also held a total of roughly 4,800 patents, mainly in the United States, Europe, and China. Going forward, Yamaha is working to increase the number of patents held in China in particular.

Designs

Yamaha views design as a critical element in setting its products apart from other offerings in the market, and consequently makes every effort to properly safeguard and utilize these assets. In recent years, Yamaha has taken bolder steps to acquire design rights in China to protect itself against counterfeit products. As of March 31, 2015, the Yamaha Group held a total of approximately 900 design rights in Japan and overseas.

Copyrights

In addition to industrial property rights, such as patents, designs, and trademarks, the Yamaha Group produces numerous copyright-protected works, primarily in the fields of sound and music. Music-related copyrights are of particular importance to Yamaha in terms of its overall intellectual property policy. The Company takes steps to ensure their proper management and use, including undertaking legal action when necessary.

Brands

Yamaha has taken numerous initiatives to maintain and enhance the value of the Yamaha brand. In 1986, the Company established regulations for brand management, and also set up a Companywide brand management committee to maintain and improve brand value by ensuring the effective use of the Yamaha brand. In order to protect the Yamaha brand, the Company acquires trademarks in numerous product domains in each country.

Anti-Counterfeiting Measures

In recent years, the number of cases of unauthorized third parties manufacturing and selling products under the Yamaha brand or reproducing counterfeit Yamaha product designs has been increasing. Using government agencies and various legal means, Yamaha has vigorously combated cases of counterfeiting with growing success. Going forward, Yamaha plans to adopt a more aggressive legal approach, including litigation against infringers, to preserve the Yamaha brand value and the value of its businesses as well as to maintain consumer trust in the Yamaha brand.

Intellectual Property Management Systems

As part of the corporate body, the Intellectual Property Division oversees the integrated management of all intellectual property held by the Yamaha Group. In addition, members of the Intellectual Property Division are assigned to each business and R&D division, where they ensure that the Company's intellectual property strategy is integrated within its business and R&D strategies. The Intellectual Property Division also works in close communication with each business division to promote Yamaha's intellectual property strategy from both Companywide and business domain perspectives.

Yamaha's Intellectual Property Receives High Appraisal Globally

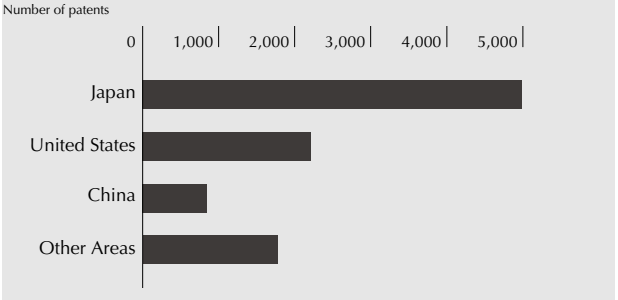
Thomson Reuters Selects Yamaha as Top 100 Global Innovator

2014 THOMSON REUTERS TOP 100 GLOBAL INNOVATORS

Yamaha received a Thomson Reuters 2014 Top 100 Global Innovators Award from Thomson Reuters Corporation, a global business data provider based in New York City. The award, which began in 2011, recognizes the world's top 100 innovators for invention excellence by analyzing intellectual property trends based on proprietary patent metrics developed by Thomson Reuters.

Award recipients are selected based on four criteria derived from data on patent registration rates, portfolios in major markets, impact of patents based on how often they are subsequently cited, and patent volume. This is the second time for Yamaha to be selected, after being selected for the first time in 2011. Yamaha received high praise for its patent volume and the global scope of its intellectual property protection initiatives. Also, Yamaha's score for its successful patent registration rates rose substantially over the previous year.

Patents Owned by Yamaha (As of March 31, 2015)



Corporate Social Responsibility (CSR)

In all its interactions with stakeholders, the Yamaha Group seeks through its business activities to exceed customer expectations and create excitement. Through activities grounded in the fields of sound and music, we will continue to share passion and performance and enrich culture along with people around the world.

The Yamaha Group's approach with respect to customers, shareholders, the people who work with Yamaha, and society is clearly expressed in the corporate philosophy shared by the entire Yamaha Group. The most valued concept for the Group is "Sharing Passion & Performance," a slogan that commands the highest position in the hierarchy that frames the Yamaha Philosophy. In consistently striving to enhance satisfaction among its diverse stakeholders and realize sustainable growth by effectively utilizing management resources, the Yamaha Group is staunchly committed to maximizing its corporate value.

Yamaha Philosophy

Corporate Slogan

Sharing Passion & Performance

Corporate Philosophy

With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.

Way

Embrace Your Will ..... **Will**

Stand on Integrity ..... **Integrity**

Take Proactive Actions ..... **Initiative**

Go Beyond the Limits ..... **Challenge**

Stick to the Goals ..... **Commitment**



Promises to Stakeholders

Customer-Oriented and Quality-Conscious Management

Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

Transparent and Sound Management

Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

Valuing People

Yamaha strives to be an organization where each person's individuality and creativity are respected and all can demonstrate their full potential through their work.

Harmony with Society

Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

Yamaha Corporation Group CSR Policy

Our aim is "Sharing Passion & Performance"

The Corporate Philosophy of the Yamaha Corporation Group is, "With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world."

Based on this philosophy, Yamaha conducts its CSR activities according to the following guidelines to further strengthen the bonds of trust with its stakeholders through its corporate activities and contribute to the sustainable development of society.

1. Yamaha provides support to people who want to perform music and people who want to enjoy it by contributing to the popularization and development of music and musical culture.
2. Yamaha works to maintain a healthy global environment by understanding the significance of protecting the natural environment, maintaining biodiversity, and reducing the burden on the environment, as well as promoting the proper use of wood resources, and cooperating with forest protection activities.
3. As a "corporate citizen" that is a member of society, Yamaha contributes to creating a better society by actively participating in many kinds of activities that further the development of the community and culture.
4. Yamaha complies with laws and high ethical standards, works to create an environment in which its personnel can draw fully on their sensitivities and creativity, and aims to build a corporate culture that will enable it to offer better products and services.
5. For its shareholders, who support its corporate activities financially, Yamaha aims for a high degree of transparency by disclosing management information and engaging in active and sustained communication. For its business partners, Yamaha conducts transactions fairly and transparently, endeavors to deepen mutual understanding, and works to build strong relationships of trust.

The Yamaha Group's Approach to CSR

The Yamaha Group's corporate management seeks to realize the corporate slogan of "Sharing Passion & Performance" through business activities grounded in the fields of sound and music. With an emphasis on corporate social responsibility (CSR), we are making steady, ongoing efforts in quality, customer satisfaction, procurement, environmental issues, public relations, and various social issues in order to fulfill our role as a good corporate citizen.

In 2011, Yamaha signed the Global Compact that comprises the basic principles of CSR, as advocated by the United Nations. Based on the 10 principles of the Global Compact in addition to the Yamaha Corporation Group CSR Policy established in 2010, we will further promote CSR activities across the entire Group.

A special feature of CSR as practiced by the Yamaha Group is its contribution through its business activities to the development of music culture around the world. We seek to leverage our strengths to provide products and services that deliver satisfaction to everyone who enjoys music, and thereby contribute to the development of humanity's musical heritage and to the enrichment of life.

Yamaha also considers it crucial to address issues facing the local communities that form the basis for its global business, as well as global environmental issues such as global warming and the preservation of biodiversity. We promote cultural and educational development in local communities, develop and manufacture products that make efficient use of resources, and reduce the environmental burden, and because we are a company that manufactures products from wood, we actively support reforestation initiatives. Going forward, we will focus on activities that allow us to address social issues as only the Yamaha Group can.



Establishment of a wastewater treatment facility at a wind instrument manufacturer in Indonesia to reduce water usage and wastewater reuse of 60% or more.



Collaboration in Indonesian reforestation activities at Yamaha Forest for the 10th consecutive year.



Donation of musical instruments to seven schools for children of migrant farmers in China.



Support for the El Sistema music education project in Venezuela by assisting its technical service development, sending high-ranking, influential artists to support students, and lending premium pianos.



Development and launch of the world's first biomass-derived recorders, which use non-plastic, environmentally friendly materials to achieve a production process that reduces CO_2 emissions.



Launch of "Omotenashi Guide" application that utilizes Yamaha's proprietary technology to promote inbound tourism and assist public and tourist organizations by providing multilingual guide services on smartphones for Japanese audio announcements.



Donation of AV receivers to Haven House and Helen House children's hospice in the United Kingdom for the establishment of cinema rooms.

FTSE4Good

MS-SRI モーニングスター社会的責任投資株価指数

Yamaha's inclusion in SRI indexes.

For more in-depth reporting on Yamaha's CSR activities, please visit "Corporate Social Responsibility" on Yamaha's website:

http://www.yamaha.com/about_yamaha/csr/

Corporate Governance

The Board of Directors at Yamaha is taking steps to achieve medium- and long-term improvement in corporate value while promoting an executive officer system in order to strengthen business execution functions. The Board of Directors is also making efforts to enhance its supervisory functions. In addition, Yamaha has introduced highly independent outside directors and outside corporate auditors to increase the effectiveness of its governance.

Fundamental Concept of Corporate Governance

Yamaha positions the enhancement of corporate governance as an important management issue, and is taking proactive steps to strengthen it.

Guided by the Company's corporate slogan "Sharing Passion & Performance," Yamaha will improve management efficiency and become globally competitive and highly profitable. At the same time, the Company will increase its corporate and brand value by fulfilling its social responsibilities in areas such as compliance, the environment, safety, and social contributions.

To achieve this goal, Yamaha will take steps to create a transparent and high-quality management system that is also efficient by improving its organizational structure and systems, implementing all necessary measures, and disclosing information in an appropriate manner.

Moreover, the organizational structure and systems that Yamaha has established for corporate governance conforms to Japan's Corporate Governance Code. Items of our organizational structure and systems that are not based on the Corporate Governance Code are explained and disclosed in sections of our Corporate Governance Report.
http://www.yamaha.com/about_yamaha/ir/governance/

Basic Corporate Governance System

Yamaha is a company with a board of auditors as defined under Japanese law. With the General Shareholders' Meeting as its highest decision-making body, Yamaha has built a corporate governance system (outlined in the diagram below) centered on the oversight and supervision of management's execution of duties by the Board of Directors, and audits by the Board of Auditors.

Further, Yamaha has enhanced its governance functions by introducing an executive officer system, setting up the Corporate Directors Personnel Committee, Risk Management Committee, and other corporate committees, convening twice a month (in principle), Managing Council meetings, and establishing an internal control system. In conjunction with consistent audits conducted by the Company's system of full-time auditors, these help raise the effectiveness of governance through fair and equitable audits by highly independent outside corporate auditors.

Board of Directors

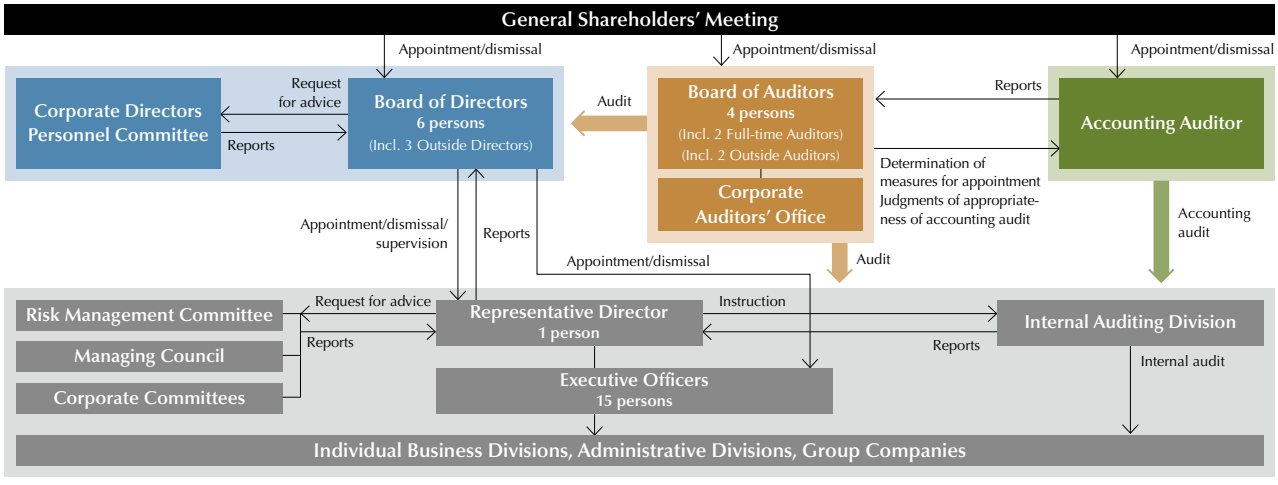
As of June 23, 2015, Yamaha had six directors, including three outside directors, two of which are independent officers. In principle, the Board of Directors convenes once monthly, and is responsible for the Group's management functions, such as strategy planning, monitoring the business execution of each division, and providing guidance. Outside directors are elected to enhance the supervisory function of the Board of Directors from an objective standpoint, to increase transparency of management, and offer good advice by utilizing their management experience in various industries and advanced expertise. In addition, as members of the Corporate Directors Personnel Committee, outside directors will also work to ensure transparency in its activities.

In order to clarify directors' management responsibilities, directors are appointed for a term of one year.

Representative Director

As of June 23, 2015, Yamaha had one representative director who acts as president and representative director. The president and representative director is the chief officer in charge of business execution and represents the Company.

Corporate Governance Structure (As of June 23, 2015)



Auditors and the Board of Auditors

As of June 23, 2015, Yamaha had four auditors, including two outside corporate auditors who are also independent officers. In principle, the Board of Auditors convenes once monthly. Based on audit plans, auditors periodically perform comprehensive audits of all business divisions, administrative divisions, and Group companies, and participate in Board of Directors' meetings and other important meetings such as the Managing Council.

The reasonableness of accounting audits is determined based on periodic progress reports from the accounting auditor of their audits of the Company's financial statements.

To ensure objectively fair and equitable audits, outside corporate auditors are appointed and include specialists (one CPA and one attorney) who hold positions independent from that of the Company.

Yamaha has also established the Corporate Auditors' Office (with one staff member as of June 23, 2015) that is dedicated to supporting auditors, so as to ensure an environment conducive to performing effective audits.

Corporate Directors Personnel Committee

Yamaha established the Corporate Directors Personnel Committee as an advisory body to the Board of Directors and determined that over half of its members shall be outside directors. The committee deliberates on director personnel issues and reports its findings to the Board of Directors. It also works to ensure transparency and fairness.

Risk Management Committee

Yamaha established the Risk Management Committee as an advisory body to the president and representative director. The committee discusses risk management-related matters from a Companywide perspective and reports its findings to the president and representative director.

Managing Council and Corporate Committees

Managing Council meetings are held, in principle, twice a month for the purpose of discussing and forming a consensus about management issues when they arise. Attending the Managing Council are the president and representative director, senior executive officers, and full-time corporate auditors. To encourage deeper discussion about important management strategic issues, corporate committees have been set up to address each issue.

Executive Officers

Yamaha has adopted an executive officer system, with the purpose of strengthening consolidated Group management and business execution functions. As of June 23, 2015, the executive officer system comprised 15 executive officers, including five senior executive officers. The senior executive officers, in principle, preside over the business and administrative groups as heads of those groups in accordance with the importance of these responsibilities. These officers are responsible for the business performance of the groups they preside over and manage and direct in such a way that the group functions to its maximum potential. Moreover, executive officers are assigned to divisions that are responsible for key management issues in each group.

Internal Audits

Yamaha established the Internal Auditing Division (9 staff members as of June 23, 2015) under the direct control of the president and representative director. Its role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company from the standpoint of legality and reasonableness.The Internal Auditing Division provides the president and representative director, divisions subject to audit, and supervisory divisions with information based on the evaluation along with suggestions and proposals for rationalization and improvement. In parallel, Yamaha strives to boost audit efficiency by encouraging close contact and coordination among the corporate auditors and the accounting auditors.

Principal Internal Audit Activities in Fiscal 2015

1. Performed visiting audits of divisions and Group companies (Japan and overseas; paper audits were also performed)
2. Evaluated the status of Company-level internal controls, audited Company regulations, its operation compliance, and updates thereof
3. Presided over audits of subsidiaries by their auditors
4. Audited the status and content of monitoring conducted by the administrative divisions of Yamaha Corporation and provided advice for improvement of monitoring quality
5. Performed follow-up audits to confirm that corrective action had been taken

Reorganization of Systems and Structure to Strengthen Corporate Governance

2001 Adopted an executive officer system to separate management decision-making/supervision and execution functions

2003 Reduced the number of full-time directors from nine to eight, appointed an outside director, increased the number of outside corporate auditors from one to two, and established the Corporate Auditors' Office

2005 Clearly defined directors' management responsibilities and reduced the term of directors from two years to one year to create a system that can swiftly respond to changing business environments

2006 Adopted a group manager system that concedes business execution authority to full-time directors so they can swiftly respond to management issues

2009 Increased the number of outside corporate auditors from two to three

2010 Decreased the number of full-time directors from eight to three, increased the number of outside directors from one to two, and registered one outside director as an independent officer as stipulated by Japan's Financial Instruments and Exchange Act

2011 Reorganized Internal Auditing Division to centralize audit functions and to promote comprehensive audits

2012 Increased the number of outside directors from two to three

2014 Increased the number of full-time directors from three to four

2015 Reduced the number of full-time directors from four to three

Support System for Outside Directors and Outside Corporate Auditors

A meeting to discuss and confirm management issues is held, in principle, monthly for the purpose of sharing important management proposals between all directors and corporate auditors and gaining a better understanding about management's execution of its duties.

When necessary, outside directors are individually provided with explanations about proposals and reports to be submitted to the Board of Directors.

With respect to agenda items at meetings of the Board of Directors and the Board of Auditors to be attended by outside corporate auditors, full-time staff members send documents and other materials to them prior to the meeting and provide explanations as necessary to enable them to perform a complete preliminary study of the agenda. With regard to other material matters, the Company strives at all times to maintain an effective auditing environment, including by providing information, supplying documentation, listening to opinions, and supporting research and data collection.

Fiscal 2015 Outside Directors and Outside Corporate Auditors

Outside Directors

Name	Independent Officer	Reasons for Appointment	Views on their Independence	Board of Directors Meetings Attended
Haruo Kitamura	☑	· A director with excellent character and insight · A CPA with expertise in finance and accounting · He can be counted on to strengthen Yamaha's governance functions and provide objective advice	Has many years of experience as a CPA, but is under no advisory agreement with Yamaha. Of independent social and economic standing, he is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	13 of 13
Hiroyuki Yanagi		· A director with excellent character and insight · Has management experience in other industries · He can be counted on to advise and direct Yamaha's management for the purpose of raising brand value	Although he is the president and CEO of a company in which Yamaha is a major shareholder, since Yamaha is not in a position that can exert significant influence over the management team of the company, he is unlikely to pose a conflict of interest with Yamaha's general shareholders.	12 of 13
Yoshikatsu Ota	☑	· A director with excellent character and insight · Has management experience in other industries · He can be counted on to strengthen Yamaha's governance functions and provide objective advice	Although he has many years of corporate management experience, he and the companies that he has managed at have not been major business partners. Of independent social and economic standing, he is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	12 of 13

Outside Corporate Auditors

Name	Independent Officer	Reasons for Appointment	Views on their Independence	Board of Directors and Board of Auditors Meetings Attended
Takashi Miyazawa	☑	· An auditor with excellent character and insight · A CPA with expertise in corporate accounting · He can be counted on to provide equitable and fair audits from an objective point of view	Although previously affiliated with Yamaha's accounting auditor Ernst & Young ShinNihon LLC, he did not participate in Yamaha's accounting audits and has not been nor is he now in a position that can influence accounting audit work at Ernst & Young ShinNihon LLC. Moreover, Ernst & Young ShinNihon LLC is unlikely to influence his accounting work as an outside corporate auditor. Of independent social and economic standing, he is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	Board of Directors Meetings 13 of 13 Board of Auditors Meetings 15 of 15
Hirohiko Ikeda	☑	· An auditor with excellent character and insight · An attorney with expertise in laws and regulations · He can be counted on to provide equitable and fair audits from an objective point of view	Though he has worked for many years as an attorney, he is of independent social and economic standing, and is not in a position that can be significantly influenced by, or conversely, can significantly influence the Yamaha management team, and is therefore unlikely to pose a conflict of interest with Yamaha's general shareholders.	Board of Directors Meetings 12 of 13 Board of Auditors Meetings 14 of 15

* To gain valuable human resources from outside the Company, Yamaha has concluded agreements with outside directors and outside corporate auditors that limit liability under Article 423, paragraph 1 of the Companies Act. The liability limit based on said agreements is the minimum amount established by law.

Registration of Independent Officers

Yamaha has registered outside directors Yoshikatsu Ota and Shigeru Nosaka, and outside corporate auditors Hirohiko Ikeda and Junya Hakoda as independent officers under the provisions of the Tokyo Stock Exchange.

Policy on Determining Remuneration for Directors and Corporate Auditors

Yamaha sets the policy that determines remuneration for directors at a meeting of the Corporate Directors Personnel Committee. The policy on determining remuneration for corporate auditors is decided at a meeting of the Board of Auditors.

Remuneration for Directors

Remuneration for directors, though based on a compensation framework predetermined at the General Shareholders' Meeting, is to be decided in accordance with the following standards, taking into account compensation levels primarily at other listed companies and relevant employment standards.

(i) Remuneration for directors other than outside directors comprises 1) a fixed compensation, 2) a performance-based compensation, and 3) a director's bonus. The performance-based compensation is assessed based on the rate of year-on-year growth in ROS, ROE, and consolidated net sales, and year-on-year improvement rate of consolidated operating income, and ranges from 0 to 50% of fixed compensation depending on individual performance. The director's bonus is paid within a compensation framework predetermined at the General Shareholders' Meeting. With an upper limit of 0.5% of net income of fiscal 2014, the bonuses are calculated in correlation with net income of fiscal 2015.

In addition, as of July 2015, directors other than outside directors will acquire 12.5% of fixed compensation in the form of the Company's shares through the Company's Director Shareholding Association, and the directors will maintain possession of those shares throughout their term of service. This will further enhance the performance incentive for directors over the medium to long term.

(ii) Remuneration for outside directors is limited to only a fixed compensation and amounts are determined taking into account such factors as whether said remuneration is in balance with that of other directors and the scale of Yamaha Corporation's business.

Remuneration for Corporate Auditors

Remuneration for corporate auditors is limited to a fixed compensation and is based on a compensation framework predetermined at the General Shareholders' Meeting. Amounts are determined through consultation with the corporate auditors, taking into account such factors as whether said remuneration is in balance with that of directors and the scale of Yamaha Corporation's business.

Other

At the 182nd Ordinary General Shareholders' Meeting held on June 27, 2006, a resolution was approved abolishing payment of retirement allowances to executive officers. Yamaha does not maintain a stock option system.

Remuneration for Directors and Corporate Auditors in Fiscal 2015

Millions of yen

		Compensation by Type			
Classification	Total Compensation	Fixed Compensation	Performance-based Compensation	Bonuses	Number of Directors and Corporate Auditors
Directors (Excluding outside directors)	281	147	56	77	5
Corporate Auditors (Excluding outside corporate auditors)	60	60	—	—	3
Outside Directors and Outside Corporate Auditors	32	32	—	—	5

Remuneration by Director for Fiscal 2015

Millions of yen

				Compensation by Type		
Name	Total Compensation	Director Category	Company Category	Fixed Compensation	Performance-based Compensation	Director's Bonus
Takuya Nakata	130	President and Representative Director	Submitting Company	68	27	35

* Only people with a total compensation of ¥100 million or more are listed.

Accounting Auditor

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor. Shinji Tamiya and Hidetake Kayama, CPAs of said accounting auditor firm, have performed Yamaha's accounting audit. Ernst & Young ShinNihon have voluntarily adopted a rotating system for its managing partners and have taken measures to ensure that the number of continuous years of service do not exceed a fixed period of time. In addition, eight CPAs, and 19 staff assist with the audits.

Remuneration for Accounting Auditor in Fiscal 2015 and 2014

Millions of yen

Classification	Fiscal 2015		Fiscal 2014	
	Compensation Based on Auditing Services	Compensation Based on Non-auditing Services	Compensation Based on Auditing Services	Compensation Based on Non-auditing Services
Filing company	64	—	69	—
Consolidated affiliates	22	25	27	17
Total	86	25	96	17

Notes:
Other important remuneration
Fiscal 2015: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 15 other companies paid ¥125 million in compensation based on auditing services and ¥9 million based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.
Fiscal 2014: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 13 other companies paid ¥100 million in compensation based on auditing services and ¥27 million based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.

Basic Concept of the Internal Control System

Yamaha has established an internal control system pursuant to Japan's Companies Act and the Enforcement Regulations of the Companies Act. Yamaha seeks to achieve optimal corporate governance in order to raise corporate value and the Yamaha brand image. At the same time, the Company works to improve the internal control system to raise business efficiency, increase the dependability of Yamaha's accounting and financial data, and strengthen compliance, asset soundness, and risk management capabilities.

Further, Yamaha established the Group Management Charter to clarify basic Group management policies. Also, divisions with jurisdiction over subsidiaries are responsible for providing proper guidance and assistance with management in Group companies under their jurisdiction based on Group company management rules and regulations. Regarding decisions on certain important matters, subsidiaries shall obtain approval from said divisions, while administrative divisions of Yamaha Corporation shall support this process.

Yamaha has developed and put into operation internal controls for financial reporting based on implementation standards for internal control reporting systems (Financial Instruments and Exchange Act). We will maintain and more firmly establish this internal control system to ensure the reliability of our financial reporting.

Compliance Framework

Not only does the Yamaha Group observe laws and regulations, it seeks strict compliance management that addresses social norms and corporate ethics. The Working Group for Compliance was established as a subordinate body to the Risk Management Committee, an advisory body to the president and representative director, to promote and strengthen compliance in cooperation with the staff and departments in charge of laws and regulations.

In 2003, Yamaha established the Compliance Code of Conduct, which is disseminated to all Group officers and employees (including part-time and contract employees) through worksite briefings. We also implement training sessions on a regular basis to ensure the thorough enforcement of the Code. Since its establishment, we have localized the Code by creating overseas and regional versions based on the laws, regulations, and social norms of the countries in which our Group companies are based, and have had them translated into local languages. In 2006 and 2011, we revised the Compliance Code of Conduct to respond to changes in the operating environment.

Further, Yamaha conducts routine compliance surveys with the goal of raising Group employee awareness and gaining a better understanding of potential risks.

As a system for handling compliance-related inquiries and reports from employees, Yamaha has established a Compliance Help Line that connects to the Working Group for Compliance executive office and an outside attorney. The Compliance Help Line accepts inquiries not only from employees, but also from interested parties including business partners. In fiscal 2015, the help line received a total of 31 inquiries and reports including from overseas Group company employees. Since its inception, it has resolved problems by responding to 548 inquiries and reports over a 12-year period.

Business Continuity Plan (BCP)

The Risk Management Committee and its subsidiary body, the Working Group for BCP and Disaster Prevention Management, have put the necessary systems and countermeasures in place to respond to a wide range of risks.

In fiscal 2009, Yamaha formulated the BCP Guidelines, its basic Companywide policy for its business continuity plan, which is designed to enable the immediate resumption of operations in the event of an earthquake in Japan's Tokai region where Yamaha's headquarters are located or other major natural disaster that could cause damage to its buildings or facilities. In January 2012, Yamaha established various guidelines including the BCP/Disaster Basic Countermeasures, the Earthquake Countermeasures, and the Fire Countermeasures, which update and supersede the BCP Guidelines.

Risk Factors

Among the matters covered in this annual report, items that may have a material impact on the decisions of investors include those listed and described below. In addition, information related to future events as described in the text is based on judgments made by the Yamaha Group at the end of the fiscal year under review.

1

Economic Conditions

The Yamaha Group has a global business presence and therefore is subject to the influence of economic conditions in Japan and other countries. Recessions in world markets and accompanying declines in demand may have a negative effect on the Group's business results and the development of its business.

2

Price Competition

The Yamaha Group confronts severe competition in each of its business segments. For example, in the musical instruments segment, the Company is a comprehensive manufacturer of musical instruments and sells high-quality, high-performance instruments covering a broad price spectrum. However, the Company confronts competitors in each musical instruments segment, and competition in the lower price segments has become more intense, especially in recent years.

Also, in the audio equipment segment, the Yamaha Group is subject to competition from low-priced products. Changes in logistics and distribution and new technology trends could expose this business to even greater price competition, which could have an impact on the Group's current strong position.

3

New Technology Development

The Yamaha Group will focus its management resources on the core business domains of sound and music. The Group will firmly establish itself as the world's leading comprehensive musical instruments manufacturer. The audio equipment segment has been expanded, with a focus on the AV products category and PA equipment. The electronic devices segment has also been expanded, mainly in the area of LSIs for sound, music, graphics, and sensors, a core operation in the semiconductor business.

Differentiating the Group's technologies in the fields of sound, music, networks, and devices is essential for the Group's further development and growth. In developing these technologies, if the Group does not continue to correctly forecast future market needs and adequately meet them, the added value of its products in the musical instruments segment will decline, which may lead to price competition. As a result, the Group may be unable to stimulate new demand for its products and may find it difficult to sustain the audio equipment and electronic devices businesses.

4

Business Investment

The Group makes business investments including capital investments to promote business growth. However, when making investment decisions, even though the Group monitors investment return and risk both qualitatively and quantitatively and makes careful, considered judgments, depending on circumstances, the Group may be unable to recover a portion or the full amount of its investments, or may decide to withdraw from a business, thereby resulting in additional losses. In such cases, the value of assets invested in such businesses may be subject to impairment.

5

Business Alliances

In recent years, partnership strategies, including alliances, joint ventures, and investments in other companies, have increased in importance for the Group. In some cases, the anticipated effects of such alliances and investments may not materialize because of conflicts of interest, or changes in the business strategies of the partner, or other reasons.

6

Dependence on Customers in Materials and Parts Business

The semiconductors, automobile interior wood components, and materials and parts that the Group manufactures and sells are affected by the business performance of the manufacturers who buy them.

When the bonds of trust between such customers and Group companies are impaired by delivery, quality, or other issues, this may have a negative impact on future orders. Moreover, customers may ask Group companies to compensate them for quality problems or other defects.

7

International Business and Overseas Expansion

The Yamaha Group has established a global presence, with production and sales bases in various parts of the world. Of the Group's 69 consolidated subsidiaries, 45 are foreign corporations, of which 23 are manufacturing and production companies, with principal bases of operation in China, Indonesia, and Malaysia. Overseas sales comprise 62.9% of the Group's net sales.

Various risks, including those listed below, are inherent to the expansion of business overseas. If such risks materialize, including adverse effects caused by an over-concentration of manufacturing facilities in a particular region, the Group may not be able to provide stable supplies of its products. Such risks include:

(a) Political and economic turmoil, terrorism, and war
(b) Introduction of adverse policies or imposition of, or changes in regulations
(c) Unexpected changes in laws or regulations
(d) Difficulty in recruiting personnel
(e) Sharp rises in personnel expenses and commodity prices
(f) Difficulty in procuring raw materials and parts as well as issues related to the level of technology
(g) Interruption of distribution due to harbor strikes, etc.
(h) Imposition of taxes under transfer pricing regulations
(i) Labor disputes including strikes

8

Raw Material Prices, Raw Material Supplies, and Logistics Costs

To manufacture its products, the Group uses raw materials, including lumber, metals such as copper, and plastics, for parts. Increases in the prices of these materials raise manufacturing costs. In addition, specific suppliers supply the Group with different raw materials. Supply conditions for those materials could have an impact on the Group's manufacturing activities.

In addition, when logistics costs increase due to sharply rising crude oil prices, the ratio of manufacturing costs and cost of sales to net sales may increase.

9

Declining Birthrates

In the Yamaha Group's core business of musical instruments, schools constitute an important sales channel, in addition to the Group's music schools and English language schools, whose students are primarily children. Declining birthrates, particularly in Japan, could lead to decreasing sales through these channels.

10

Recruitment and Training of Personnel

The average age of the Company's employees is relatively high, with a significant number in the upper age brackets and many approaching the set retirement age. Therefore, an important challenge for the Company is to address the changing composition of the workforce by passing on musical instrument manufacturing know-how and recruiting and training a new generation of employees. If the Company is unable to respond sufficiently to changes in the composition of its workforce, this could interfere with its business activities and future growth.

11

Protection and Use of Intellectual Property

The Group possesses intellectual property rights, including patents based on its proprietary technologies, and accumulated business know-how. Some of this intellectual property cannot be fully protected, or can only be partially protected because of legal constraints in certain regions. Therefore, the Group may not be able to effectively prevent third parties from using its intellectual property. As a result, some products of other companies may appear in the market that are similar to, or copies of, those of Group companies, thus interfering with Group sales. In addition, third parties may claim that Group products infringe on their own intellectual property rights. As a result, sales of Group products that employ said intellectual property may be delayed or suspended.

In some cases, the Group licenses the intellectual property of third parties to produce key components for its products. Any increases in royalties paid for such intellectual property may result in higher manufacturing costs, which could affect price-competitiveness. Moreover, if the Group is unable to obtain a license, it may have to suspend manufacturing of the relevant product.

12

Defects in Products and Services

The Yamaha Group controls the quality of its products based on corporate quality assurance and product quality rules and regulations. However, there is no guarantee that all products will be free of defects. The Group is insured against product liability claims, but there is no guarantee that this insurance will be sufficient to cover any potential payments for damages. If product liability issues arise, insurance rates are likely to increase. In that case, the cost to recall, exchange, repair, or change the design of a product could increase significantly, or the Group's business reputation could be tarnished, which could cause sales to decline, and adversely affect the Group's performance and financial position.

Also, although the Group is very careful about safety and sanitation at the retail shops, music schools, recreation, and other facilities that it operates, in the event of an accident, the stores, schools, or facilities may have to temporarily suspend operation, which could damage the Group's reputation and lead to declining sales.

13

Legal Regulations

The Group's business operations throughout the world are subject to the laws and regulations of the countries and regions in which they operate. These laws and regulations include those pertaining to foreign investment, restrictions on exports and imports that may affect national security, commerce, anti-trust issues, consumer protection, tax systems, and environmental protection. In addition, the Group has an obligation to securely manage the personal information of its customers. The Yamaha Group takes every measure to ensure that it complies with legal regulations, but, if for some unexpected reason, it is unable to comply with these laws and regulations, the Group's activities could be restricted and costs could increase as a result.

14

Environmental Regulations

With the environmental protection regulations that govern business activities becoming increasingly stringent, companies are being asked to implement voluntary environmental programs as one of their corporate social responsibilities. The Yamaha Group

has implemented measures that exceed existing environmental standards for products, packaging materials, energy conservation, and industrial waste treatment. However, there is no guarantee that the Group can completely prevent restricted substances released due to accidents or other causes from exceeding environmental standards, or reduce the release of said substances. Moreover, in cases where soil pollution has occurred on land formerly occupied by industrial plants, substantial soil remediation costs may be incurred when the land is sold in the future, or the land may be impossible to sell. Restricted substances in the soil on land already sold to third parties may spread, resulting in pollution of the air or underground water, and may incur cleaning and remediation costs.

15

Information Leakage

The Group retains a wide range of important management- and business-related information as well as personal information on customers. To manage this information properly, the Group has prepared policies and rules and put into place systems for maintaining its security. However, in the event that this information accidentally leaks outside the Group, this could have a major impact on the Group's business activities or lower public confidence in the Group.

16

Fluctuations in Foreign Currency Exchange Rates

As Yamaha Group's business activities, including manufacturing and sales, are global in scale, the transactions of Group companies that are denominated in foreign currencies are subject to fluctuating exchange rates. The Group uses forward currency hedge transactions to minimize the impact of foreign exchange rate fluctuations in the short term. However, the Group may not be able to achieve its initial business plan targets due to exchange rate fluctuations. The euro-yen exchange rate has an especially strong impact on profit and loss: a ¥1 change will result in a ¥0.4 billion change in profitability.

17

Earthquakes and Other Natural Disasters

In the event of earthquakes and other natural disasters, the production plants of the Yamaha Group may be damaged. Notably, the Company's Head Office, domestic plants, and major subsidiaries are concentrated in Shizuoka Prefecture, located in the Tokai region of Japan, an area in which a major earthquake has been predicted for years. Moreover, the Group's overseas manufacturing plants are concentrated in China, Indonesia, and Malaysia, countries where the outbreak of unexpected natural disasters may arise. In the event of a natural disaster, the Yamaha Group's facilities may suffer damage, and the Group may be required to suspend or postpone operations, which could incur substantial restoration costs. In addition, disaster conditions at raw material and parts suppliers could affect manufacturing.

18

Data Network Systems

The use of data network systems and its importance have been increasing in the Yamaha Group's business activities. In the event that the functioning of the Group's data network systems is disrupted due to computer virus infections, cyber attacks, and other threats, this could adversely affect the Group's performance and financial position.

19

Items Related to Changes in Financial Position

a. Valuation of Investment Securities

The companies of the Yamaha Group hold available-for-sale securities with market value (acquisition cost: ¥15.9 billion; consolidated balance sheet value: ¥141.7 billion, as of March 31, 2015). Since available-for-sale securities with market value are valued at the market price at the settlement date based on the mark-to-market valuation method, the recorded balance sheet value of these securities may fluctuate depending on the price of the securities at the settlement date. This may, in turn, have an impact on the Company's net assets. Further, when the market value of these securities falls markedly relative to their acquisition cost, the value of said securities may be subject to impairment.

b. Unrealized Losses on Land Valuation

As of March 31, 2015, the market value of the Group's land, revalued in accordance with the Law Concerning Revaluation of Land, was ¥8.3 billion below the book value of said land after revaluation. In the event of the sale or disposal of said land, this unrealized loss may be recognized.

c. Retirement Benefit Obligations and Expenses

The Yamaha Group's retirement benefit obligations and expenses are calculated based on its retirement benefit system, an estimated discount rate, and an expected rate of return on pension plan assets. In some cases, the retirement benefit system may change and the estimate of said obligations and expenses may differ from the actual results. As a result, retirement benefit obligations and expenses could increase.

Particularly, in the event that expected returns on managed assets cannot be realized because of declining stock prices and other factors, unrecognized actuarial losses could arise, and retirement benefit expenses could increase.

Management's Discussion and Analysis

Contents

40	Eleven-Year Summary
42	Overview
42	Analysis of Management Performance
46	Review of Operations
46	Musical Instruments
48	Audio Equipment
48	Electronic Devices
49	Others
49	Key Business Indicators
50	Analysis of Financial Position
53	Forecast for Fiscal 2016

Consolidated Financial Statements

Contents

54	Consolidated Balance Sheet
56	Consolidated Statement of Operations
57	Consolidated Statement of Comprehensive Income
58	Consolidated Statement of Changes in Net Assets
60	Consolidated Statement of Cash Flows
61	Notes to Consolidated Financial Statements
89	Independent Auditor's Report

Fiscal 2015 Summary

- Both sales and earnings increased year on year.
- The musical instruments business performed solidly throughout the period.
- The electronic devices business posted an operating loss due to lower sales and earnings.

Fiscal 2014

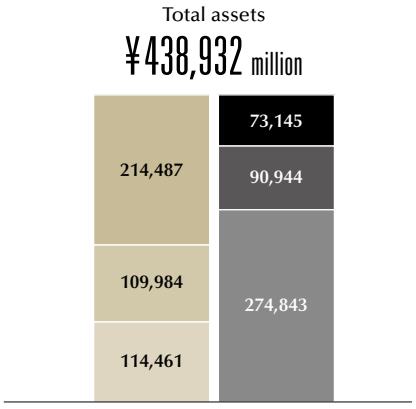
Consolidated Statement of Operations Summary

Millions of yen



Consolidated Balance Sheet Summary

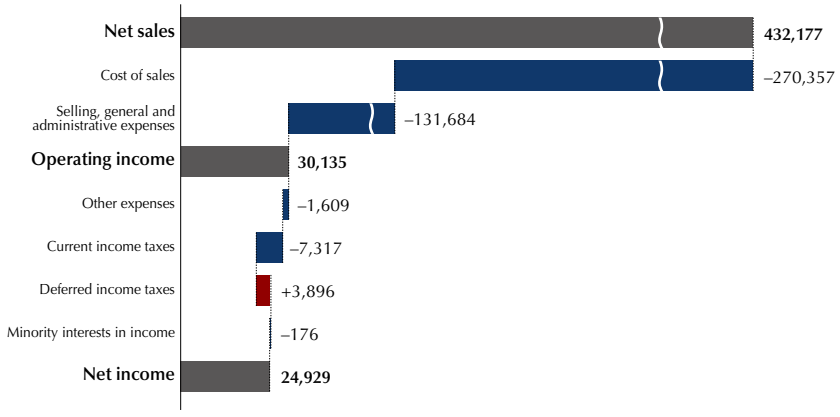
Millions of yen



Fiscal 2015

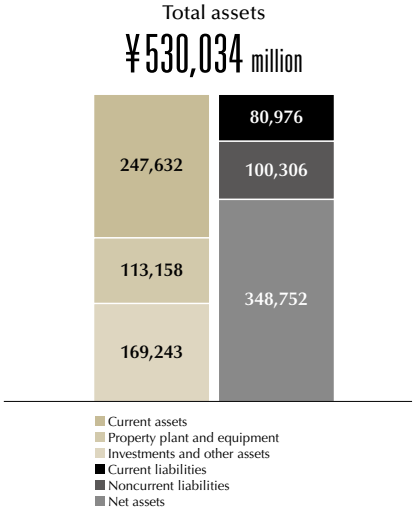
Consolidated Statement of Operations Summary

Millions of yen



Consolidated Balance Sheet Summary

Millions of yen



Eleven-Year Summary

Yamaha Corporation and consolidated subsidiaries

(Years ended March 31)

	2005	2006	2007	2008	2009
For the year:					
Net sales	¥534,079	¥534,084	¥550,361	¥548,754	¥459,284
Cost of sales	335,483	341,816	352,382	343,686	290,381
Gross profit	198,595	192,267	197,980	205,066	168,902
Selling, general and administrative expenses	162,899	168,132	170,295	172,220	155,057
Operating income	35,695	24,135	27,685	32,845	13,845
Income (loss) before income taxes and minority interests	33,516	35,842	33,101	62,510	(12,159)
Net income (loss)	19,697	28,123	27,866	39,558	(20,615)
Capital expenditures	22,702	22,882	25,152	24,394	22,581
Depreciation expenses	18,958	18,944	19,956	20,289	17,912
R&D expenses	22,953	24,055	24,220	24,865	23,218
Cash flow from operating activities	39,588	25,510	39,732	37,225	(2,235)
Cash flow from investing activities	(12,896)	(18,104)	(22,427)	41,999	(25,999)
Free cash flow	26,692	7,406	17,305	79,225	(28,234)
At year-end:					
Total assets	¥505,577	¥519,977	¥559,031	¥540,347	¥408,974
Total current assets	225,581	209,381	231,033	275,754	202,097
Total current liabilities	145,820	117,047	136,656	120,174	90,050
Interest-bearing liabilities	46,598	28,474	25,551	21,036	19,192
Net assets*2	275,200	316,005	351,398	343,028	251,841
Per share:					
Net income (loss)	¥ 95.06	¥ 136.04	¥ 135.19	¥ 191.76	¥ (103.73)
Net assets*2	1,334.51	1,532.62	1,680.91	1,646.44	1,262.42
Dividends*3	20.00	20.00	22.50	50.00	42.50
Key indicators:					
Operating income to net sales	6.7	4.5	5.0	6.0	3.0
ROE (Return on equity)*2	7.4	9.5	8.4	11.5	(7.0)
ROA (Return on assets)	3.9	5.5	5.2	7.2	(4.3)
Equity ratio*2	54.4	60.8	62.0	62.9	60.9
Debt to equity ratio (Times)	0.17	0.09	0.07	0.06	0.08
Interest coverage (Times)	44.62	36.89	47.83	34.56	26.74
Current ratio	154.7	178.9	169.1	229.5	224.4
Dividend payout ratio	21.0	14.7	16.6	26.1	—

*1. U.S. dollar amounts are translated from yen at the rate of ¥120.17 = U.S.$1.00, the approximate rate prevailing on March 31, 2015.
*2. Net assets, ROE (return on equity), and equity ratio were classified as shareholders' equity, ROE (return on shareholders' equity), and shareholders' equity ratio, respectively, until the year ended March 31, 2006.
*3. The dividends per share from the years ended March 2008 to March 2010 include a ¥20 special dividend.

Millions of yen						%	Millions of U.S. dollars*1
2010	2011	2012	2013	2014	**2015**	**2014/2015**	**2015**
¥414,811	¥373,866	¥356,616	¥366,941	¥410,304	**¥432,177**	+5.3	**$3,596.38**
268,380	237,313	231,659	238,261	262,310	**270,357**	+3.1	**2,249.79**
146,431	136,553	124,957	128,680	147,994	**161,820**	+9.3	**1,346.59**
139,602	123,387	116,846	119,465	121,999	**131,684**	+7.9	**1,095.81**
6,828	13,165	8,110	9,215	25,994	**30,135**	+15.9	**250.77**
(201)	6,802	6,971	7,795	25,818	**28,526**	+10.5	**237.38**
(4,921)	5,078	(29,381)	4,122	22,898	**24,929**	+8.9	**207.45**
14,480	10,439	11,337	13,844	10,799	**13,846**	+28.2	**115.22**
14,139	12,814	11,973	11,613	12,759	**12,597**	–1.3	**104.83**
21,736	22,416	22,819	22,149	22,561	**25,439**	+12.8	**211.69**
39,870	22,646	10,880	7,755	33,213	**31,729**	–4.5	**264.03**
(12,711)	(9,740)	(9,004)	(12,617)	(22,950)	**(11,700)**	–49.0	**(97.36)**
27,159	12,906	1,875	(4,862)	10,263	**20,029**	+95.2	**166.67**
¥402,152	¥390,852	¥366,610	¥390,610	¥438,932	**¥530,034**	+20.8	**$4,410.70**
193,260	194,717	188,952	197,902	214,487	**247,632**	+15.5	**2,060.68**
75,182	74,836	72,829	71,550	73,145	**80,976**	+10.7	**673.85**
15,017	11,838	11,295	10,013	8,755	**11,868**	+35.6	**98.76**
254,591	245,002	206,832	229,636	274,843	**348,752**	+26.9	**2,902.16**
Yen							U.S. dollars*1
¥ (24.95)	¥ 25.90	¥ (151.73)	¥ 21.79	¥ 118.26	**¥ 128.75**		**$ 1.07**
1,276.35	1,250.06	1,052.01	1,171.67	1,403.12	**1,787.42**		**14.87**
27.50	10.00	10.00	10.00	27.00	**36.00**		**0.30**
%							
1.6	3.5	2.3	2.5	6.3	**7.0**		
(2.0)	2.1	(13.2)	1.9	9.2	**8.1**		
(1.2)	1.3	(7.8)	1.1	5.5	**5.1**		
62.6	61.9	55.6	58.1	61.9	**65.3**		
0.06	0.05	0.05	0.04	0.03	**0.03**		
16.88	40.38	31.84	40.64	130.19	**130.51**		
257.1	260.2	259.4	276.6	293.2	**305.8**		
—	38.6	—	47.0	22.8	**28.0**		

Overview

Economic Environment

During fiscal 2015, ended March 31, 2015, the U.S. economy moved toward recovery as consumer spending increased steadily amid an improved environment for employment. In Europe, the economy of Germany, a leading country in the region, began to see moderate improvement in the latter half of the fiscal year. However, as a result of the unstable situation in the Ukraine, the debt crisis in Greece, and other unfavorable circumstances, the overall economic climate in Europe remained tough. In China, although exports picked up and consumer spending remained solid, economic growth slowed compared with the previous fiscal year. In other emerging countries, economic growth was stagnant due to such factors as the decline in resource prices, including crude oil, and the falling value of their currencies against the U.S. dollar. Meanwhile, in Japan, although there was a reactionary downturn following the rush demand that accompanied the April 2014 consumption tax rate increase, a trend toward moderate recovery emerged in the latter half of the fiscal year under review.

Performance Review

With regard to fiscal 2015 sales, in the musical instruments segment, sales of pianos in Japan were poor due to the reactionary downturn that followed the consumption tax rate increase. However, overseas sales grew, primarily in North America and China, and sales in Europe were firm, resulting in solid sales overall. As for digital musical instruments, products in the Electone™ series in Japan and digital pianos in all regions sold well. Sales of wind instruments rose, and higher guitar sales helped drive increases in sales of string and percussion instruments.

In the audio equipment segment, sales decreased year on year due to a delayed response to changes in the market for audio products in North America and other developed regions. In addition, sluggish conditions in the market for AV receivers, Yamaha's mainstay product, were also attributable to this decrease. In the professional audio equipment business, sales in Europe were favorable due to the smooth introduction of new products, and installation sales of commercial audio equipment increased in Japan. Accordingly, the professional audio equipment business saw double-digit growth in sales year on year.

In the electronic devices segment, sales of geomagnetic sensors (electronic compasses) for smartphones as well as graphic controllers for amusement equipment were lackluster, resulting in a substantial fall in sales year on year.

As for the others segment, sales in the golf products and resorts businesses decreased; however, sales in the automobile interior wood components and factory automation (FA) equipment businesses rose, resulting in an overall year-on-year increase in segment sales.

Turning to profit and loss, the electronic devices segment suffered an operating loss compared with the previous fiscal year's operating income due to a substantial decrease in sales. However, the musical instruments segment saw higher operating income from an overall solid performance, and increased sales in the professional audio equipment businesses helped to drive a rise in operating income in the audio equipment segment. In addition, profitability returned in the others segment, owing to increased sales in the automobile interior wood components and FA equipment businesses.

As a result of the abovementioned factors, net sales in fiscal 2015 increased 5.3% year on year, to ¥432,177 million, due to higher sales in all business segments excluding electronic devices. Operating income was up 15.9% year on year, to ¥30,135 million, and net income rose 8.9%, to ¥24,929 million.

Analysis of Management Performance

Net Sales	
¥432,177 million	+5.3%

Net sales in fiscal 2015 climbed ¥21,873 million, or 5.3%, year on year, to ¥432,177 million. Sales increased in the musical instruments and audio equipment segments, as well as in the others segment, while sales decreased in the electronic devices segment.

Sales by Region

In Japan, sales in fiscal 2015 declined ¥7,529 million, or 4.5%, year on year, to ¥160,374 million. In the musical instruments business, new products in the Electone™ series introduced at the beginning of the fiscal year enjoyed favorable sales, and digital pianos posted solid sales as well. However, with sluggish sales of pianos due to the reactionary downturn following the rush demand that accompanied the consumption tax rate increase, overall sales decreased.

In audio equipment, although sales of audio products remained stagnant and commercial online karaoke equipment sales fell, sales of information and communication technology (ICT) devices were on par with the previous fiscal year. In addition, installation sales of commercial audio equipment led to solid sales of professional audio equipment. As a result, overall sales in the audio equipment business increased.

In the electronic devices business, sales declined substantially for geomagnetic sensors (electronic compasses) for smartphones, audio codecs, and graphic controllers used in amusement equipment. As for others business, sales in the golf products and resorts businesses fell, while sales in the automobile interior wood components and FA equipment businesses rose.

Outside Japan, sales climbed ¥29,402 million, or 12.1%, year on year, to ¥271,803 million. On a local currency basis, sales in North America, China, and Europe surpassed those of the previous fiscal year. Sales in other markets maintained similar levels as in the previous fiscal year. The ratio of overseas sales to net sales increased 3.8 percentage points, from 59.1% to 62.9%.

By region, sales in North America were up ¥13,111 million, or 19.7%, to ¥79,747 million. In the musical instruments business, nearly every product performed solidly, resulting in double-digit sales growth. As for audio equipment, although sales of audio products fell due to intense competition in existing product domains, such as AV receivers, sales of professional audio equipment rose, resulting in an overall increase in sales.

In Europe, sales rose ¥5,414 million, or 7.2%, to ¥80,277 million. Sales of musical instruments maintained similar levels as in the previous fiscal year, as strong sales of both pianos and digital pianos helped offset a decrease in sales of portable keyboards, which had sold well in fiscal 2014. In addition, wind instruments recorded solid sales, and healthy sales of guitars led to higher sales of string and percussion instruments. Sales of audio products in the audio equipment business decreased, while professional audio equipment achieved double-digit sales growth. As a result, sales in Europe increased overall.

Sales in Asia, Oceania, and other areas increased ¥10,876 million, or 10.8%, to ¥111,778 million. In the musical instruments business in China, in addition to favorable sales of pianos and digital musical instruments, higher guitar sales helped drive double-digit growth for string and percussion instruments, resulting in an overall solid performance. In the audio equipment business, audio products continued to face adverse conditions, while sales of professional audio equipment remained at a similar level as that of the previous fiscal year, even though sales for ICT devices were up. Overall, sales in China saw double-digit growth year on year. In other areas, sales of audio products fell below the previous fiscal year's level, but sales of digital musical instruments and guitars increased, which resulted in overall sales on par with the previous fiscal year.

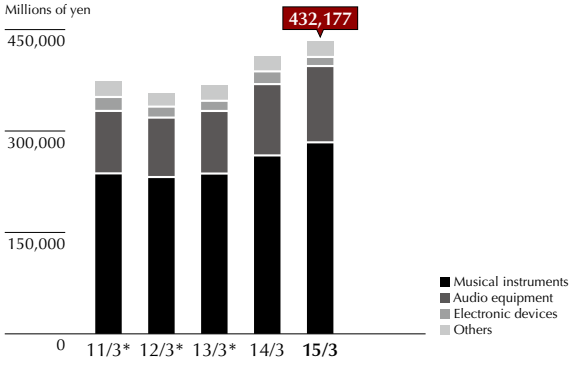
Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased ¥8,047 million, or 3.1%, year on year, to ¥270,357 million. The cost of sales ratio improved 1.3 percentage points, to 62.6%.

Gross profit was up ¥13,826 million, or 9.3%, to ¥161,820 million. The gross profit ratio improved 1.3 percentage points, to 37.4%.

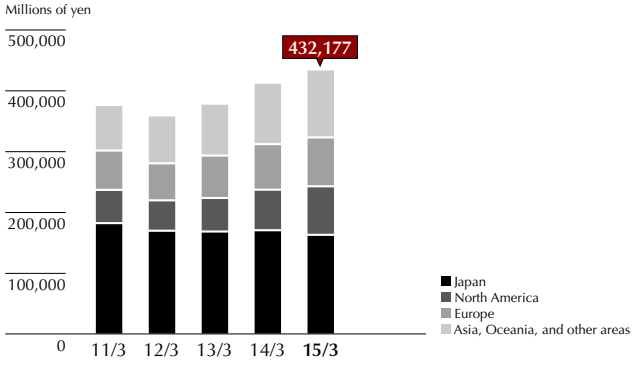
Selling, general and administrative (SG&A) expenses rose ¥9,684 million, or 7.9%, to ¥131,684 million. Of this amount, advertising expenses and sales promotion expenses increased ¥845 million, or 4.7%, from ¥17,825 million to ¥18,671 million, and salaries and benefits increased ¥4,131 million, or 8.3%, from ¥49,984 million to ¥54,116 million. The ratio of SG&A expenses to net sales edged up 0.8 percentage points, to 30.5%.

Sales by Segment



* Figures for fiscal 2011 to 2013 have been adjusted to reflect segment composition changes effective from fiscal 2014.

Sales by Region



Major Items Included in Selling, General and Administrative Expenses

	Millions of yen		%
	2014	**2015**	Change
Sales commissions	¥ 1,388	**¥ 1,516**	+9.2
Transport expenses	12,292	**12,813**	+4.2
Advertising expenses and sales promotion expenses	17,825	**18,671**	+4.7
Allowance for doubtful accounts	(199)	**214**	–7.5
Provision for product warranties	570	**606**	+6.3
Retirement benefit expenses	3,545	**3,063**	–13.6
Provision for directors' bonuses	53	**77**	+45.3
Salaries and benefits	49,984	**54,116**	+8.3
Rent	3,435	**3,910**	+13.8
Depreciation and amortization	2,712	**2,461**	–9.3

Operating Income

¥30,135 million

+15.9%

Operating income in fiscal 2015 increased ¥4,141 million, or 15.9%, year on year, to ¥30,135 million.

By segment, operating income in the musical instruments segment rose ¥5,336 million, or 27.0%, from ¥19,728 million to ¥25,064 million, reflecting higher sales. In the audio equipment segment, operating income rose ¥267 million, or 4.6%, from ¥5,866 million to ¥6,133 million, due to increased sales of professional audio equipment. Profits in the electronic devices segment deteriorated ¥2,216 million from the previous fiscal year's operating income of ¥770 million due to the substantial decrease in sales. As a result, the segment suffered a ¥1,446 million operating loss. In the others segment, profits increased ¥754 million due primarily to strong performances in the automobile interior wood components and FA equipment businesses, leading to operating income of ¥384 million compared with an operating loss of ¥370 million in the previous fiscal year.

The primary reasons behind the increase in earnings were such factors as the favorable effects of foreign currency translations (approximately ¥6,300 million), overall improvement in manufacturing costs (roughly ¥4,000 million), and higher sales and production volumes (about ¥1,000 million). These positive factors were more than offset by such negative factors as the impact of operating results including amortization of goodwill of new consolidations (approximately ¥3,400 million), the deterioration of profitability in the electronic devices segment (approximately ¥2,300 million), and rising labor costs at overseas production bases (about ¥1,500 million).

Non-Operating Income and Expenses

In fiscal 2015, non-operating income was up ¥1,179 million, or 33.6%, year on year, from ¥3,507 million to ¥4,687 million. Of this amount, dividend income rose ¥634 million, or 40.8%, from ¥1,556 million to ¥2,191 million, reflecting a higher dividend from Yamaha Motor Co., Ltd. Patent royalty revenue increased ¥270 million, or 76.3%, from ¥353 million to ¥623 million.

Non-operating expenses rose ¥236 million, or 7.0%, from ¥3,355 million to ¥3,591 million. Of this amount, sales discounts increased ¥236 million, or 9.8%, from ¥2,404 million to ¥2,641 million.

Extraordinary Income and Loss

Extraordinary income in fiscal 2015 fell ¥1,409 million, or 89.3%, year on year, from ¥1,578 million to ¥168 million.

Extraordinary loss increased ¥968 million, or 50.8%, from ¥1,906 million to ¥2,874 million. Of this amount, an impairment loss on fixed assets of ¥861 million was recorded in connection with the elimination of Company-owned housing and dormitories. Also, ¥1,786 million was recorded as business structural reform expenses, reflecting losses that were incurred due to the transfer of manufacturing operations at a semiconductor subsidiary.

Income before Income Taxes and Minority Interests

In fiscal 2015, income before income taxes and minority interests came to ¥28,526 million, an increase of ¥2,707 million, or 10.5%, from ¥25,818 million in the previous fiscal year. The ratio of income before income taxes and minority interests to net sales rose from 6.3% to 6.6%.

Current Income Taxes and Deferred Income Taxes

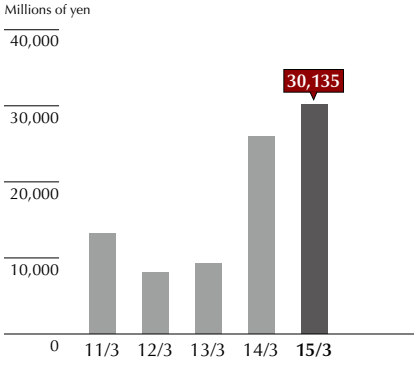
Current income taxes in fiscal 2015 increased ¥1,538 million, or 26.6%, from ¥5,778 million to ¥7,317 million, reflecting higher income before income taxes and minority interests.

Deferred income taxes decreased ¥808 million, or 26.2%, from ¥3,088 million to ¥3,896 million, reflecting higher projected taxable income in the current fiscal year at domestic companies and additional recording of deferred tax assets.

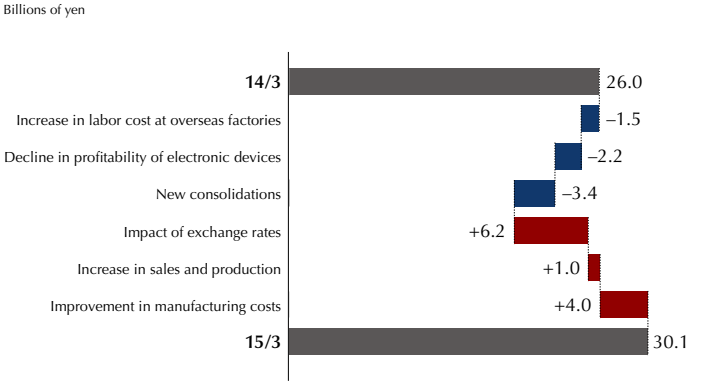
Minority Interests in Income

In fiscal 2015, minority interests in income decreased ¥52 million, or 23.0%, year on year, from ¥229 million to ¥176 million.

Operating Income



Operating Income Analysis



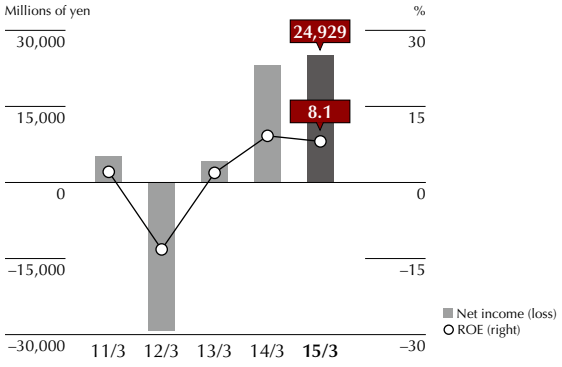
Net Income

¥24,929 million

+8.9%

As a result of the aforementioned factors, the Company recorded net income in fiscal 2015 of ¥24,929 million, an increase of ¥2,030 million, or 8.9%, from ¥22,898 million in the previous fiscal year. Net income per share was ¥128.75 compared with ¥118.26 in fiscal 2014.

Net Income (Loss) / ROE



Fluctuations in Foreign Currency Exchange Rates and Risk Hedging

Yamaha conducts business on a global scale with a focus on musical instruments. As such, the Company's business structure is vulnerable to the effects of fluctuations in foreign currency exchange rates. The Company's consolidated financial statements are affected by foreign currency exchange rate effects stemming from risks associated with currency exchange rates and transactions denominated in those currencies, including the U.S. dollar, the euro, the Canadian dollar, the Australian dollar, and the Chinese yuan. Of these risks, currency exchange rate risks are incurred when overseas consolidated subsidiaries translate their financial statements for a specified period or on a specified date into Japanese yen. Transaction-related risks are incurred when earnings and expenses and/or assets and liabilities are denominated in different currencies. For this reason, transaction-related risks are subject to risk hedges.

Specifically, U.S. dollar-related currency fluctuation risks are hedged by marrying risk associated with dollar receipts from export sales with risk associated with dollar payments for imported products. The Company hedges the value of risks associated with the euro and the Canadian and Australian dollars by projecting related export revenues and purchasing relevant three-month currency forwards.

Sales at overseas consolidated subsidiaries are calculated using the average exchange rates recorded during the year. On this basis, in fiscal 2015, the yen depreciated ¥10 against the U.S. dollar, for an average exchange rate of ¥110 to US$1. The year-on-year effect of this change was an increase of approximately ¥8,600 million in sales. Further, the yen depreciated ¥5 against the euro year on year, for an average exchange rate of ¥139 to €1, resulting in an increase of roughly ¥2,500 million in sales. Overall, the net effect on sales of foreign exchange rate movements, including the upward effect of approximately ¥3,700 million in fluctuations of the yen against such other currencies as the Canadian and Australian dollars, was an increase of about ¥14,900 million year on year.

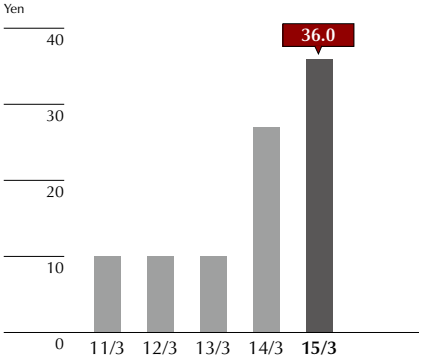
In terms of operating income, for the U.S. dollar, benefits from the aforementioned marriage of risks related to the currency enabled the Company to largely hedge the effects of currency exchange rates stemming from fluctuations in settlement rates. The U.S. dollar translation of operating income figures of overseas consolidated subsidiaries to Japanese yen caused income to increase approximately ¥900 million. The average settlement rate against the euro was ¥141 to €1, a depreciation of ¥12, resulting in an increase of approximately ¥4,200 million in operating income. The net effect on operating income of exchange rate movements was an increase of roughly ¥6,200 million compared with the previous fiscal year.

Dividends per Share

¥36.0

In fiscal 2015, a regular dividend of ¥36.0 per share was paid due to the earnings increase.

Dividends per Share



Musical Instruments

Sales		Operating Income	
¥281,667 million	+7.4%	¥25,064 million	+27.0%

Fiscal 2015 Performance Overview

Sales in fiscal 2015 rose ¥19,356 million, or 7.4%, year on year, to ¥281,667 million. Operating income increased ¥5,336 million, or 27.0%, from ¥19,728 million to ¥25,064 million.

Review by Major Product

Sales of pianos in Japan were sluggish due to the reactionary downturn following the rush demand that accompanied the consumption tax rate increase. On the other hand, piano sales in North America saw double-digit growth, and, in China, piano sales were favorable compared with the previous fiscal year due to sales channel inventory reductions. Piano sales performance in Europe exceeded that of the previous fiscal year, and overall sales of pianos in all regions were on par with the previous fiscal year.

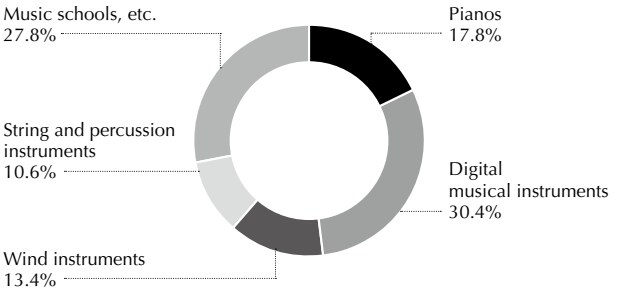
As for digital musical instruments, sales of mid- to high-end model portable keyboards began to decline in Europe. However, in addition to higher digital piano sales in all regions due to model changes in mainstay products, the introduction of new products in the Electone™ series for the first time in 10 years led to considerable sales growth in Japan. Wind instrument sales, primarily in North America, exceeded those of the previous year.

For string and percussion instruments, production resumed at the guitar manufacturing plant in Indonesia, after being suspended in the previous fiscal year due to strike action, and product supply of mainstay guitars was stable. Accordingly, sales recorded double-digit growth year on year.

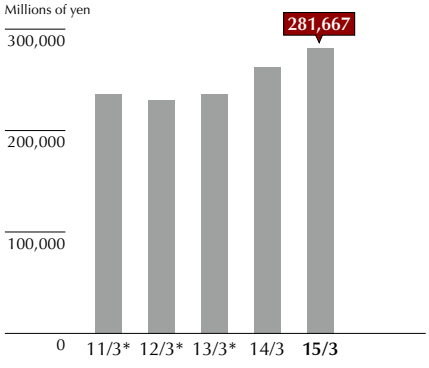
Revenue from music and English-language schools was down due to decreased student enrollments. Sales of school course materials were affected by the reactionary downturn following the rush demand that accompanied the consumption tax rate increase, but sales in the music entertainment business increased.

Sales by Product Category

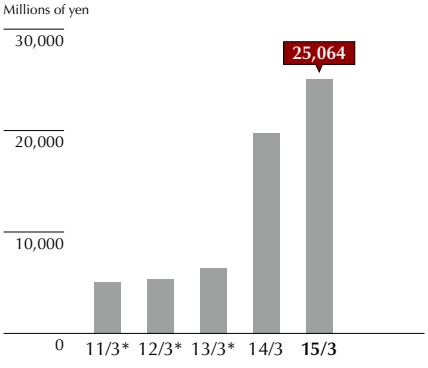
%



Sales



Operating Income

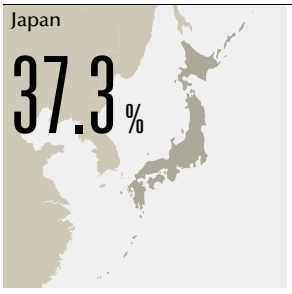


* As of fiscal 2014, the AV/IT segment changed its name to the audio equipment segment and the PA equipment business, which was previously reported as part of the musical instruments segment, was included in the audio equipment segment. Accordingly, figures for fiscal 2011 to 2013 have been adjusted to reflect these segment composition changes.

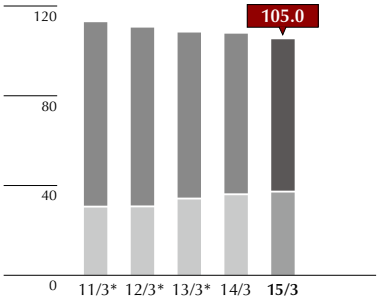
Review by Region

Percentage of Sales by Region | Market Trends and Fiscal 2015 Performance | Sales by Region (Billions of yen)

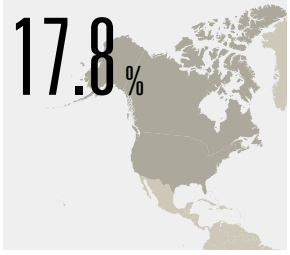
Japan



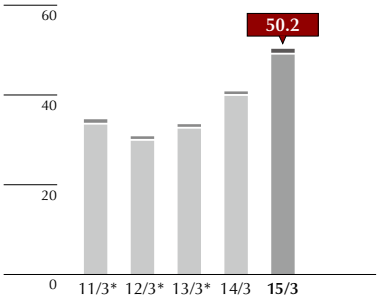
- Overall demand for musical instruments in Japan has been declining steadily. An example of this trend is the drastic contraction of the market for acoustic pianos over the past three decades. The high piano ownership rate and low birthrate are both responsible for this trend.
- Due to the rush demand that occurred in fiscal 2014 before the consumption tax rate increase, a reactionary downturn began to emerge in fiscal 2015 and that had a negative impact on piano sales.
  For digital musical instruments and wind instruments, the effects of the reactionary downturn faded quickly, and, with the introduction of new products in the Electone series, sales throughout the period were on par with the previous fiscal year.



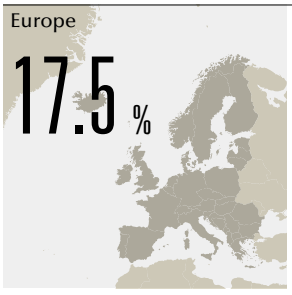
North America



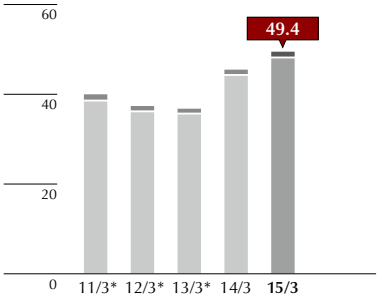
- The U.S. musical instruments market, showing no bias toward any particular instrument category, is clearly oriented toward hobbies and entertainment, where a wide range of musical instruments are used. Favorable business conditions continued amid higher consumer spending and year-on-year double-digit sales growth was achieved throughout the period.
- By product category, guitar sales enjoyed double-digit growth and digital piano and wind instrument sales were strong.



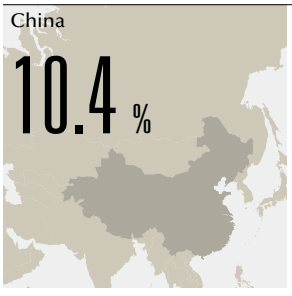
Europe



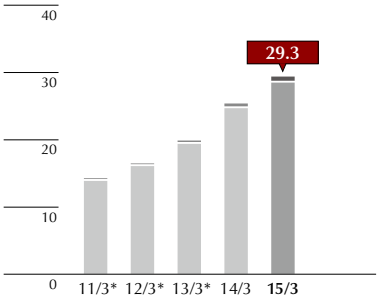
- In Europe, musical tastes and musical instrument use vary by country. Overall market conditions remained unclear due to the unstable situation in the Ukraine, the debt crisis in Greece, and other unfavorable circumstances.
- By country, Spain, Italy, France, and certain other southern European countries showed gradual signs of recovery, despite continuing difficult conditions in Germany, a core European market. By product category, digital pianos, wind instruments, and string and percussion instruments sold well overall, but sales of portable keyboards, which were strong in the previous fiscal year, declined.



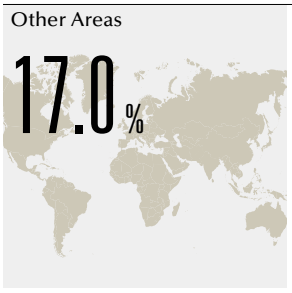
China



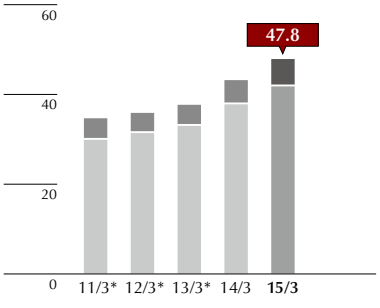
- China's musical instruments market is distinctive, with acoustic piano sales accounting for more than half of the market. However, with sales for digital musical instruments, wind instruments, and guitars showing high growth rates, the demand structure of the market is becoming increasingly similar to that of developed countries.
- China is experiencing a slowdown in economic growth, and high sales channel inventory due to more-intense competition resulted in stagnant growth in sales in the previous fiscal year. However, progress was made in reducing certain sales channel inventories and solid sales growth was achieved in fiscal 2015. Moreover, overall sales increased year on year due to higher sales of digital pianos, wind instruments, guitars, and other products.



Other Areas



- Influenced by various factors, such as a cutback on quantitative easing measures in the United States, the slowdown in economic growth in China, the decline in resource prices, including crude oil, and the depreciation of local currencies, tough economic conditions continue to prevail in key emerging countries. However, while conditions vary by country, a trend of gradual economic recovery has been seen.
- By product, sales of digital musical instruments and guitars rose year on year, but piano sales fell. Overall, sales increased for the region.



* As of fiscal 2014, the AV/IT segment changed its name to the audio equipment segment and the PA equipment business, which was previously reported as part of the musical instruments segment, was included in the audio equipment segment. Accordingly, figures for fiscal 2011 to 2013 have been adjusted to reflect these segment composition changes.

Audio Equipment

Sales
¥112,839 million
+7.0%

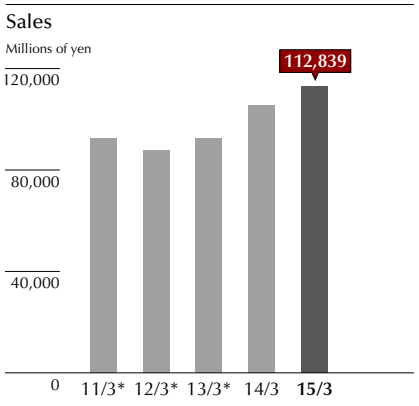
Operating Income
¥6,133 million
+4.6%

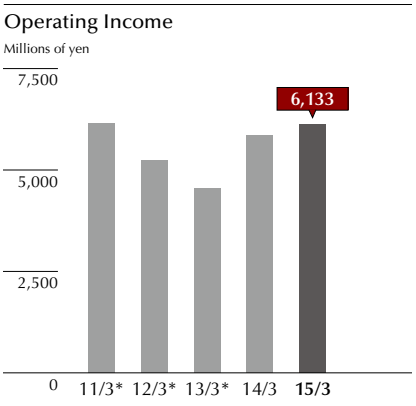
Fiscal 2015 Performance Overview

Sales in fiscal 2015 rose ¥7,354 million, or 7.0%, year on year, to ¥112,839 million.

For audio products, the market for existing product domains, such as AV receivers, contracted and competition intensified, resulting in a decline in sales. As for professional audio equipment, sales of commercial audio equipment were solid, primarily in Europe, due to an expanded product lineup for digital mixers. Commercial online karaoke equipment sales fell, but sales of ICT devices, such as routers and conferencing systems, rose with the inclusion of sales at companies newly consolidated.

Operating income rose ¥267 million, or 4.6%, from ¥5,866 million to ¥6,133 million.





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Electronic Devices

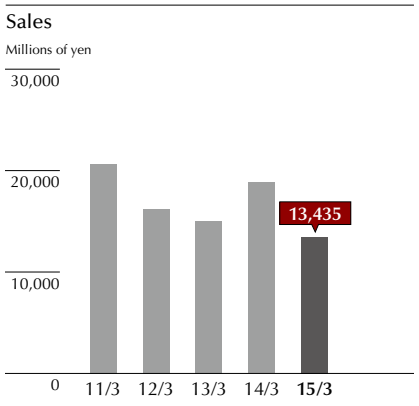
Sales
¥13,435 million
–28.6%

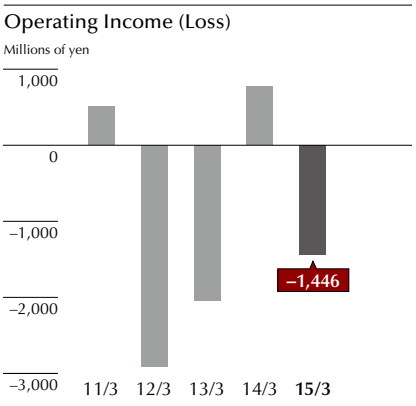
Operating Loss
– ¥1,446 million

Fiscal 2015 Performance Overview

Sales in fiscal 2015 were down ¥5,393 million, or 28.6%, year on year, to ¥13,435 million. Sales of graphic controllers used in amusement equipment, for which sales growth was anticipated, continued to suffer from severe conditions due to market stagnation. Moreover, customer demand for both geomagnetic sensors (electronic compasses) for smartphones and audio codecs remained sluggish, and accordingly overall sales fell substantially year on year.

Operating income declined ¥2,216 million, from ¥770 million to an operating loss of ¥1,446 million, due to the substantial decrease in sales.





Others

Sales
¥24,235 million

+2.3%

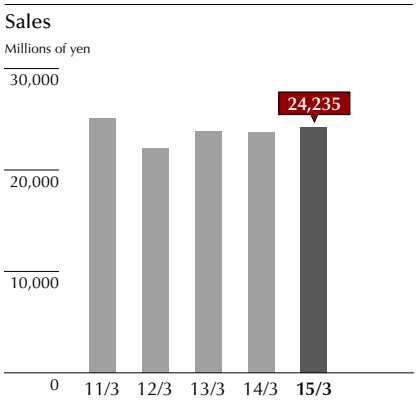
Operating Income
¥384 million

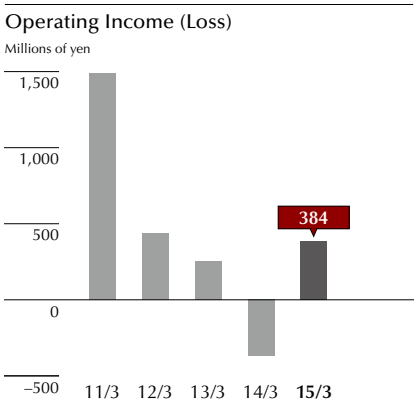
Fiscal 2015 Performance Overview

Sales in fiscal 2015 rose ¥556 million, or 2.3%, year on year, to ¥24,235 million.

In the golf product business, sales were down due to market stagnation in Japan and sluggish sales overseas. Sales in the resort business also declined. However, in addition to solid sales of automobile interior wood components, orders for precision machines in the FA equipment business rose from the end of 2014, resulting in an overall increase in sales.

The others segment recovered from a ¥370 million operating loss to operating income of ¥384 million, an improvement of ¥754 million that was due primarily to increased sales in the automobile interior wood components and FA equipment businesses.





Key Business Indicators

	Millions of yen					Millions of U.S. dollars
	2011/3*	2012/3*	2013/3*	2014/3	**2015/3**	**2015/3**
Sales						
Musical Instruments	¥235,762	¥230,356	¥235,507	¥262,310	**¥281,667**	**$2,343.90**
Audio Equipment	92,385	87,898	92,571	105,485	**112,839**	**939.00**
Electronic Devices	20,610	16,233	15,038	18,828	**13,435**	**111.80**
Others	25,108	22,128	23,823	23,679	**24,235**	**201.67**
Operating income (loss)						
Musical Instruments	¥ 5,021	¥ 5,337	¥ 6,451	¥ 19,728	**¥ 25,064**	**$ 208.57**
Audio Equipment	6,142	5,248	4,553	5,866	**6,133**	**51.04**
Electronic Devices	510	(2,913)	(2,044)	770	**(1,446)**	**(12.03)**
Others	1,490	437	254	(370)	**384**	**3.20**
Capital expenditures						
Musical Instruments	¥ 7,816	¥ 7,982	¥ 8,928	¥ 6,621	**¥ 9,534**	**$ 79.34**
Audio Equipment	1,236	1,328	2,467	2,788	**2,840**	**23.63**
Electronic Devices	921	736	1,381	216	**639**	**5.32**
Others	464	1,290	1,068	1,172	**832**	**6.92**
Depreciation expenses						
Musical Instruments	¥ 9,372	¥ 8,737	¥ 8,597	¥ 8,519	**¥ 8,238**	**$ 68.55**
Audio Equipment	1,667	1,576	1,592	2,647	**2,857**	**23.77**
Electronic Devices	900	976	669	761	**706**	**5.88**
Others	873	684	754	830	**795**	**6.62**
R&D expenses						
Musical Instruments	¥ 8,825	¥ 9,242	¥ 8,088	¥ 8,078	**¥ 9,580**	**$ 79.72**
Audio Equipment	8,484	8,360	9,219	10,011	**11,025**	**91.75**
Electronic Devices	3,931	3,979	3,374	3,094	**3,429**	**28.53**
Others	1,174	1,237	1,466	1,376	**1,403**	**11.68**

U.S. dollar amounts are translated from yen at the rate of ¥120.17 = U.S.$1.00, the approximate rate prevailing on March 31, 2015.
For more-detailed information, please refer to Financial Data 2015.
* As of fiscal 2014, the AV/IT segment changed its name to the audio equipment segment and the PA equipment business, which was previously reported as part of the musical instruments segment, was included in the audio equipment segment. Accordingly, figures for fiscal 2011 to 2013 have been adjusted to reflect these segment composition changes.

Analysis of Financial Position

Financing Policy

The Yamaha Group obtains working capital to fund its business activities and finances its business expansion primarily from cash-on-hand, operating cash flows, and bank loans.

Yamaha's basic financing policy is to procure stable, low-cost funding while preserving an appropriate amount of liquidity.

The Company tries to ensure that liquidity on hand is equivalent to approximately one month of consolidated net sales, a figure covered by ¥793 million in cash and deposits as of March 31, 2015.

Group finance is carried out to promote efficient fund utilization for the entire Group.

Furthermore, the Company commissions long-term preferred debt rating assessments from credit rating agencies each year to facilitate smooth fund procurement in capital markets. The latest published ratings are shown below.

Credit Ratings

Rating agency	Long-term preferred debt rating
Rating and Investment Information, Inc. (R&I)	A (stable)
Japan Credit Rating Agency, Ltd. (JCR)	A+ (stable)

* As of March 31, 2015

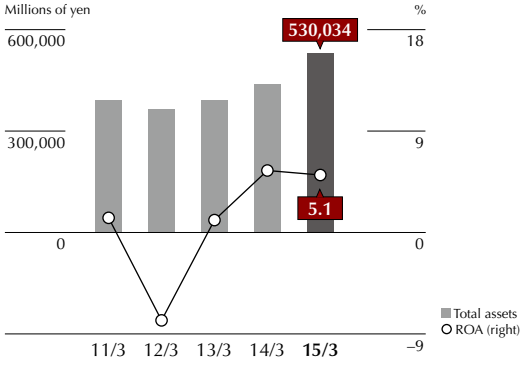
Total Assets

¥530,034 million

+20.8%

Total assets as of March 31, 2015, amounted to ¥530,034 million, an increase of ¥91,101 million, or 20.8%, from the previous fiscal year-end figure of ¥438,932 million. Of this amount, current assets totaled ¥247,632 million, a rise of ¥33,144 million, or 15.5%, from ¥214,487 million at the end of the previous fiscal year. Noncurrent assets came to ¥282,402 million, up ¥57,956 million, or 25.8%, from the previous year-end figure of ¥224,445 million.

Total Assets / ROA



Current Assets

Current assets totaled ¥247,632 million, up ¥33,144 million, or 15.5%. This rise was attributable to higher cash and deposits, inventories, notes and accounts receivable–trade, and deferred tax assets.

Cash and deposits were up ¥18,741 million, or 30.9%, to ¥79,300 million. Inventories rose ¥5,092 million, or 6.2%, to ¥87,782 million. Notes and accounts receivable–trade (after deduction of allowance for doubtful accounts) increased ¥3,597 million, or 6.3%, to ¥60,308 million. Deferred tax assets rose ¥3,168 million, or 0.4%, to ¥7,947 million. Other current assets edged up ¥2,543 million, or 0.1%, to ¥12,293 million. The ratio of current assets to current liabilities at fiscal year-end was 306%, compared with 293% from a year earlier, indicating the Company continued to sustain a high level of liquidity during fiscal 2015.

Property, Plant and Equipment

Property, plant and equipment as of March 31, 2015, stood at ¥113,158 million, a rise of ¥3,174 million, or 2.9%, year on year. Construction in progress was ¥4,139 million, an increase of ¥2,371 million, due to the construction of new buildings, such as the Yamaha Osaka Building.

Investments and Other Assets

Investments and other assets as of March 31, 2015, amounted to ¥169,243 million, a year-on-year increase of ¥54,782 million, or 47.9%.

Investment securities totaled ¥144,836 million, up ¥41,666 million, or 40.4%. This rise was due primarily to an increase in the value of securities held. Deferred tax assets were up ¥502 million, or 33.1%, to ¥2,020 million. Goodwill totaled ¥12,179 million, an ¥11,899 million rise, due to the inclusions of Line 6, Inc., Revolabs, Inc., and their subsidiaries into the scope of consolidation.

Total Liabilities

¥181,282 million

+10.5%

Total liabilities as of March 31, 2015, came to ¥181,282 million, an increase of ¥17,192 million, or 10.5%, from the previous year-end figure of ¥164,089 million. Current liabilities amounted to ¥80,976 million, a rise of ¥7,831 million, or 10.7%, from ¥73,145 million at the end of the previous fiscal year. Noncurrent liabilities totaled ¥100,306 million, an increase of ¥9,361 million, or 10.3%, from the previous fiscal year-end figure of ¥90,944 million.

Current Liabilities

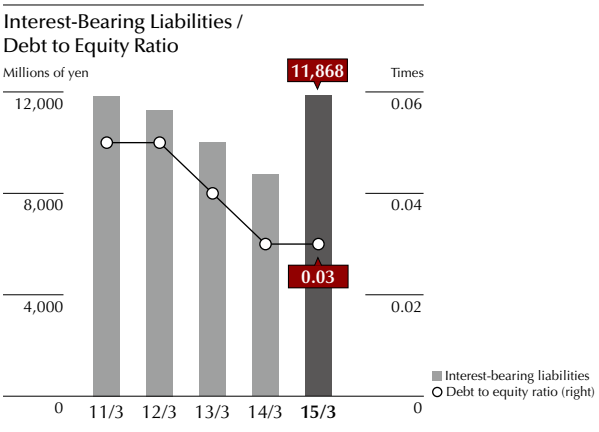
Current liabilities stood at ¥80,976 million, up ¥7,831 million, or 10.7%, year on year. Short-term loans payable, accounts payable–other and accrued expenses, and notes and accounts payable–trade increased, whereas income taxes payable decreased. Specifically, short-term loans payable were up ¥3,157 million, or 36.7%, to ¥11,748 million. Accounts payable–other and accrued expenses rose ¥3,097 million, or 9.7%, to ¥34,902 million. Notes and accounts payable–trade increased ¥1,599 million, or 7.4%, to ¥23,194 million. Income taxes payable decreased ¥629 million, or 22.6%, to ¥2,156 million.

Noncurrent Liabilities

Noncurrent liabilities as of March 31, 2015, increased ¥9,361 million, or 10.3%, year on year, to ¥100,306 million. Although deferred tax liabilities rose, net defined benefit liabilities, deferred tax liabilities for land revaluation, and long-term deposits received declined. Specifically, deferred tax liabilities were up ¥15,362 million, or 63.9%, to ¥39,422 million, due primarily to an increase in the value of securities held. Net defined benefit liabilities decreased ¥4,737 million, or 13.0%, to ¥31,712 million, mainly because of lower returns on pension plan assets. Deferred tax liabilities for land revaluation declined ¥1,282 million, or 10.3%, to ¥11,133 million, due to changes in the effective tax rate. Further, long-term deposits received decreased ¥186 million, or 1.2%, to ¥15,152 million, following the repayment of deposits received from resort memberships.

Net Interest-Bearing Liabilities

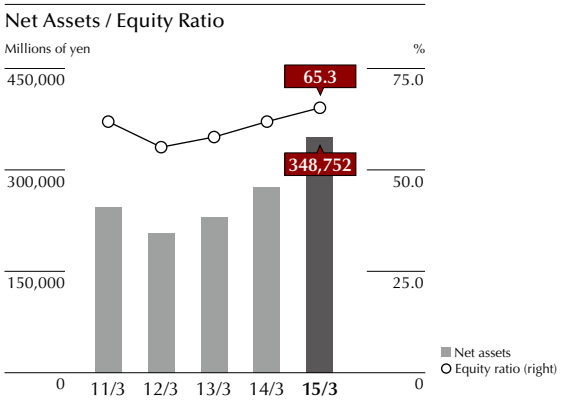
As of March 31, 2015, short- and long-term loans payable, which constitute interest-bearing liabilities, totaled ¥11,868 million. Cash and deposits were ¥79,300 million, resulting in net cash and deposits, less short- and long-term loans payable, of ¥67,431 million, a ¥15,630 million increase compared with ¥51,801 million at the previous fiscal year-end.



Net Assets	
¥348,752 million	+26.9%

Net assets as of March 31, 2015, amounted to ¥348,752 million, up ¥73,908 million, or 26.9%, from the previous fiscal year-end figure of ¥274,843 million. This increase was the result of higher retained earnings due to the rise in net income, a higher valuation difference on available-for-sale securities, and changes in foreign currency translation adjustments. The loss recorded under foreign currency translation adjustments was reduced by ¥11,241 million year on year. Retained earnings increased ¥18,097 million, or 10.8%, to ¥186,436 million, reflecting net income of ¥24,929 million and dividend payments of ¥6,389 million. Unrealized holding gain on securities grew ¥41,648 million, or 91.5%, to ¥87,188 million, reflecting the rise in the value of securities held and changes to the effective tax rate. In addition, revaluation reserve for land increased ¥945 million, or 5.5%, to ¥18,085 million, also reflecting changes to the effective tax rate.

Minority interests fell ¥495 million, or 15.7%, year on year, to ¥2,666 million. The equity ratio as of March 31, 2015, was 65.3%, a 3.4-percentage-point increase from 61.9% at the previous fiscal year-end. Despite higher year-on-year net income, return on equity (ROE) fell 1.1 percentage points, from 9.2% to 8.1%, reflecting a substantial increase in total shareholders' equity for the reasons stated above.



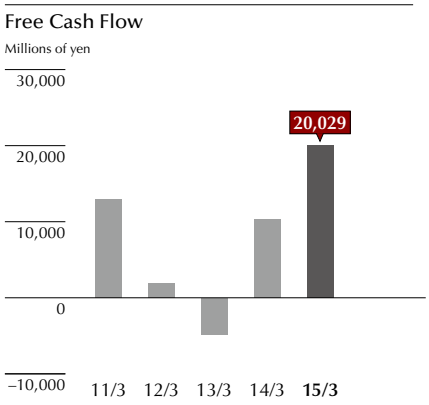
Cash Flow

Net cash provided by operating activities in fiscal 2015 was ¥31,729 million, in contrast to net cash of ¥33,213 million provided in the previous fiscal year. This represented a ¥1,484 million decline in cash provided.

Net cash used in investing activities was ¥11,700 million, in contrast to net cash of ¥22,950 million used in the previous fiscal year. This represented an ¥11,250 million decrease in cash used, mainly reflecting payments for purchase of investment securities.

Net cash used in financing activities was ¥5,909 million, in contrast to net cash of ¥4,745 million used in the previous fiscal year. This represented a ¥1,164 million increase in cash used, largely reflecting higher cash dividends paid.

As a result of the above factors, the fiscal 2015 year-end balance of cash and cash equivalents increased ¥18,634 million, to ¥76,159 million.



Capital Expenditures / Depreciation and Amortization

Capital expenditures in fiscal 2015 came to ¥13,846 million, an increase of ¥3,046 million, or 28.2%, from ¥10,799 million in the previous fiscal year.

Capital expenditures in the musical instruments segment increased ¥2,912 million, or 44.0%, year on year, from ¥6,621 million to ¥9,534 million. In the audio equipment segment, capital expenditures rose ¥51 million, or 1.9%, from ¥2,788 million to ¥2,840 million. Moreover, in the electronic devices segment, capital expenditures jumped ¥422 million, or 195.1%, from ¥216 million to ¥639 million. Capital expenditures decreased ¥340 million, or 29.0%, in the others segment, from ¥1,172 million to ¥832 million.

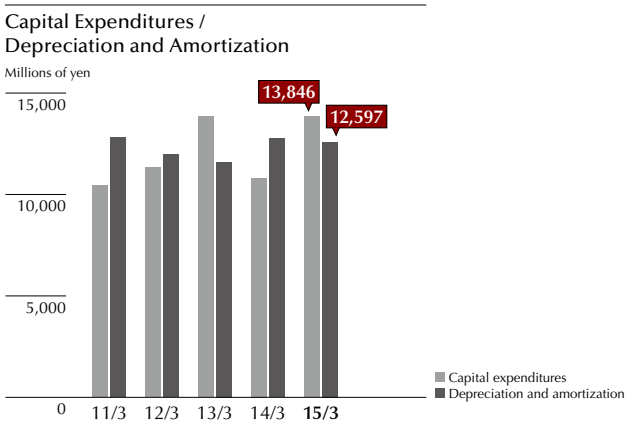
Depreciation and amortization amounted to ¥12,597 million, a decrease of ¥162 million, or 1.3%, from ¥12,759 million in fiscal 2014.

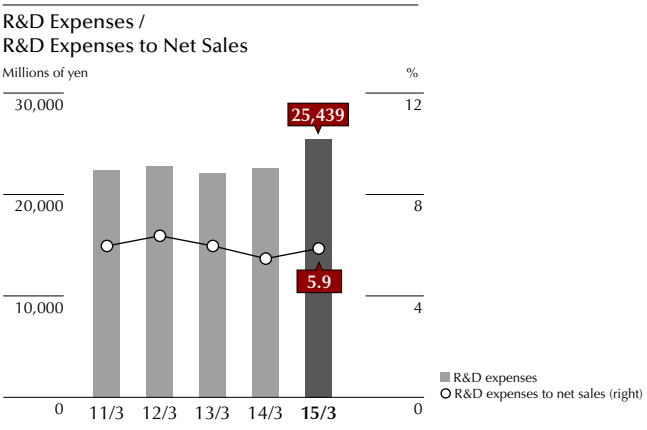
R&D Expenses

R&D expenses in fiscal 2015 increased ¥2,878 million, or 12.8%, from ¥22,561 million to ¥25,439 million. The ratio of R&D expenses to net sales rose 0.4 percentage points, from 5.5% to 5.9%.

Most of the Company's R&D spending was directed at product development, primarily in digital musical instruments, professional audio equipment, communications equipment, and semiconductor businesses. Specifically, the spending supported elemental technology research and product development for hybrid pianos that meld acoustic and digital technologies, development efforts to raise the competitiveness of digital musical instruments, and the development of new commercial audio equipment to respond to the expansion of digital networks. Spending also supported product development aimed at expanding the category of AV products and new product development, including that targeting online karaoke equipment and routers. In the semiconductor business, spending was used to develop high-value-added analog and hybrid semiconductors and to advance the development of geomagnetic sensors (electronic compasses) for smartohones, and new amusement equipment.

R&D budgets also funded programs to research and develop basic sound- and music-related technologies (sound sources, voice synthesis, architectural acoustics, etc.). Such new devices as speakers, sensors, and interfaces were also researched, in addition to acoustic materials.





Forecast for Fiscal 2016

Performance Forecast

Net Sales ¥435,000 million	+0.7%
Operating Income ¥34,000 million	+12.8%
Net Income ¥25,500 million	+2.3%

In fiscal 2016, the year ending March 31, 2016, steady economic recovery is expected to continue in North America. In Europe, although economic uncertainty remains, signs of recovery have emerged and a solid performance is expected. In addition to growth in piano sales in China, sales of other instruments are also picking up, and a relatively stable performance is expected. Other emerging countries appear to need more time to fully recover, although the situation differs depending on the region, but they are expected to show steady growth overall.

By business segment, in the musical instruments segment, we will aggressively widen our business through continuing efforts to expand and upgrade our sales networks in China and other emerging countries. Particularly in China, we will respond flexibly to the changing market, which is beginning to show steady sales growth for various products, including digital musical instruments and wind instruments. Also, in such developed markets as North America, we aim to expand sales by taking a flexible approach to market changes while maximizing the impact of new product launches. We will also work to create synergies with Line 6, Inc., a manufacturer of guitar peripherals that was made a wholly owned subsidiary in fiscal 2014, and its subsidiaries.

At the same time, we will implement changes to the management of our music schools in Japan. As of July 2015, music schools, which were previously managed by the musical instrument wholesale company Yamaha Music Japan Co., Ltd. on the premises of authorized dealers, will now be managed by the Yamaha Music Foundation. Music schools that are operated by Yamaha Music Japan on the premises of its subsidiaries will continue to be run by Yamaha Music Japan. As a result, we project a ¥12,400 million decline in sales of musical instruments as we adjust to this transition. This decrease will have no significant impact on earnings. Overall, we expect decreased sales and increased income year on year in the musical instruments segment.

In the audio equipment segment, we will work to achieve sales growth by launching products that meet existing demand trends for audio products. In professional audio equipment, we aim to record higher sales by expanding our product lineup for digital mixers and making our full-scale entry into the commercial installed sound market. In the markets of the United States and ASEAN, we will streamline our sales structures, which in turn will lead to a steady increase in the rate of growth. In the commercial router business, through inventory adjustment, we will take advantage of our excellent reputation in the market and expand our product domain for switches, access points, and other products. We also plan to increase sales of ICT devices as a whole by integrating microphone speakers for Web conferencing into the audio communication device business.

Moreover, we have brought Revolabs, Inc., a manufacturer of conference microphones with high technology in the area of digital wireless communications, under our corporate umbrella. This move will help us expand sales by effectively sharing product lines and leveraging sales channels while pursuing synergistic effects in product development.

In the electronic devices segment, as part of our transition to fabless manufacturing, we will reduce fixed costs by transferring business operations of Yamaha Kagoshima Semiconductor Inc. to Phenitec Semiconductor Corporation., which in turn will improve profits. At the same time, we will work to restore profitability by launching new semiconductor products for amusement equipment and expanding the usage of geomagnetic sensors for smartphones.

In the others segment, for golf products, with adverse conditions continuing in Japan, we will work to expand sales by launching new products. In parallel with these efforts, we will endeavor to expand further into overseas markets, such as South Korea, which we have continuously focused on, and China, which offers high growth potential. In the automobile interior wood components business, with the aim of enhancing our manufacturing capabilities by reducing lead time, we will work to deliver a stable supply to customers. For FA equipment, we will continue to set our sights on higher sales by expanding smartphone-related orders. In the resort business, we expect to increase revenue by further strengthening measures to attract customers during the winter season. Overall, sales are expected to increase year on year in the others segment.

Exchange rate assumptions for fiscal 2016 are: JP¥120 per US$1, JP¥130 per €1, JP¥95 per AU$1, JP¥95 per CA$1, and JP¥19 per CN¥1. In fiscal 2016, we forecast increases in both sales and operating income compared with fiscal 2015.

Capital Expenditures Forecast

In fiscal 2016, capital expenditures are expected to be in line with those of fiscal 2015 due to regular investment in molds for the production of new products, investment for facility upgrade and refurbishment, investment related to sales and marketing, R&D investment, and plant rationalization related expenses. Depreciation and amortization expenses are also expected to be in line with those of fiscal 2015.

Profit Distribution Policy

With due consideration given to raising ROE, Yamaha adheres to a basic policy of distributing profits in line with consolidated performance while making suitable investments and setting aside an appropriate amount of retained earnings to strengthen the Company's business foundation through investments in R&D, sales, and capital expenditures, based on prospective levels of medium-term consolidated earnings. Specifically, seeking to return profits to shareholders, Yamaha has set a goal of 30% or more for its consolidated dividend payout ratio based on continuous and stable dividend payments. Under this policy, Yamaha plans to pay a total dividend of ¥36.0 per share for fiscal 2016, including an interim dividend payment of ¥18.0 per share.

Consolidated Balance Sheet

Yamaha Corporation and its consolidated subsidiaries As of March 31, 2015	Millions of yen 2015	 2014	Thousands of U.S. dollars (Note 3) 2015
Assets			
Current assets:			
Cash and deposits (Notes 20 and 22)	**¥ 79,300**	¥ 60,558	**$ 659,898**
Notes and accounts receivable — trade (Note 22)	**61,663**	57,890	**513,131**
Inventories (Note 8)	**87,782**	82,690	**730,482**
Deferred tax assets (Note 26)	**7,947**	4,778	**66,131**
Other	**12,293**	9,749	**102,297**
Allowance for doubtful accounts	**(1,354)**	(1,179)	**(11,267)**
Total current assets	**247,632**	214,487	**2,060,681**
Property, plant and equipment, net of accumulated depreciation (Notes 4, 13 and 29):			
Buildings and structures, net	**35,754**	36,238	**297,529**
Machinery, vehicles, tools, furniture and fixtures, net	**23,681**	22,066	**197,062**
Land (Note 7)	**49,207**	49,595	**409,478**
Leased assets, net	**375**	315	**3,121**
Construction in progress	**4,139**	1,768	**34,443**
Total property, plant and equipment, net of accumulated depreciation	**113,158**	109,984	**941,649**
Investments and other assets:			
Investment securities (Notes 5, 22 and 23)	**144,836**	103,170	**1,205,259**
Long-term loans receivable	**135**	156	**1,123**
Net defined benefit assets (Note 25)	**74**	4	**616**
Deferred tax assets (Note 26)	**2,020**	1,517	**16,810**
Lease and guarantee deposits	**4,673**	4,730	**38,887**
Goodwill	**12,179**	279	**101,348**
Other	**5,473**	4,735	**45,544**
Allowance for doubtful accounts	**(151)**	(133)	**(1,257)**
Total investments and other assets	**169,243**	114,461	**1,408,363**
Total assets	**¥530,034**	¥438,932	**$4,410,702**

See Notes to Consolidated Financial Statements.

As of March 31, 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Liabilities			
Current liabilities:			
Notes and accounts payable — trade (Note 22)	**¥ 23,194**	¥ 21,595	**$ 193,010**
Short-term loans payable (Notes 22 and 29)	**11,748**	8,590	**97,762**
Current portion of long-term loans payable (Notes 22 and 29)	**28**	32	**233**
Accounts payable — other and accrued expenses (Note 22)	**34,902**	31,805	**290,439**
Income taxes payable	**2,156**	2,786	**17,941**
Deferred tax liabilities (Note 26)	**31**	7	**258**
Provision for product warranties	**2,511**	2,539	**20,895**
Provision for directors' bonuses	**77**	53	**641**
Provision for business restructuring expenses	**1,190**	—	**9,903**
Other	**5,135**	5,733	**42,731**
Total current liabilities	**80,976**	73,145	**673,845**
Noncurrent liabilities:			
Long-term loans payable (Notes 22 and 29)	**92**	133	**766**
Deferred tax liabilities (Note 26)	**39,422**	24,059	**328,052**
Deferred tax liabilities for land revaluation (Note 7)	**11,133**	12,415	**92,644**
Net defined benefit liabilities (Note 25)	**31,712**	36,450	**263,893**
Long-term deposits received (Note 22)	**15,152**	15,339	**126,088**
Other	**2,792**	2,547	**23,234**
Total noncurrent liabilities	**100,306**	90,944	**834,701**
Contingent liabilities (Note 6)			
Net Assets			
Shareholders' equity (Note 19):			
Capital stock:			
Authorized — 700,000,000 shares;			
Issued 2015 — 197,255,025 shares	**28,534**	—	**237,447**
2014 — 197,255,025 shares	**—**	28,534	**—**
Capital surplus	**40,054**	40,054	**333,311**
Retained earnings	**186,436**	168,338	**1,551,435**
Treasury stock	**(3,711)**	(3,705)	**(30,881)**
Total shareholders' equity	**251,314**	233,222	**2,091,321**
Accumulated other comprehensive income:			
Unrealized holding gain on securities	**87,188**	45,540	**725,539**
Unrealized gain (loss) from hedging instruments	**215**	(101)	**1,789**
Revaluation reserve for land (Note 7)	**18,085**	17,139	**150,495**
Foreign currency translation adjustments	**(9,106)**	(20,347)	**(75,776)**
Remeasurements of defined benefit plans	**(1,611)**	(3,771)	**(13,406)**
Total accumulated other comprehensive income	**94,771**	38,459	**788,641**
Minority interests	**2,666**	3,161	**22,185**
Total net assets	**348,752**	274,843	**2,902,155**
Total liabilities and net assets	**¥530,034**	¥438,932	**$4,410,702**

See Notes to Consolidated Financial Statements.

Consolidated Statement of Operations

Yamaha Corporation and its consolidated subsidiaries Year ended March 31, 2015	Millions of yen 2015	 2014	Thousands of U.S. dollars (Note 3) 2015
Net sales	**¥432,177**	¥410,304	**$3,596,380**
Cost of sales (Notes 8, 9 and 11)	**270,357**	262,310	**2,249,788**
Gross profit	**161,820**	147,994	**1,346,592**
Selling, general and administrative expenses (Notes 10 and 11)	**131,684**	121,999	**1,095,814**
Operating income	**30,135**	25,994	**250,770**
Other income (expenses):			
Interest and dividend income	**2,884**	2,108	**23,999**
Patent royalty revenue	**623**	353	**5,184**
Interest expenses	**(253)**	(216)	**(2,105)**
Sales discounts	**(2,641)**	(2,404)	**(21,977)**
Loss (gain) on sales or disposal of property, plant and equipment, net (Note 12)	**(47)**	285	**(391)**
Gain on sales of investment securities	**1**	990	**8**
Loss on impairment of fixed assets (Note 13)	**(861)**	(192)	**(7,165)**
Business structural reform expenses (Notes 2 and 14)	**(1,786)**	(869)	**(14,862)**
Loss on closure of operations (Note 15)	**—**	(525)	**—**
Other, net (Note 16)	**471**	293	**3,919**
	(1,609)	(175)	**(13,389)**
Income before income taxes and minority interests	**28,526**	25,818	**237,380**
Income taxes (Note 26)**:**			
Current	**7,317**	5,778	**60,889**
Deferred	**(3,896)**	(3,088)	**(32,421)**
	3,420	2,690	**28,460**
Income before minority interests	**25,105**	23,128	**208,912**
Minority interests in income	**176**	229	**1,465**
Net income	**¥ 24,929**	¥ 22,898	**$ 207,448**

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Yamaha Corporation and its consolidated subsidiaries	Millions of yen		Thousands of U.S. dollars (Note 3)
Year ended March 31, 2015	**2015**	2014	**2015**
Income before minority interests	**¥25,105**	¥23,128	**$208,912**
Other comprehensive income:			
Unrealized holding gain on securities	**41,621**	10,711	**346,351**
Unrealized gain (loss) from hedging instruments	**316**	(59)	**2,630**
Revaluation reserve for land	**1,165**	—	**9,695**
Foreign currency translation adjustments	**11,721**	10,481	**97,537**
Remeasurements of defined benefit plans	**2,159**	6,944	**17,966**
Share of other comprehensive income (loss) of affiliates accounted for using equity method	**26**	(5)	**216**
Total other comprehensive income (Note 17)	**57,012**	28,073	**474,428**
Comprehensive income	**¥82,118**	¥51,201	**$683,349**
(Composition)			
Comprehensive income attributable to owners of the parent	**¥81,440**	¥50,717	**$677,707**
Comprehensive income attributable to minority interests	**¥ 677**	¥ 484	**$ 5,634**

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

Yamaha Corporation and its consolidated subsidiaries Year ended March 31, 2015	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock (Note 18)	Capital surplus	Retained earnings (Note 18)	Treasury stock (Note 18)	Total shareholders' equity (Note 18)	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2013	¥28,534	¥40,054	¥140,473	¥(3,699)	¥205,363	¥34,810	¥ (41)	¥17,184	¥(30,443)	¥ —	¥21,508	¥2,764	¥229,636
Cumulative effects of changes in accounting policies	—	—	7,062	—	7,062	—	—	—	—	(10,716)	(10,716)	—	(3,654)
Balance at the beginning of the period after adjustments	28,534	40,054	147,536	(3,699)	212,425	34,810	(41)	17,184	(30,443)	(10,716)	10,792	2,764	225,982
Changes of items during the period:													
Dividends from surplus (Note 18)			(2,420)		(2,420)								(2,420)
Net income			22,898		22,898								22,898
Change in the scope of consolidation			(203)		(203)								(203)
Change in the scope of equity method			482		482								482
Reversal of revaluation reserve for land			44		44								44
Purchase of treasury stock				(5)	(5)								(5)
Net changes of items other than shareholders' equity						10,730	(59)	(44)	10,096	6,944	27,667	396	28,064
Total changes of items during the period	—	—	20,802	(5)	20,796	10,730	(59)	(44)	10,096	6,944	27,667	396	48,860
Balance as of April 1, 2014	¥28,534	¥40,054	¥168,338	¥(3,705)	¥233,222	¥45,540	¥(101)	¥17,139	¥(20,347)	¥ (3,771)	¥38,459	¥3,161	¥274,843
Cumulative effects of changes in accounting policies	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at the beginning of the period after adjustments	**28,534**	**40,054**	**168,338**	**(3,705)**	**233,222**	**45,540**	**(101)**	**17,139**	**(20,347)**	**(3,771)**	**38,459**	**3,161**	**274,843**
Changes of items during the period:													
Dividends from surplus (Note 18)			**(6,389)**		**(6,389)**								**(6,389)**
Net income			**24,929**		**24,929**								**24,929**
Change in the scope of consolidation			**(661)**		**(661)**								**(661)**
Change in the scope of equity method			**–**		**–**								**–**
Reversal of revaluation reserve for land			**219**		**219**								**219**
Purchase of treasury stock				**(5)**	**(5)**								**(5)**
Net changes of items other than shareholders' equity						**41,648**	**316**	**945**	**11,241**	**2,159**	**56,312**	**(495)**	**55,816**
Total changes of items during the period	**–**	**–**	**18,097**	**(5)**	**18,092**	**41,648**	**316**	**945**	**11,241**	**2,159**	**56,312**	**(495)**	**73,908**
Balance as of March 31, 2015	**¥28,534**	**¥40,054**	**¥186,436**	**¥(3,711)**	**¥251,314**	**¥87,188**	**¥ 215**	**¥18,085**	**¥ (9,106)**	**¥ (1,611)**	**¥94,771**	**¥2,666**	**¥348,752**

Thousands of U.S. dollars (Note 3)

Yamaha Corporation and its consolidated subsidiaries Year ended March 31, 2015	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock (Note 18)	Capital surplus	Retained earnings (Note 18)	Treasury stock (Note 18)	Total shareholders' equity (Note 18)	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2014	$237,447	$333,311	$1,400,832	$(30,831)	$1,940,767	$378,963	$ (840)	$142,623	$(169,318)	$(31,381)	$320,038	$26,304	$2,287,118
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance at the beginning of the period after adjustments	**$237,447**	**$333,311**	**$1,400,832**	**$(30,831)**	**$1,940,767**	**$378,963**	**$ (840)**	**$142,623**	**$(169,318)**	**$(31,381)**	**$320,038**	**$26,304**	**$2,287,118**
Changes of items during the period:													
Dividends from surplus (Note 18)			**(53,166)**		**(53,166)**								**(53,166)**
Net income			**207,448**		**207,448**								**207,448**
Change in the scope of consolidation			**(5,501)**		**(5,501)**								**(5,501)**
Change in the scope of equity method			—		—								—
Reversal of revaluation reserve for land			**1,822**		**1,822**								**1,822**
Purchase of treasury stock				**(42)**	**(42)**								**(42)**
Net changes of items other than shareholders' equity						**346,576**	**2,630**	**7,864**	**93,542**	**17,966**	**468,603**	**(4,119)**	**464,475**
Total changes of items during the period	—	—	**150,595**	**(42)**	**150,553**	**346,576**	**2,630**	**7,864**	**93,542**	**17,966**	**468,603**	**(4,119)**	**615,029**
Balance as of March 31, 2015	**$237,447**	**$333,311**	**$1,551,435**	**$(30,881)**	**$2,091,321**	**$725,539**	**$1,789**	**$150,495**	**$ (75,776)**	**$(13,406)**	**$788,641**	**$22,185**	**$2,902,155**

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Yamaha Corporation and its consolidated subsidiaries	Millions of yen		Thousands of U.S. dollars (Note 3)
Year ended March 31, 2015	**2015**	2014	**2015**
Operating activities:			
Income before income taxes and minority interests	**¥ 28,526**	¥ 25,818	**$ 237,380**
Depreciation and amortization	**12,597**	12,759	**104,826**
Loss on impairment of fixed assets	**861**	192	**7,165**
Amortization of goodwill	**2,913**	95	**24,241**
Increase (decrease) in allowance for doubtful accounts	**192**	(474)	**1,598**
(Gain) on liquidation of subsidiaries	**(6)**	—	**(50)**
Loss on valuation of investment securities	**—**	16	**—**
(Gain) on sales of investment securities	**(1)**	(990)	**(8)**
(Decrease) in net defined benefit liabilities	**(2,889)**	(1,691)	**(24,041)**
Interest and dividend income	**(2,884)**	(2,108)	**(23,999)**
Interest expenses	**253**	216	**2,105**
Foreign exchange (gains) losses	**(465)**	47	**(3,870)**
Equity in losses (earnings) of affiliates	**20**	(20)	**166**
Loss on sales of stocks of subsidiaries and affiliates	**17**	—	**141**
Loss (gain) on sales or disposal of property, plant and equipment, net	**47**	(285)	**391**
Business structural reform expenses	**1,786**	869	**14,862**
Loss on closure of operations	**—**	525	**—**
(Increase) in notes and accounts receivable — trade	**(473)**	(2,372)	**(3,936)**
(Increase) decrease in inventories	**(267)**	4,783	**(2,222)**
(Decrease) in notes and accounts payable — trade	**(1,185)**	(304)	**(9,861)**
Other, net	**(1,496)**	(1,311)	**(12,449)**
Subtotal	**37,547**	35,764	**312,449**
Interest and dividend income received	**2,859**	2,125	**23,791**
Interest expenses paid	**(256)**	(220)	**(2,130)**
Payment of business structural reform expenses	**(340)**	(546)	**(2,829)**
Income taxes paid	**(8,080)**	(3,909)	**(67,238)**
Net cash provided by operating activities	**31,729**	33,213	**264,034**
Investing activities:			
Net decrease (increase) in time deposits	**290**	(649)	**2,413**
Payments for purchase of property, plant and equipment	**(12,530)**	(11,248)	**(104,269)**
Proceeds from sales of property, plant and equipment	**809**	1,177	**6,732**
Payments for purchase of investment securities	**(219)**	(15,632)	**(1,822)**
Proceeds from sales and redemption of investment securities	**90**	3,380	**749**
Other, net	**(139)**	22	**(1,157)**
Net cash used in investing activities	**(11,700)**	(22,950)	**(97,362)**
Financing activities:			
Net increase (decrease) in short-term loans payable	**1,925**	(1,627)	**16,019**
Proceeds from long-term loans payable	**18**	—	**150**
Repayments of long-term loans payable	**(63)**	(486)	**(524)**
Proceeds from deposits received from membership	**157**	176	**1,306**
Repayments for deposits received from membership	**(343)**	(290)	**(2,854)**
Purchase of treasury stock	**(5)**	(5)	**(42)**
Cash dividends paid	**(6,389)**	(2,420)	**(53,166)**
Cash dividends paid to minority shareholders	**(1,173)**	(87)	**(9,761)**
Other, net	**(34)**	(4)	**(283)**
Net cash used in financing activities	**(5,909)**	(4,745)	**(49,172)**
Effect of exchange rate change on cash and cash equivalents	**3,573**	2,323	**29,733**
Net increase in cash and cash equivalents	**17,692**	7,841	**147,225**
Cash and cash equivalents at the beginning of period	**57,524**	49,464	**478,689**
Increase in cash and cash equivalents due to newly consolidated subsidiaries	**950**	231	**7,905**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	**(8)**	(12)	**(67)**
Cash and cash equivalents at end of period (Note 20)	**¥ 76,159**	¥ 57,524	**$ 633,761**

See Notes to Consolidated Financial Statements.

1 Summary of Significant Accounting Policies

(a) Basis of presentation

Yamaha Corporation (the Company) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile. However, in accordance with "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No.18), the accompanying consolidated financial statements have been prepared by using the accounts of overseas consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. The Company and all consolidated subsidiaries are referred to herein as the "Yamaha Group."

The consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the parent company and all subsidiaries over which it exerts substantial control either through majority ownership of voting stock and/or by other means. As of March 31, 2015, the numbers of consolidated subsidiaries and subsidiaries and affiliates accounted for by the equity method were 69 and 2 (62 and 2 in 2014). From the fiscal year ended March 31, 2015, the Company has included one domestic subsidiary and seven overseas subsidiaries to the scope of consolidation. The Company has also excluded one domestic subsidiary from the scope of consolidation. The Company has included Line 6, Inc. and Revolabs, Inc. as well as their respective subsidiaries to the scope of consolidation, as their operations have become increasingly more important to the Company. The Company made a complete transfer of owned shares in Nishimura Gakki K.K. and, accordingly, Nishimura Gakki K.K. has been excluded from the scope of consolidation. The Company changed the names of Yamanashi Kogei Co., Ltd., Yamaha Music Craft Corporation, and DS Corporation to Yamaha Piano Manufacturing Japan Co., Ltd., Yamaha Musical Products Japan Co., Ltd., and Yamaha Music Electronics Japan Co., Ltd., respectively.

Investments in affiliates (other than subsidiaries as defined above) whose decision-making and control over their operations are significantly affected in various ways by the Yamaha Group are accounted for by the equity method. Investments in two affiliates were accounted for by the equity method for the year ended March 31, 2015 (two in 2014). Investments in unconsolidated affiliates not accounted for by the equity method are carried at cost.

Ten overseas subsidiaries have a financial closing date as of December 31, which differs from the financial closing date of the Company; however, financial statements as of March 31 are prepared and reported by these overseas subsidiaries for consolidation purposes.

(c) Securities

Securities owned by the Yamaha Group have been classified into two categories, held-to-maturity and available-for-sale, in accordance with the accounting standards for financial instruments. Under these standards, held-to-maturity debt securities are either amortized or accumulated to face value by the straight-line method. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Nonmarketable securities classified as available-for-sale securities are carried at cost. If the market value of marketable securities classified as available-for-sale securities declines significantly, such securities are written down to their respective fair value, thus establishing a new cost basis. The amount of each write-down is charged to income as a loss on valuation of investment securities unless the fair value is deemed recoverable. The Company has established a policy for the recognition of loss on valuation of investment securities if the market value at the year-end has declined more than 30% and a recovery to fair value is not anticipated. Cost of securities sold is determined by the weighted-average method.

(d) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the cost method (a method of reducing book value when the profitability of the inventories declines), cost being determined by the periodic average method. Inventories of the Company's overseas consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(e) Depreciation
Depreciation of property, plant and equipment (excluding leased assets) is calculated principally by the declining-balance method, except for certain consolidated subsidiaries applying the straight-line method, at rates based on the estimated useful lives of the respective assets.

Estimated useful lives:
Buildings: 31 – 50 years (accompanying facilities: 15 years)
Structures: 10 – 30 years
Machinery and equipment: 4 – 9years
Tools, furniture and fixtures: 5 – 6 years (molds: 2 years)

Depreciation of leased assets under finance leases, other than those for which the ownership transfers to the lessee, is calculated by the straight-line method over the lease period with the residual value at zero.

(f) Allowance for doubtful accounts
To properly evaluate accounts receivable, the allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the provision is based on the historical experience with write-offs for normal receivables and individual estimation of the collectability of receivables due from specific companies as in financial difficulties.

(g) Provision for product warranties
Provision for product warranties is provided to cover the cost of customers' claims relating to after-sales service and repairs. The amount of this provision is based on a percentage of the amount or volume of sales after considering the historical experience with repairs of products under warranty or individual estimation.

(h) Provision for directors' bonuses
Provision for directors' bonuses is provided at the estimated amount for the payment of bonuses to directors.

(i) Provision for business restructuring expenses
Provision for business restructuring expenses is provided for the expenses arising from business structural reform. The projected amount is set aside as this provision.

(j) Retirement benefits
In calculating retirement benefit obligations, the benefit formula is primarily used as the method for allocating projected retirement benefits to periods of service up to March 31, 2015.

Prior service cost is amortized as incurred by the straight-line method over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

Actuarial gain or loss is amortized in the following year in which the gain or loss is recognized, primarily by the straight-line method, over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

(k) Construction contracts
For the construction work in progress, if the outcome of the construction activity during the course of the construction is deemed certain, the percentage of completion method is applied.

When the above condition is not met, the completed-contract method is applied.

The method for estimating the amount recognized by the percentage of completion method is based on the ratio of costs incurred to the estimated total cost.

(l) Criteria for presentation of finance leases (as lessor)
Finance lease transactions where the Company or a consolidated subsidiary is the lessor of the leased assets, in which ownership is not transferred to the lessee, are recorded as lease investment assets which are included in the item "Other" account under "Current assets." Sales and cost of sales related to these finance lease transactions are recognized at the time the lease fees are received.

(m) Foreign currency translation
Monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the exchange rates in effect at each balance sheet date. The resulting exchange gain or loss is recognized as other income or expense. Assets and liabilities of overseas consolidated subsidiaries are translated at the exchange rates in effect at each balance sheet date. The components of net assets excluding translation adjustment and minority interests are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from translation are presented as translation adjustments and minority interests in the accompanying consolidated balance sheet.

(n) Derivative financial instruments
The Company has entered into various derivative transactions in order to manage certain risk arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets.
(Hedge accounting)
To manage the fluctuation of foreign exchange risk in normal export and import transactions, the Company and its consolidated subsidiaries arrange their forward foreign exchange contracts and currency options, within amounts necessary, in accordance with internal rules of each company.

Hedging instruments are forward foreign exchange contracts and purchased foreign currency put options. Hedged items consist of forecast transactions, and recognized receivables and payables denominated in foreign currencies.

Forecast transactions denominated in foreign currencies designated as hedged items are accounted for by the benchmark method.

Where hedge effectiveness is not reassessed given that the anticipated cash flows have been fixed by hedging activities and the risk of changes in cash flows is completely avoided, forward foreign exchange contracts related to receivables and payables denominated in foreign currencies are accounted for by the allocation method whereby translation differences are allocated into the hedged items. See Note 22.

(o) Amortization method and amortization period for goodwill

Amortization of goodwill is carried out separately for each goodwill item over a reasonable amount of years using the straight-line method.

(p) Cash and cash equivalents

Cash on hand and in banks, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(q) Income taxes

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

The Company and certain of its domestic subsidiaries have adopted the consolidated taxation system.

(r) Consumption tax

National and local consumption taxes are excluded from transaction amounts. Non-deductible national and local consumption taxes on assets are treated as expenses.

2 Additional Information

Transfer of the Business of Semiconductor Manufacturing Subsidiary

On March 31, 2015, the Company concluded an agreement to transfer the semiconductor manufacturing business of its subsidiary Yamaha Kagoshima Semiconductor Inc. (a wholly owned subsidiary of the Company, hereinafter, Yamaha Kagoshima Semiconductor) to Phenitec Semiconductor Corporation (hereinafter, Phenitec Semiconductor).

Yamaha Kagoshima Semiconductor, since its establishment in 1987, has played an important role in the Company's business as a semiconductor manufacturing base in Japan. Beginning in 2012, the Company focused its production on geomagnetic sensors, which are its principal products in this business, and responded to global market needs by supplying the expanding markets for smartphones and other products.

Amid these developments, the Company has now decided to make the transition to fabless production and seeks to realize greater flexibility in this business. In October 2014, the Company and Phenitec Semiconductor, which aims to expand its production line capacity utilizing Yamaha Kagoshima Semiconductor's manufacturing facilities and personnel, concluded a basic agreement for the transfer.

Regarding the sensors manufactured by Yamaha Kagoshima Semiconductor, the Company is managing efficiently all production stages from wafer processes to assembly and inspection by strengthening its ties with subcontractors located principally in Taiwan with which it already has business relationships. Going forward, the Company will work to expand its sales by strengthening its competitiveness and flexibility through the transition to fabless production and actively introducing new products in the sound domain.

For the year ended March 31, 2015, business structural reform expenses incurred due to this business transfer were reported in the amount of ¥1,594 million ($13,265 thousand).

3 U.S. Dollar Amounts

Solely for the convenience of the reader, the accompanying consolidated financial statements for the year ended March 31, 2015 have been presented in U.S. dollars by translating all yen amounts at ¥120.17 = U.S.$1.00, the exchange rate prevailing on March 31, 2015. This translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

4 Accumulated Depreciation

Accumulated depreciation of property, plant and equipment at March 31, 2015 and 2014 amounted to ¥229,671 million ($1,911,217 thousand) and ¥218,423 million, respectively.

5 Investment Securities

Investment securities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Investment securities in unconsolidated subsidiaries and affiliates	**¥1,055**	¥16,985	**$8,779**
Investments in capital in unconsolidated subsidiaries and affiliates	**636**	616	**5,293**

6 Contingent Liabilities

Contingent liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Export bills discounted with banks	**¥ 68**	¥ 72	**$566**
Guarantees of indebtedness of Hamamatsu CATV*	**112**	173	**932**

* The amount guaranteed substantially by the Company is ¥9 million ($75 thousand) at March 31, 2015, and ¥14 million at March 31, 2014.

7 Land Revaluation

For the year ended March 31, 2015, the Company has carried over the revaluation of their landholdings at the date of revaluation in accordance with the "Law Concerning the Revaluation of Land" (Law No.34 published on March 31, 1998). The date of revaluation was March 31, 2002.

For the years ended March 31, 2015 and 2014, the Company determined the value of its land based on the respective value registered in the land tax list or the supplementary land tax list as specified in No.10 or No.11 of Article 341 of the Local Tax Law governed by Item 3 of Article 2 of the Enforcement Order for the "Law Concerning the Revaluation of Land" (Cabinet Order No.119 published on March 31, 1998).

The excess of the revalued carrying amount of such land over its market value at March 31, 2015 and 2014 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Excess of revalued carrying amount of land over market value	**¥(8,323)**	¥(8,449)	**$(69,260)**

8 Inventories

Inventories at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Merchandise and finished goods	**¥58,477**	¥55,653	**$486,619**
Work in process	**13,303**	14,013	**110,702**
Raw materials and supplies	**16,002**	13,023	**133,161**
Total	**¥87,782**	¥82,690	**$730,482**

Write-downs of inventories for the years ended March 31, 2015 and 2014 were recognized in the following account:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Cost of sales	**¥132**	¥(132)	**$1,098**

* Figure shown in parentheses is a profit item.

9 Provision for Loss on Construction Contracts

Provision for loss on construction contracts was included in the following account for the years ended March 31, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Cost of sales	**¥8**	¥—	**$67**

10 Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Sales commissions	**¥ 1,516**	¥ 1,388	**$ 12,615**
Transport expenses	**12,813**	12,292	**106,624**
Advertising expenses and sales promotion expenses	**18,671**	17,825	**155,372**
Allowance for doubtful accounts	**214**	(199)	**1,781**
Provision for product warranties	**606**	570	**5,043**
Retirement benefit expenses	**3,063**	3,545	**25,489**
Provision for directors' bonuses	**77**	53	**641**
Salaries and benefits	**54,116**	49,984	**450,329**
Rent	**3,910**	3,435	**32,537**
Depreciation and amortization	**2,461**	2,712	**20,479**

11 R&D Expenses

R&D expenses, included in selling, general and administrative expenses and cost of sales for the years ended March 31, 2015 and 2014, amounted to ¥25,439 million ($211,692 thousand) and ¥22,561 million, respectively.

12 Sales or Disposal of Property, Plant and Equipment

For the year ended March 31, 2015
Gains on sale of property, plant and equipment principally resulted from sales of land, machinery and equipment. Loss on disposal of property, plant and equipment principally resulted from disposal of buildings and structures, machinery and equipment.

For the year ended March 31, 2014
Gains on sale of property, plant and equipment principally resulted from sales of land, buildings and structures. Loss on disposal of property, plant and equipment principally resulted from disposal of buildings and structures, machinery and equipment.

13 Loss on Impairment of Fixed Assets

The following table summarizes loss on impairment of fixed assets for the years ended March 31, 2015 and 2014.

			Millions of yen	Thousands of U.S. dollars (Note 3)
Group of fixed assets	Location	Impaired assets	**2015**	**2015**
Assets of the musical instruments business	Fukuoka City, Fukuoka, and elsewhere	Buildings and structures	**¥111**	**$ 924**
		Machinery, vehicles, tools, furniture and fixtures	**14**	**117**
		Total	**¥126**	**$1,049**
Idle assets, etc.	Hamamatsu City, Shizuoka, and elsewhere	Buildings and structures	**¥360**	**$2,996**
		Machinery, vehicles, tools, furniture and fixtures	**15**	**125**
		Land	**328**	**2,729**
		Leasehold right	**30**	**250**
		Total	**¥735**	**$6,116**
Total		Buildings and structures	**¥471**	**$3,919**
		Machinery, vehicles, tools, furniture and fixtures	**30**	**250**
		Land	**328**	**2,729**
		Leasehold right	**30**	**250**
		Total	**¥861**	**$7,165**

			Millions of yen
Group of fixed assets	Location	Impaired assets	2014
Idle assets, etc.	Fukuoka City, Fukuoka, and elsewhere	Buildings and structures	¥197
		Machinery, vehicles, tools, furniture and fixtures	19
		Land	115
		Total	¥332

Of the total shown above, ¥139 million was reported as business structural reform expenses in connection with the consolidation and concentration of the music store and school businesses.

Method of grouping assets
Within its segment classification, the Yamaha Group forms the smallest asset units that generate cash flows independently of the cash flows from other assets.

Background on recognition of impairment losses
Regarding the assets of the musical instruments business, impairment losses are recognized for those asset groups where the total undiscounted future cash flows were less than the book value among those assets that are continuing to run losses on operations or are expected to run losses.

Impairment losses were recognized on idle assets that will not be used in the future, assets that are expected to become idle assets, and assets that the Company expects to dispose of.

Method for computing recoverable amounts
The recoverable value of assets in the musical instruments business was calculated using estimates of the value of the assets in use, and future cash flows from these assets were discounted to the present using a discount rate of 6.4%.

The recoverable value of idle assets, etc. was calculated using estimates of the net sale value; the price indicators were the expected sale value, the appraised value, and the assessed value for tax purposes of noncurrent assets.

14 Business Structural Reform Expenses

For the year ended March 31, 2015
Business structural reform expenses comprise losses in connection with the transfer of the business of a semiconductor manufacturing subsidiary and personnel costs incurred in Europe on guitar peripheral equipment that were related to consolidation and concentration of sales outlets.

For the year ended March 31, 2014
These include expenses incurred in connection with personnel policies at retail sales subsidiaries following domestic business restructuring and impairment losses on assets related to the consolidation and concentration of the music store and school businesses.

15 Loss on Closure of Operations

For the year ended March 31, 2015
None

For the year ended March 31, 2014
The loss is due to suspension of production at a guitar manufacturing plant operated by a subsidiary in Indonesia due to a labor strike.

16 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Foreign exchange losses	**¥ (84)**	¥(126)	**$ (699)**
Gain on liquidation of subsidiaries and affiliates	**6**	—	**50**
Loss on valuation of investment securities	**—**	(16)	**—**
Loss on sales of stock of subsidiaries and affiliates	**(17)**	—	**(141)**
Others	**566**	437	**4,710**
Other, net	**¥471**	¥ 293	**$3,919**

17 Information on Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects related to each component of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Other comprehensive income			
Unrealized holding gain on securities			
Amount arising during the year	**¥ 57,433**	¥16,289	**$ 477,931**
Reclassification adjustments for gains and losses recognized in the income statement	**—**	(0)	**—**
Amount before tax effect adjustment	**57,433**	16,289	**477,931**
Tax effect	**(15,811)**	(5,577)	**(131,572)**
Total	**41,621**	10,711	**346,351**
Unrealized gain (loss) from hedging instruments			
Amount arising during the year	**472**	(113)	**3,928**
Tax effect	**(155)**	53	**(1,290)**
Total	**316**	(59)	**2,630**
Revaluation reserve for land			
Tax effect	**1,165**	—	**9,695**
Foreign currency translation adjustments			
Amount arising during the year	**11,721**	10,481	**97,537**
Remeasurements of defined benefit plans			
Amount arising during the year	**1,205**	5,257	**10,027**
Reclassification adjustments for gains and losses recognized in the income statement	**852**	1,836	**7,090**
Amount before tax effect adjustment	**2,057**	7,094	**17,117**
Tax effect	**102**	(149)	**849**
Total	**2,159**	6,944	**17,966**
Share of other comprehensive income (loss) of affiliates accounted for using equity method			
Amount arising during the year	**26**	(5)	**216**
Total	**¥ 57,012**	¥28,073	**$ 474,428**

18 Information for Consolidated Statement of Changes in Net Assets

The following tables present information related to the accompanying consolidated statement of changes in net assets for the years ended March 31, 2015 and 2014:

(a) Common stock

Number of shares	**2015**	2014
Beginning of the year	**197,255,025**	197,255,025
Increase	**—**	—
Decrease	**—**	—
End of the year	**197,255,025**	197,255,025

(b) Treasury stock

Number of shares	**2015**	2014
Beginning of the year	**3,628,117**	3,623,885
Increase	**3,308**[*1]	4,232[*2]
Decrease	**—**	—
End of the year	**3,631,425**	3,628,117

*1. Increase owing to purchase of outstanding fractional shares of less than one trading unit: 3,308 shares
*2. Increase owing to purchase of outstanding fractional shares of less than one trading unit: 4,232 shares

(c) Subscription rights to shares

None

(d) Cash dividends

(1) Amount of dividend payments

2015

Date of approval	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 3)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 3)	Record date	Effective date
Jun. 24, 2014 (Annual General Meeting of Shareholders)	Common stock	**¥3,775**	**$31,414**	**¥19.50**	**$0.16**	Mar. 31, 2014	Jun. 25, 2014
Oct. 31, 2014 (Board of Directors)	Common stock	**¥2,613**	**$21,744**	**¥13.50**	**$0.11**	Sept. 30, 2014	Dec. 9, 2014

Notes: Dividends per share of ¥19.50 ($0.16) approved on June 24, 2014 consisted of regular dividends of ¥19.50 ($0.16).
Dividends per share of ¥13.50 ($0.11) approved on October 31, 2014 consisted of regular dividends of ¥13.50 ($0.11).

2014

Date of approval	Type of shares	Total dividends (Millions of yen)		Dividends per share (Yen)		Record date	Effective date
Jun. 26, 2013 (Annual General Meeting of Shareholders)	Common stock	¥ 968		¥5.00		Mar. 31, 2013	Jun. 27, 2013
Oct. 31, 2013 (Board of Directors)	Common stock	¥1,452		¥7.50		Sept. 30, 2013	Dec. 3, 2013

Notes: Dividends per share of ¥5.00 approved on June 26, 2013 consisted of regular dividends of ¥5.00.
Dividends per share of ¥7.50 approved on October 31, 2013 consisted of regular dividends of ¥7.50.

(2) Dividends whose effective date is in the year subsequent to that in which the record date falls

2015

Date of approval	Type of shares	Source of dividends	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 3)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 3)	Record date	Effective date
Jun. 23, 2015 (Annual General Meeting of Shareholders)	Common stock	Retained earnings	**¥4,356**	**¥36,249**	**¥22.50**	**$0.19**	Mar. 31, 2015	Jun. 24, 2015

Note: Dividends per share of ¥22.50 ($0.19) approved on June 23, 2015 consisted of regular dividends of ¥22.50 ($0.19).

2014

Date of approval	Type of shares	Source of dividends	Total dividends (Millions of yen)		Dividends per share (Yen)		Record date	Effective date
Jun. 24, 2014 (Annual General Meeting of Shareholders)	Common stock	Retained earnings	¥3,775		¥19.50		Mar. 31, 2014	Jun. 25, 2014

Note: Dividends per share of ¥19.50 approved on June 24, 2014 consisted of regular dividends of ¥19.50.

19 Legal Reserve and Additional Paid-in Capital

The Corporation Law of Japan (the Law) provides that amounts from capital surplus and retained earnings may be distributed to the shareholders at any time by resolution of the shareholders or by the Board of Directors if certain provisions are met subject to the extent of the applicable sources of such distributions. The Law further provides that amounts equal to 10% of such distributions be transferred to additional paid-in capital included in capital surplus or the legal reserve based on the applicable sources of such distributions until the sum of additional paid-in capital and the legal reserve equals 25% of the capital stock account.

20 Supplementary Cash Flow Information

The following table represents a reconciliation of "Cash and deposits" and "Cash and cash equivalents" at March 31, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Cash and deposits	**¥79,300**	¥60,558	**$659,898**
Time deposits with a maturity of more than three months	**(3,140)**	(3,033)	**(26,130)**
Cash and cash equivalents	**¥76,159**	¥57,524	**$633,761**

21 Leases

2015

Lessees' accounting

Operating lease transactions

Future minimum lease payments subsequent to March 31, 2015 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2016	**¥ 864**	**$ 7,190**
2017 and thereafter	**2,406**	**20,022**
Total	**¥3,271**	**$27,220**

Finance lease transactions in which ownership is not transferred to the lessee commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen			Thousands of U.S. dollars (Note 3)		
As of March 31, 2015	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥799**	**¥358**	**¥440**	**$6,649**	**$2,979**	**$3,661**
Other	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥799**	**¥358**	**¥440**	**$6,649**	**$2,979**	**$3,661**

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2015

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2016	**¥ 47**	**$ 391**
2017 and thereafter	**392**	**3,262**
Total	**¥440**	**$3,661**

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ended March 31, 2015	Millions of yen	Thousands of U.S. dollars (Note 3)
Lease payments	**¥93**	**$774**
Depreciation	**93**	**774**

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating lease transactions

Future minimum lease amounts receivable subsequent to March 31, 2015 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2016	**¥ 581**	**$ 4,835**
2017 and thereafter	**739**	**6,150**
Total	**¥1,320**	**$10,984**

2014

Lessees' accounting

Operating lease transactions

Future minimum lease payments subsequent to March 31, 2014 on noncancellable leases are as follows:

Years ended / ending March 31	Millions of yen
2015	¥ 637
2016 and thereafter	1,179
Total	¥1,816

Finance lease transactions in which ownership is not transferred to the lessee commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen		
As of March 31, 2014	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥799	¥311	¥487
Other	7	7	0
Total	¥806	¥319	¥487

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2014

Years ended / ending March 31	Millions of yen
2015	¥ 47
2016 and thereafter	440
Total	¥487

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ended March 31, 2014	Millions of yen
Lease payments	¥59
Depreciation	59

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating lease transactions

Future minimum lease amounts receivable subsequent to March 31, 2014 on noncancellable leases are as follows:

Years ended / ending March 31	Millions of yen
2015	¥487
2016 and thereafter	440
Total	¥927

22 Financial Instruments

(a) Overview

(1) Policy for financial instruments

Yamaha Group, in principle, limits its cash management to deposits for which principals are guaranteed and interest rates are fixed. In addition, Yamaha Group raises funds mainly through bank borrowings. Further, Yamaha and its owned domestic subsidiaries practice group finance. Yamaha Group uses derivatives for the purpose of reducing risk, and limits derivative transactions to actual exposure. Yamaha Group does not enter into derivative transactions for speculative purposes.

(2) Types of financial instruments and related risk

Trade notes and accounts receivable are exposed to credit risk of its customers. In addition, Yamaha Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Short-term investment securities and investment securities are exposed to market risk. Those securities are composed of mainly the stock of Yamaha Motor Co., Ltd., a former affiliated company which shares the Yamaha brand in common, and shares of common stock of other companies with which it has business relationships. Trade notes and accounts payable, other accounts payable and accrued expenses have payment due dates within one year. In addition, trade accounts payable that are denominated in foreign currencies are exposed to foreign currency exchange risk. Short-term loans payable are raised mainly in connection with business activities, and long-term loans payable are taken out principally for the purpose of making capital investments. The repayment dates of long-term loans payable extend up to four years and four months from March 31, 2015, and up to five years and four months from March 31, 2014, respectively. Long-term deposits received are membership deposits received from customers in Yamaha Group's recreation business. Yamaha Group is exposed to liquidity risk from its trade notes and accounts payable, other accounts payable, accrued expenses, short-term loans payable, long-term loans payable and long-term deposits received.

Regarding derivatives, Yamaha Group enters into foreign exchange forward contracts with netting arrangements and currency options (foreign currency put options) to reduce foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies in normal export and import transactions.

Foreign exchange forward contracts are exposed to foreign currency exchange risk. For currency options, since Yamaha Group only uses purchased foreign currency put options, the risk of loss is limited to the option premium.

Derivative transactions are accounted for by hedge accounting. The method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities are described in Note 1(n) Derivative financial instruments (Hedge accounting).

(b) Risk management for financial instruments

Yamaha Group has established a Group financial risk management policy, and the Company and its consolidated subsidiaries have prepared rules based on this policy for the following risk:

(1) Credit risk (the risk that customers may default)

Yamaha Group has prepared a policy for managing its credit exposure and trade receivables. In accordance with the rules, Yamaha Group monitors credit exposure limits of each customer and organizes all trade receivables by customer, and confirms the outstanding balances by customers regularly. For receivables that become past due, rules require taking steps to understand the causes and preparing a schedule for the recovery of this exposure.

To minimize the credit risk of the counterparty in derivative transactions, Yamaha Group enters into transactions only with financial institutions that have a sound credit profile.

(2) Market risk (the risks arising from fluctuations in exchange rates, interest rates, and other indicators)

For trade receivables denominated in foreign currencies, Yamaha Group minimizes the foreign exchange risk arising from the receivable by entering into forward foreign exchange contracts and arranging for currency options, after netting by the payables denominated in foreign currencies, within the limits of actual transactions. Also, the trade accounts payable denominated in foreign currencies are maintained within the amount of accounts receivable denominated in foreign currencies at all times.

For short-term investment securities and investment securities, Yamaha Group periodically reviews the market value and the financial position of the issuer with which Yamaha Group has a business relationship.

In conducting derivative transactions, based on the policy stated in (1) above, the Company and its consolidated subsidiaries hold discussions, establish internal rules for the management of derivatives, and then conduct and manage such transactions in accordance with the rules.

Derivative transactions of the Company and its subsidiaries are concentrated in each accounting and finance department of these companies. Internal rules set forth the roles of each accounting and finance department, reports to be submitted to top management, communications to be sent to related departments, and maximum upper limit on position.

Monthly reports including the outstanding balance of derivative transactions and quantitative information such as market trends of foreign exchange rate are submitted to top management.

(3) Liquidity risk (the risk that the Group may not be able to meet its obligations on the scheduled dates)

Yamaha Group manages liquidity risk based on the cash flow plans of the Company and its consolidated subsidiaries and through the practice of group finance at the Company and its wholly owned subsidiaries in Japan.

(4) Supplementary explanation of the estimated fair value of financial instruments

The estimated fair value of financial instruments is their quoted market price if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

In addition, the notional amounts of derivatives in Note 24 are not indicative of the actual market risk involved in derivative transactions.

(c) Estimated fair value of financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2015 and 2014, and difference between carrying value and estimated fair value, are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. See Note (ii) below:

	Millions of yen			Thousands of U.S. dollars (Note 3)		
As of March 31, 2015	Carrying value*1	Estimated fair value*1	Difference	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	**¥ 79,300**	**¥ 79,300**	**¥ —**	**$ 659,898**	**$ 659,898**	**$ —**
Notes and accounts receivable — trade	**61,663**	**61,663**	**—**	**513,131**	**513,131**	**—**
Investment securities						
Subsidiaries and affiliates securities	**760**	**446**	**(314)**	**6,324**	**3,711**	**(2,613)**
Available-for-sale securities	**141,726**	**141,726**	**—**	**1,179,379**	**1,179,379**	**—**
Notes and accounts payable — trade	**(23,194)**	**(23,194)**	**—**	**(193,010)**	**(193,010)**	**—**
Accounts payable — other and accrued expenses	**(34,902)**	**(34,902)**	**—**	**(290,439)**	**(290,439)**	**—**
Derivatives*2	**317**	**317**	**—**	**2,638**	**2,638**	**—**

	Millions of yen		
As of March 31, 2014	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	¥ 60,558	¥ 60,558	¥ —
Notes and accounts receivable — trade	57,890	57,890	—
Investment securities			
Subsidiaries and affiliates securities	761	340	(420)
Available-for-sale securities	84,218	84,218	—
Notes and accounts payable — trade	(21,595)	(21,595)	—
Accounts payable — other and accrued expenses	(31,805)	(31,805)	—
Derivatives*2	(154)	(154)	—

*1. Figures shown in parentheses are liability items.

*2. The value of assets and liabilities arising from derivatives is shown at net value, with net liability position shown in parentheses.

Notes:

(i) Methods for computing the estimated fair value of financial instruments, securities and derivative transactions

Cash and deposits and notes and accounts receivable — trade

Since these items are settled in a short period of time, the carrying value approximates fair value.

Investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either the quoted market price or prices provided by the financial institutions making markets in these securities.

Information on securities classified by holding purpose is contained in Note 23.

Notes and accounts payable — trade and accounts payable — other and accrued expenses

Since these items are settled in a short period of time, the carrying value approximates fair value.

Derivatives Transactions

See Note 24.

(ii) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Carrying value			
Unlisted stocks	**¥ 2,351**	¥18,191	**$ 19,564**
Long-term deposits received	**15,152**	15,339	**126,088**

Because no quoted market price is available and estimating their future cash flows is deemed to be prohibitively expensive, the estimated fair value of these financial instruments was extremely difficult to determine, and has not been disclosed.

(iii) The redemption schedule for receivables and securities with maturities as of March 31, 2015 and 2014

	Millions of yen				Thousands of U.S. dollars (Note 3)			
As of March 31, 2015	Within one year	Between one and five years	Between five and ten years	Over ten years	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	**¥ 79,300**	**¥—**	**¥—**	**¥—**	**$ 659,898**	**$—**	**$—**	**$—**
Notes and accounts receivable — trade	**61,663**	**—**	**—**	**—**	**513,131**	**—**	**—**	**—**
Total	**¥140,963**	**¥—**	**¥—**	**¥—**	**$1,173,030**	**$—**	**$—**	**$—**

	Millions of yen			
As of March 31, 2014	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	¥ 60,558	¥—	¥—	¥—
Notes and accounts receivable — trade	57,890	—	—	—
Total	¥118,449	¥—	¥—	¥—

(iv) The redemption schedule for long-term debt with maturities as of March 31, 2015 and 2014

	Millions of yen					
As of March 31, 2015	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	**¥11,748**	**¥—**	**¥—**	**¥—**	**¥—**	**¥ —**
Long-term loans payable	**28**	**27**	**27**	**27**	**9**	**—**
Lease obligations	**64**	**56**	**54**	**50**	**46**	**124**
Other interest-bearing debt	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥11,840**	**¥83**	**¥82**	**¥78**	**¥56**	**¥124**

	Thousands of U.S. dollars (Note 3)					
As of March 31, 2015	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	**$97,762**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Long-term loans payable	**233**	**225**	**225**	**225**	**75**	**—**
Lease obligations	**533**	**466**	**449**	**416**	**383**	**1,032**
Other interest-bearing debt	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$98,527**	**$691**	**$682**	**$649**	**$466**	**$1,032**

	Millions of yen					
As of March 31, 2014	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	¥8,590	¥—	¥—	¥—	¥—	¥ —
Long-term loans payable	32	31	30	30	30	10
Lease obligations	38	28	23	21	18	132
Other interest-bearing debt	—	—	—	—	—	—
Total	¥8,662	¥59	¥53	¥51	¥49	¥142

23 Securities

(a) Available-for-sale securities with fair market value

As of March 31, 2015	Millions of yen			Thousands of U.S. dollars (Note 3)		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Stock	**¥141,725**	**¥15,910**	**¥125,815**	**$1,179,3711**	**$132,396**	**$1,046,975**
Other	**—**	**—**	**—**	**—**	**—**	**—**
	141,725	**15,910**	**125,815**	**1,179,371**	**132,396**	**1,046,975**
Securities whose carrying value does not exceed their acquisition costs:						
Stock	**0**	**0**	**(0)**	**0**	**0**	**(0)**
Other	**—**	**—**	**—**	**—**	**—**	**—**
	0	**0**	**(0)**	**0**	**0**	**(0)**
Total	**¥141,726**	**¥15,910**	**¥125,815**	**$1,179,379**	**$132,396**	**$1,046,975**

As of March 31, 2014	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Stock	¥84,218	¥15,898	¥68,319
Other	—	—	—
	84,218	15,898	68,319
Securities whose carrying value does not exceed their acquisition costs:			
Stock	0	0	(0)
Other	—	—	—
	0	0	(0)
Total	¥84,218	¥15,898	¥68,319

(b) Available-for-sale securities sold during the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Sales of available-for-sale securities	**¥1**	¥1,251	**$8**
Gain on sales	**1**	990	**8**
Loss on sales	**—**	—	**—**

24 Derivatives and Hedging Activities

As of March 31, 2015 and 2014, there were no derivative transactions outstanding for which hedge accounting has not been applied. The notional amounts and the estimated fair value of the derivative instruments outstanding as of March 31, 2015 and 2014, for which hedge accounting has been applied are summarized as follows:

		Millions of yen			
		Notional amount			
As of March 31, 2015	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 873	¥—	¥ 853	
Canadian dollars		1,159	—	1,142	
Euros		11,239	—	10,958	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		161	—		
Canadian dollars		221	—		
Euros		2,339	—		
Total		¥15,995	¥—	¥—*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value of assets and liabilities arising from derivatives was ¥317 million.

		Thousands of U.S. dollars (Note 3)			
		Notional amount			
As of March 31, 2015	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		$ 7,265	$—	$ 7,098	
Canadian dollars		9,645	—	9,503	
Euros		93,526	—	91,187	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		1,340	—		
Canadian dollars		1,839	—		
Euros		19,464	—		
Total		$133,103	$—	$ —*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value in receivable of assets and liabilities arising from derivatives was $2,638 thousand.

		Millions of yen			
		Notional amount			
As of March 31, 2014	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 1,123	¥—	¥ 1,155	
Canadian dollars		1,148	—	1,153	
Euros		13,120	—	13,238	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		179	—		
Canadian dollars		185	—	—	
Euros		1,775	—		
Total		¥17,532	¥—	¥ —*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value in payable of assets and liabilities arising from derivatives was ¥154 million.

25 Retirement Benefits

(a) Outline of the Company's retirement benefit system

To provide employee retirement benefits, the Company and its consolidated subsidiaries have funded and unfunded defined benefit pension plans and defined contribution pension plans.

The defined benefit pension plan (funded and unfunded plans) pays a lump-sum or an annual pension based on the employee compensation point system.

In certain cases, the Company pays employees who are retiring, etc., additional retirement benefits that are not considered to be retirement benefit obligations as calculated under actuarial methods based on retirement benefit accounting principles.

Certain consolidated subsidiaries that have defined benefit pension plans calculate net defined benefit liabilities and retirement benefit expenses using the simplified method.

(b) Defined benefit pension plans

(1) Changes in the retirement benefit obligations for the years ended March 31, 2015 and 2014 (excluding plans that apply the simplified method)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Retirement benefit obligations at the beginning of year	**¥116,180**	¥119,593	**$966,797**
Service cost	**4,306**	4,393	**35,833**
Interest cost	**1,487**	1,420	**12,374**
Actuarial gain or loss	**3,820**	(991)	**31,788**
Retirement benefits paid	**(9,457)**	(8,181)	**(78,697)**
Other	**190**	(54)	**1,581**
Retirement benefit obligations at end of year	**¥116,528**	¥116,180	**$969,693**

(2) Changes in the plan assets for the years ended March 31, 2015 and 2014 (excluding plans that apply the simplified method)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Plan assets at the beginning of year	**¥81,341**	¥76,228	**$676,883**
Expected return on plan assets	**1,605**	1,507	**13.356**
Actuarial gain or loss	**5,041**	4,225	**41,949**
Contribution by Yamaha Group	**5,726**	5,798	**47,649**
Retirement benefits paid	**(7,390)**	(6,480)	**(61,496)**
Other	**125**	62	**1,040**
Plan assets at end of year	**¥86,450**	¥81,341	**$719,398**

(3) Changes in net defined benefit liabilities for plans that apply the simplified method for the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Net defined benefit liabilities at the beginning of year	**¥1,607**	¥1,685	**$13,373**
Retirement benefit expenses	**206**	206	**1,714**
Retirement benefits paid	**(127)**	(245)	**(1,057)**
Contribution to plan	**(96)**	(112)	**(799)**
Other	**(29)**	73	**(241)**
Net defined benefit liabilities at end of year	**¥1,560**	¥1,607	**$12,982**

(4) Reconciliation between the funded status of the plans (retirement benefit obligations and plan assets) and the amounts recognized in the consolidated balance sheet (net defined benefit liabilities and net defined benefit assets) as of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Retirement benefit obligations of funded plans	**¥115,964**	¥116,264	**$ 965,000**
Plan assets	**(87,982)**	(82,717)	**(732,146)**
	27,981	33,547	**232,845**
Retirement benefit obligations of unfunded plans	**3,656**	2,898	**30,424**
Net assets and liabilities recorded in the consolidated balance sheet	**31,638**	36,445	**263,277**
Net defined benefit liabilities	**31,712**	36,450	**263,893**
Net defined benefit assets	**(74)**	(4)	**(616)**
Net assets and liabilities recorded in the consolidated balance sheet	**¥ 31,638**	¥ 36,445	**$ 263,277**

Note: Including plans that apply the simplified method.

(5) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Service cost	**¥ 4,306**	¥ 4,393	**$ 35,833**
Interest cost	**1,487**	1,420	**12,374**
Expected return on plan assets	**(1,605)**	(1,507)	**(13,356)**
Amortization of actuarial gain or loss	**1,287**	2,258	**10,710**
Amortization of prior service cost	**(438)**	(434)	**(3,645)**
Retirement benefit expenses calculated by simplified method	**206**	206	**1,714**
Additional retirement benefit expenses temporarily paid	**1**	18	**8**
Other	**3**	—	**25**
Retirement benefit expenses for defined benefit pension plans	**¥ 5,250**	¥ 6,356	**$ 43,688**

Note: In the year ended March 31, 2015, other than the amount described above, the Company posted an extraordinary loss (business structural reform expenses) of ¥343 million ($2,854 thousand) on premium severance pay and other contribution items in connection with the transfer of the business of a semiconductor manufacturing subsidiary.

(6) Remeasurement of defined benefit plans

Components of remeasurement of defined benefit plans (before taxes)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Prior service cost	**¥ (438)**	¥ (435)	**$ (3,645)**
Actuarial gain or loss	**2,495**	7,529	**20,762**
Total	**¥2,057**	¥7,094	**$17,117**

(7) Accumulated adjustments of defined benefit plans

Components of remeasurement of accumulated defined benefit plans (before taxes)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Unrecognized prior service cost	**¥ (852)**	¥(1,290)	**$ (7,090)**
Unrecognized actuarial gain or loss	**2,666**	5,162	**22,185**
Total	**¥1,813**	¥ 3,871	**$15,087**

(8) Items for plan assets

(i) Components of plan assets

Ratio of primary components of total plan assets

	2015	2014
Life insurance company general accounts	**57%**	55%
Stocks	**21%**	23%
Bonds	**18%**	18%
Cash and deposits	**2%**	2%
Other	**2%**	2%
Total	**100%**	100%

(ii) Determining expected long-term rate of return

In determining the long-term rate of return of plan assets, the Company considers the current and projected asset allocations, as well as the current and expected long-term investment returns from the various assets that constitute the plan assets.

(9) Items related to the basis of actuarial calculation

Items that form the primary basis for actuarial calculations as of March 31, 2015 and 2014

	2015	2014
Discount rate	**0.9%**	1.2%
Expected long-term rate of return	**2.0%**	2.0%

(c) Defined contribution pension plans

Required contributions to defined contribution pension plans of consolidated subsidiaries totaled ¥634 million ($5,276 thousand) in the year ended March 31, 2015 and ¥593 million in the year ended March 31, 2014.

In addition, aside from the above required contributions, the Company also posted ¥67 million ($558 thousand) in the year ended March 31, 2015 and ¥347 million of additional retirement benefit expenses in the year ended March 31, 2014. Further, ¥305 million out of the ¥347 million of additional retirement benefit expenses recorded in the year ended March 31, 2014 was included in business structural reform expenses.

26 Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 34.6% and 37.0% for the years ended March 31, 2015 and 2014, respectively. Income taxes of the overseas consolidated subsidiaries are, in general, based on the tax rates applicable in their respective countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Deferred tax assets:			
Write-downs of inventories	**¥ 2,252**	¥ 1,929	**$ 18,740**
Unrealized gain on inventories and property, plant and equipment	**1,242**	820	**10,335**
Allowance for doubtful accounts	**308**	330	**2,563**
Depreciation	**8,065**	8,433	**67,113**
Loss on impairment of fixed assets	**7,933**	8,500	**66,015**
Loss on valuation of investment securities	**2,172**	2,621	**18,074**
Accrued employees' bonuses	**2,304**	2,181	**19,173**
Provision for product warranties	**572**	604	**4,760**
Net defined benefit liabilities	**9,657**	12,261	**80,361**
Tax loss carryforwards	**10,005**	12,193	**83,257**
Other	**5,328**	4,409	**44,337**
Gross deferred tax assets	**49,844**	54,286	**414,779**
Valuation allowance	**(38,883)**	(47,446)	**(323,567)**
Total deferred tax assets	**¥ 10,960**	¥ 6,840	**$ 91,204**
Deferred tax liabilities:			
Reserve for deferred gain on property, plant and equipment	**¥ (817)**	¥ (938)	**$ (6,799)**
Reserve for special depreciation	**(28)**	(42)	**(233)**
Unrealized holding gain on securities	**(38,790)**	(22,978)	**(322,793)**
Other	**(810)**	(652)	**(6,740)**
Total deferred tax liabilities	**(40,446)**	(24,611)	**(336,573)**
Net deferred tax liabilities	**¥(29,485)**	¥(17,771)	**$(245,361)**

A reconciliation between the statutory tax rate and the effective tax rate for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014
Statutory tax rate	**34.6%**	37.0%
Adjustments:		
Differences in tax rates of overseas consolidated subsidiaries	**(5.2)**	(4.2)
Non-temporary differences not deductible for tax purposes	**(0.9)**	(3.1)
Per capita inhabitants' taxes	**0.7**	0.7
Allowances for changes in valuation	**(25.6)**	(23.3)
Other	**8.4**	3.3
Effective tax rate after adjustments for tax-effect accounting	**12.0%**	10.4%

Accompanying the official announcement on March 31, 2015, of "Act for Partial Amendment of the Income Tax Act, etc." (Act No.9 of 2015) and "Act for Partial Amendment of the Local Tax Act, etc." (Act No.2 of 2015), the effective tax rate applicable to the calculation of consolidated deferred tax assets and deferred tax liabilities (applicable only to such assets and liabilities that will expire on and after April 1, 2015) was changed from 34.61% to 32.11% for such assets and liabilities that are expected to be recovered or paid from April 1, 2015 through March 31, 2016, and then to 31.33% for such assets and liabilities on and after April 1, 2016.

As a result of this change, the net value of Yamaha Group's deferred tax liabilities (after the deduction of the amount of deferred tax assets) decreased ¥4,881 million ($40,617 thousand), and the following increases in financial statement amounts were recorded: income taxes—deferred, ¥351 million ($2,921 thousand); unrealized gain from hedging instruments, ¥7 million ($58 thousand); unrealized holding gain on securities, ¥4,059 million ($33,777 thousand); and revaluation reserve for land, ¥1,165 million ($9,695 thousand), for the year ended March 31, 2015.

27 Segment Information

For the years ended March 31, 2015 and 2014

(a) Summary of reporting segments

Business segments are composed of business units that provide separate financial information, and are regularly reviewed by the Board of Directors of the Company for the purpose of business performance evaluation and management resource allocation decisions.

The Company's business segments, based on its economic features and similarity of products and services, comprise its three principal reporting segments, which are musical instruments, audio equipment, and electronic devices. Other businesses have been grouped together in the "Others" segment.

The musical instruments business segment includes the manufacture and sales of pianos; digital musical instruments; wind, string, and percussion instruments; and other music-related activities. The audio equipment business segment includes the manufacture and sales of audio products, professional audio equipment, information and telecommunication equipment and certain other products. The electronic devices business segment includes the manufacture and sales of semiconductor products. The "Others" segment includes automobile interior wood components, factory automation (FA) equipment, golf products, recreation and certain other lines of business.

(b) Method for calculating the sales, income (loss), assets, liabilities, and other items for reporting segments

The accounting treatment for reporting business segments is carried out through principles and procedures that are the same as those used for preparing the consolidated financial statements.

Figures for income in reporting segments are on an operating income basis.

Intersegment sales and transfers are based on prevailing market prices.

(c) Information by product and service

As of March 31, 2015	Millions of yen						
	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
Sales							
Sales to external customers	**¥281,667**	**¥112,839**	**¥13,435**	**¥ 24,235**	**¥432,177**	**¥ —**	**¥432,177**
Intersegment sales or transfers	**526**	**526**	**(526)**				
Total	**281,667**	**112,839**	**13,962**	**24,235**	**432,704**	**(526)**	**432,177**
Segment income (loss)	**¥ 25,064**	**¥ 6,133**	**¥ (1,446)**	**¥ 384**	**¥ 30,135**	**¥ —**	**¥ 30,135**
Segment assets	**¥277,916**	**¥ 87,642**	**¥14,839**	**¥149,635**	**¥530,034**	**¥ —**	**¥530,034**
Other items							
Depreciation and amortization	**¥ 8,238**	**¥ 2,857**	**¥ 706**	**¥ 795**	**¥ 12,597**	**¥ —**	**¥ 12,597**
Loss on impairment of fixed assets	**¥ 861**	**¥ —**	**¥ —**	**¥ —**	**¥ 861**	**¥ —**	**¥ 861**
Increase in property, plant and equipment and intangible assets	**¥ 9,581**	**¥ 2,880**	**¥ 639**	**¥ 832**	**¥ 13,932**	**¥ —**	**¥ 13,932**

As of March 31, 2015	Thousands of U.S. dollars (Note 3)						
	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
Sales							
Sales to external customers	**$2,343,904**	**$938,995**	**$111,800**	**$ 201,673**	**$3,596,380**	**$ —**	**$3,596,380**
Intersegment sales or transfers	**4,377**	**4,377**	**(4,377)**				
Total	**2,343,904**	**938,995**	**116,185**	**201,673**	**3,600,766**	**(4,377)**	**3,596,380**
Segment income (loss)	**$ 208,571**	**$ 51,036**	**$ (12,033)**	**$ 3,195**	**$ 250,770**	**$ —**	**$ 250,770**
Segment assets	**$2,312,690**	**$729,317**	**$123,483**	**$1,245,194**	**$4,410,702**	**$ —**	**$4,410,702**
Other items							
Depreciation and amortization	**$ 68,553**	**$ 23,775**	**$ 5,875**	**$ 6,616**	**$ 104,826**	**$ —**	**$ 104,826**
Loss on impairment of fixed assets	**$ 7,165**	**$ —**	**$ —**	**$ —**	**$ 7,165**	**$ —**	**$ 7,165**
Increase in property, plant and equipment and intangible assets	**$ 79,729**	**$ 23,966**	**$ 5,317**	**$ 6,924**	**$ 115,936**	**$ —**	**$ 115,936**

Notes: 1. The item "Adjustments and elimination" for the year ended March 31, 2015 contains the following:
The sales adjustment item of ¥(526) million ($(4,377) thousand), which comprises eliminations of transactions among the Company's business segments.
2. "Segment income (loss)" for the year ended March 31, 2015 means the operating income (loss) of the segment as presented in the consolidated statement of operations.
3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheet) were ¥123,749 million ($1,029,783 thousand) as of March 31, 2015.

As of March 31, 2014	Millions of yen						
	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
Sales							
Sales to external customers	¥262,310	¥105,485	¥18,828	¥23,679	¥410,304	¥ —	¥410,304
Intersegment sales or transfers			619		619	(619)	
Total	262,310	105,485	19,448	23,679	410,923	(619)	410,304
Segment income (loss)	¥ 19,728	¥ 5,866	¥ 770	¥ (370)	¥ 25,994	¥ —	¥ 25,994
Segment assets	¥251,273	¥ 80,396	¥13,414	¥93,847	¥438,932	¥ —	¥438,932
Other items							
Depreciation and amortization	¥ 8,519	¥ 2,647	¥ 761	¥ 830	¥ 12,759	¥ —	¥ 12,759
Loss on impairment of fixed assets	¥ 332	¥ —	¥ —	¥ —	¥ 332	¥ —	¥ 332
Increase in property, plant and equipment and intangible assets	¥ 6,659	¥ 2,877	¥ 216	¥ 1,172	¥ 10,926	¥ —	¥ 10,926

Notes: 1. The item "Adjustments and elimination" for the year ended March 31, 2014 contains the following:
The sales adjustment item of ¥(619) million, which comprises eliminations of transactions among the Company's business segments.
2. "Segment income (loss)" for the year ended March 31, 2014 means the operating income (loss) of the segment as presented in the consolidated statement of operations.
3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheet) were ¥70,147 million as of March 31, 2014.

(d) Information by geographical segment

(i) Sales information based on the geographical location of the customers

	Millions of yen					
		Overseas				
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Net sales	**¥160,374**	**¥79,747**	**¥80,277**	**¥111,778**	**¥271,803**	**¥432,177**
Sales as a percentage of consolidated net sales	**37.1%**	**18.4%**	**18.6%**	**25.9%**	**62.9%**	**100.0%**

	Thousands of U.S. dollars (Note 3)					
		Overseas				
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Net sales	**$1,334,559**	**$663,618**	**$668,029**	**$930,166**	**$2,261,821**	**$3,596,380**
Sales as a percentage of consolidated net sales	**37.1%**	**18.4%**	**18.6%**	**25.9%**	**62.9%**	**100.0%**

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
(a) North America: U.S.A. and Canada
(b) Europe: Germany, France and U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea and Australia

	Millions of yen					
		Overseas				
Year ended March 31, 2014	Japan	North America	Europe	Asia, Oceania and other areas	Total	Consolidated
Net sales	¥167,903	¥66,635	¥74,863	¥100,901	¥242,400	¥410,304
Sales as a percentage of consolidated net sales	40.9%	16.2%	18.3%	24.6%	59.1%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
(a) North America: U.S.A. and Canada
(b) Europe: Germany, France and U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea and Australia

(ii) Sales, income (loss) and property, plant and equipment information based on group locations

	Millions of yen						
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	**¥171,882**	**¥85,517**	**¥78,516**	**¥ 96,261**	**¥432,177**	**¥ —**	**¥432,177**
Intersegment sales or transfers	**155,004**	**1,385**	**2,342**	**91,295**	**250,027**	**(250,027)**	**—**
Total	**326,887**	**86,903**	**80,858**	**187,556**	**682,205**	**(250,027)**	**432,177**
Segment income (loss)	**¥ 15,439**	**¥ (309)**	**¥ 3,581**	**¥ 11,997**	**¥ 30,708**	**¥ (572)**	**¥ 30,135**
Total assets	**¥350,928**	**¥52,277**	**¥38,794**	**¥115,825**	**¥557,825**	**¥ (27,790)**	**¥530,034**
Property, plant and equipment	**¥ 81,473**	**¥ 1,508**	**¥ 3,433**	**¥ 26,745**	**¥113,158**	**¥ —**	**¥113,158**

	Thousands of U.S. dollars (Note 3)						
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	**$1,430,324**	**$711,634**	**$653,374**	**$ 801,040**	**$3,596,380**	**$ —**	**$3,596,380**
Intersegment sales or transfers	**1,289,873**	**11,525**	**19,489**	**759,715**	**2,080,611**	**(2,080,611)**	**—**
Total	**2,720,205**	**723,167**	**672,863**	**1,560,756**	**5,676,999**	**(2,080,611)**	**3,596,380**
Segment income (loss)	**$ 128,476**	**$ (2,571)**	**$ 29,799**	**$ 99,834**	**$ 255,538**	**$ (4,760)**	**$ 250,770**
Total assets	**$2,920,263**	**$435,025**	**$322,826**	**$ 963,843**	**$4,641,966**	**$ (231,256)**	**$4,410,702**
Property, plant and equipment	**$ 677,981**	**$ 12,549**	**$ 28,568**	**$ 222,560**	**$ 941,649**	**$ —**	**$ 941,649**

Notes: 1. Sales information is based on Group locations where sales take place, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(250,027) million ($(2,080,611) thousand), which comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income corresponds to operating income presented in the consolidated statement of operations.

	Millions of yen						
Year ended March 31, 2014	Japan	North America	Europe	Asia, Oceania and other areas	Total	Adjustments	Consolidated
Sales							
Sales to external customers	¥179,527	¥ 65,890	¥ 75,373	¥ 89,513	¥410,304	¥ —	¥410,304
Intersegment sales or transfers	143,874	738	2,467	82,997	230,077	(230,077)	—
Total	323,401	66,628	77,840	172,510	640,382	(230,077)	410,304
Segment income	¥ 11,819	¥ 2,190	¥ 2,325	¥ 11,608	¥ 27,944	¥ (1,950)	¥ 25,994
Total assets	¥289,570	¥ 29,349	¥ 40,462	¥103,997	¥463,379	¥ (24,447)	¥438,932
Property, plant and equipment	¥ 81,870	¥ 1,099	¥ 3,799	¥ 23,215	¥109,984	¥ —	¥109,984

Notes: 1. Sales information is based on Group locations where sales take place, and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(230,077) million, which comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income corresponds to operating income presented in the consolidated statement of operations.

(e) Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment

For the year ended March 31, 2015

	Millions of yen				
	Musical instruments	Audio equipment	Electronic devices	Others	Total
Amounts amortized in the year ended	**¥1,452**	**¥1,460**	**¥—**	**¥—**	**¥ 2,913**
Balance as of March 31, 2015	**¥5,779**	**¥6,400**	**¥—**	**¥—**	**¥12,179**

	Thousands of U.S. dollars (Note 3)				
	Musical instruments	Audio equipment	Electronic devices	Others	Total
Amounts amortized in the year ended	**$12,083**	**$12,149**	**$—**	**$—**	**$ 24,241**
Balance as of March 31, 2015	**$48,090**	**$53,258**	**$—**	**$—**	**$101,348**

For the year ended March 31, 2014

Since the amounts are not material, this information is omitted.

(f) Information on gain on negative goodwill by reporting segment

None

28 Amounts per Share

Years ended March 31	Yen 2015	Yen 2014	U.S. dollars (Note 3) 2015
Net income per share:			
Basic	**¥128.75**	¥118.26	**$1.07**

As of March 31	Yen 2015	Yen 2014	U.S. dollars (Note 3) 2015
Net assets per share	**¥1,787.42**	¥1,403.12	**$14.87**

Basic net income per share is computed based on the net income and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share for the years ended March 31, 2015 and 2014 has not been presented because there were no potentially dilutive securities at March 31, 2015 and 2014.

Net assets per share are based on the number of shares of common stock outstanding at each balance sheet date.

The basic net income per share is calculated as follows:

Years ended March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 3) 2015
Basic net income per share:			
Net income	**¥ 24,929**	¥ 22,898	**$207,448**
Amounts not attributable to shareholders of common stock	**—**	—	**—**
Net income attributable to shareholders of common stock	**24,929**	22,898	**207,448**
Weighted-average number of shares outstanding (thousands of shares)	**193,625**	193,629	**—**

29 Short-Term Loans Payable and Long-Term Debt

Short-term and long-term loans payable, lease obligations, and guarantee deposits as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Short-term loans payable	**¥11,748**	¥8,590	**$ 97,762**
Current portion of long-term loans payable	**28**	32	**233**
Current portion of lease obligations	**64**	38	**533**
Long-term loans payable	**92**	133	**766**
Lease obligations	**332**	224	**2,763**
Guarantee deposits	**48**	51	**399**
Total	**¥12,313**	¥9,071	**$102,463**

The annual weighted-average interest rates applicable to above short-term loans payable and long-term debt at March 31, 2015 were as follows:

	2015
Short-term loans payable	**0.9%**
Current portion of long-term loans payable	**2.5%**
Long-term loans payable	**2.8%**
Guarantee deposits	**1.2%**

Note: The average interest rate shown above is the weighted average of the interest rates on loans calculated by using the balance of such obligations outstanding at the end of the year. For lease obligations, no average interest rate is shown because the amounts in the consolidated balance sheet include the amounts corresponding to interest paid from total lease payments.

The assets pledged as collateral for long-term loans payable and certain other current liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Property, plant and equipment, net of accumulated depreciation	**¥13**	¥15	**$108**

The above assets were pledged as collateral for "Long-term loans payable" of ¥14 million ($117 thousand) at March 31, 2015 and for "Long-term loans payable" of ¥17 million at March 31, 2014.

30 Related Party Transactions

None

31 Subsequent Events

None



Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
YAMAHA CORPORATION

We have audited the accompanying consolidated financial statements of YAMAHA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YAMAHA CORPORATION and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 24, 2015
Hamamatsu, Japan

A member firm of Ernst & Young Global Limited

Main Networks

(As of July 1, 2015)

Overseas Network

Company name	Location
1 Yamaha Corporation of America	California, U.S.A.
2 Yamaha Music InterActive, Inc.	California, U.S.A.
3 YMH Digital Music Publishing, LLC*1	California, U.S.A.
4 Line 6, Inc.	California, U.S.A.
5 Revolabs, Inc.	Massachusetts, U.S.A.
6 Yamaha Artist Services, Inc.	New York, U.S.A.
7 Yamaha Canada Music Ltd.	Toronto, Canada
8 Yamaha de México, S.A. de C.V.	Mexico City, Mexico
9 Yamaha Music Latin America, S.A.	Panama City, Panama
10 Branch in Venezuela	Caracas, Venezuela
11 Branch in Argentina	Buenos Aires, Argentina
12 Yamaha Musical do Brasil Ltda.	São Paulo, Brazil
13 Yamaha Music Europe GmbH	Rellingen, Germany
14 Branch in France	Croissy-Beaubourg, France
15 Branch in Italy	Milan, Italy
16 Branch in Ibérica	Madrid, Spain
17 Branch in the U.K.	Milton Keynes, U.K.
18 Branch in Scandinavia	Gothenburg, Sweden
19 Branch in Switzerland	Zurich, Switzerland
20 Branch in Austria	Vienna, Austria
21 Branch in Benelux	Vianen, Netherlands
22 Branch in Poland	Warsaw, Poland
23 Branch in Turkey	Istanbul, Turkey
24 Steinberg Media Technologies GmbH	Hamburg, Germany
25 Nexo S.A.	Plailly, France
26 L. Bösendorfer Klavierfabrik GmbH	Wiener Neustadt, Austria

Company name	Location
27 Yamaha Music & Electronics Taiwan Co., Ltd.	Taipei, Taiwan
28 Yamaha Music & Electronics (China) Co., Ltd.	Shanghai, China
29 Yamaha Music Technical (Shanghai) Co., Ltd.	Shanghai, China
30 Yamaha Trading (Shanghai) Co., Ltd.	Shanghai, China
31 Yamaha Electronics (Suzhou) Co., Ltd.	Suzhou, China
32 Xiaoshan Yamaha Musical Instruments Co., Ltd.	Hangzhou, China
33 Hangzhou Yamaha Musical Instruments Co., Ltd.	Hangzhou, China
34 Tianjin Yamaha Electronic Musical Instruments, Inc.	Tianjin, China
35 Shenzhen Yamaha Music & Electronics Trading Co., Ltd.*2	Shenzhen, China
36 Yamaha Music Korea Ltd.	Seoul, South Korea
37 Yamaha Music (Asia) Private Limited	Singapore
38 Yamaha Music (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia
39 Yamaha Electronics Manufacturing (M) Sdn Bhd	Chemor, Malaysia
40 PT. Yamaha Indonesia	East Jakarta, Indonesia
41 PT. Yamaha Music Manufacturing Indonesia	East Jakarta, Indonesia
42 PT. Yamaha Musik Indonesia (Distributor)	Central Jakarta, Indonesia
43 PT. Yamaha Music Manufacturing Asia	Bekasi, Indonesia
44 PT. Yamaha Musical Products Indonesia	Pasuruan, Indonesia
45 PT. Yamaha Electronics Manufacturing Indonesia	Pasuruan, Indonesia
46 Siam Music Yamaha Co., Ltd.*2	Bangkok, Thailand
47 Yamaha Music Vietnam Company Limited	Ho Chi Minh City, Vietnam
48 Yamaha Music India Pvt. Ltd.	Gurgaon, India
49 Yamaha Music Gulf FZE	Dubai, U.A.E.
50 Yamaha Music (Russia) LLC.	Moscow, Russia
51 Yamaha Music Australia Pty. Ltd.	Melbourne, Australia

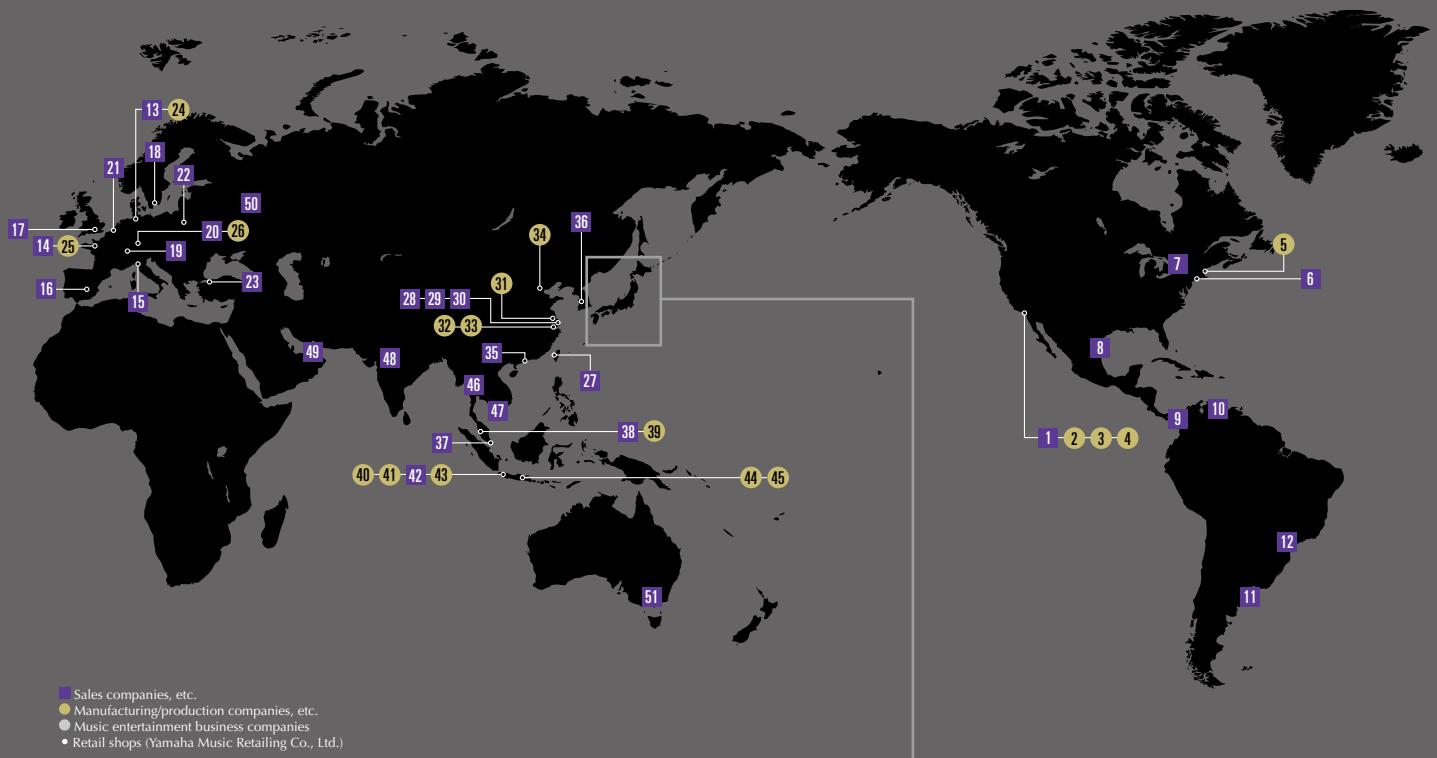
Domestic Network

Company name	Location
1 Kitami Mokuzai Co., Ltd.	Mombetsu-gun, Hokkaido, Japan
2 Sakuraba Mokuzai Co., Ltd.	Kitaakita, Akita, Japan
3 Yamaha Music Japan Co., Ltd.	Minato, Tokyo, Japan
4 Yamaha Music Retailing Co., Ltd.	Minato, Tokyo, Japan
5 Yamaha Sound Systems Inc.	Chuo, Tokyo, Japan
6 Yamaha Music Entertainment Holdings, Inc.	Shibuya, Tokyo, Japan
7 Yamaha Music Communications Co., Ltd.	Shibuya, Tokyo, Japan
8 Yamaha Music Artist, Inc.	Shibuya, Tokyo, Japan
9 Yamaha Music Publishing, Inc.	Shibuya, Tokyo, Japan
10 Yamaha Music Media Corporation	Toshima, Tokyo, Japan
11 Epicurus Corporation	Toshima, Tokyo, Japan
12 Matsukiya Co., Ltd.	Fukui, Japan

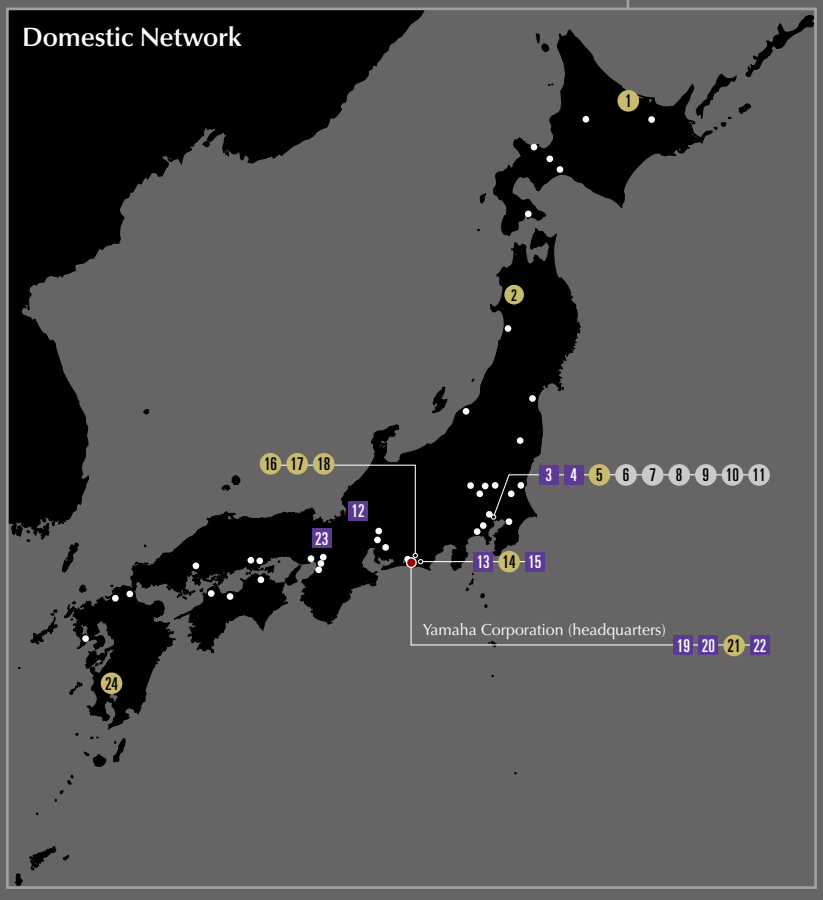
Company name	Location
13 Yamaha Piano Service Co., Ltd.	Kakegawa, Shizuoka, Japan
14 Yamaha Piano Manufacturing Japan Co., Ltd.	Kakegawa, Shizuoka, Japan
15 Yamaha Resort Inc.	Kakegawa, Shizuoka, Japan
16 Yamaha Musical Products Japan Co., Ltd.	Iwata, Shizuoka, Japan
17 Yamaha Music Electronics Japan Co., Ltd.	Iwata, Shizuoka, Japan
18 Yamaha Hi-Tech Design Corporation	Iwata, Shizuoka, Japan
19 Yamaha Business Support Corporation	Hamamatsu, Shizuoka, Japan
20 Yamaha Ai Works Co., Ltd.*2	Hamamatsu, Shizuoka, Japan
21 Yamaha Fine Technologies Co., Ltd.	Hamamatsu, Shizuoka, Japan
22 Yamaha Travel Service Co., Ltd.	Hamamatsu, Shizuoka, Japan
23 Jeugia Corporation*1	Kyoto, Japan
24 Yamaha Kagoshima Semiconductor Inc.	Aira-gun, Kagoshima, Japan

*1. Equity-method affiliates
*2. Non-consolidated subsidiaries and affiliates

Overseas Network



Domestic Network



Investor Information

(As of March 31, 2015)

■ Head Office
10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka
430-8650, Japan

■ Date of Establishment
October 12, 1897

■ Stated Capital
¥28,534 million

■ Number of Employees (Consolidated)
19,967 (Excludes average number of temporary employees: 7,860)

■ Number of Consolidated Subsidiaries
69

■ Account Settlement Date
March 31

■ Dividends
Year-end: To the shareholders of record on March 31
Interim: To the shareholders of record on September 30

■ Number of Shares of Common Stock
Authorized: 700,000,000
Issued: 197,255,025

■ Stock Exchange Listing
Tokyo
First Section, Code No. 7951

■ Administrator of Shareholders' Registry
The Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Department
3-15-33, Sakae, Naka-ku, Nagoya, Aichi 460-8685, Japan

■ Depositary for American Depositary Receipt
Deutsche Bank Trust Company Americas
DR Exchange: OTC
Ticker Symbol: YAMCY
Ratio: 1 share of common stock = 1 ADR
U.S. Securities Code: 984627109
Type: Level 1 with sponsor bank

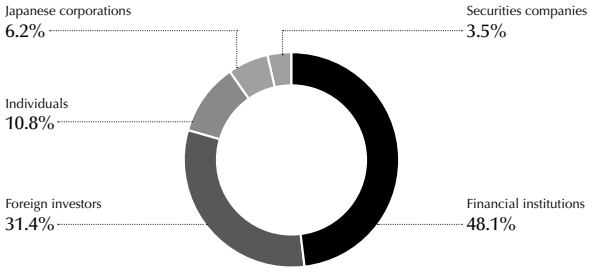
■ Public Notices
Shall be issued electronically at http://jp.yamaha.com/ (only in Japanese), except when accident or other unavoidable occurrence prevents this, in which case they shall be released in the Nihon Keizai Shimbun business daily released in Tokyo.

■ Ordinary General Shareholders' Meeting
June

■ Accounting Auditor
Ernst & Young ShinNihon LLC

■ Number of Shareholders
21,234

■ Shareholder Composition (Number of shares)

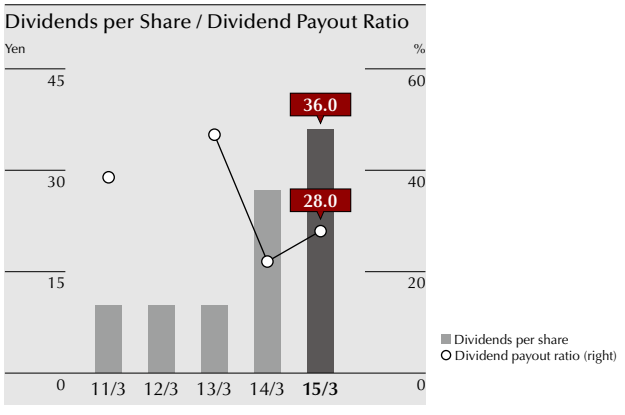


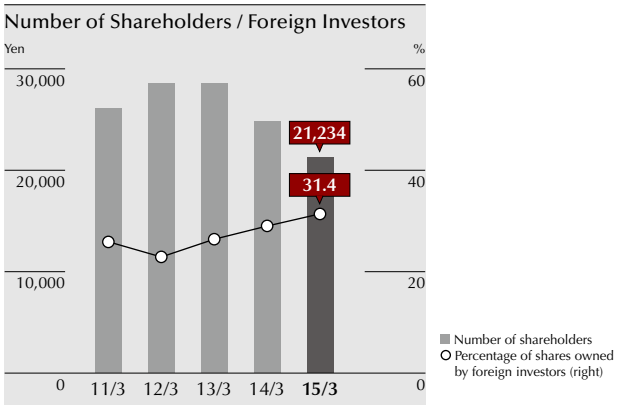
■ Main Shareholders

	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust a/c)	8.21%
Japan Trustee Services Bank, Ltd. (trust a/c)	7.02%
Yamaha Motor Co., Ltd.	5.33%
Mizuho Bank, Ltd.	4.42%
The Shizuoka Bank, Ltd.	4.31%
Mitsui Sumitomo Insurance Co., Ltd.	4.14%
Sumitomo Life Insurance Company	3.77%
State Street Bank and Trust Company 505223	3.30%
Nippon Life Insurance Company	2.58%
BNP Paribas Securities (Japan) Limited	1.53%

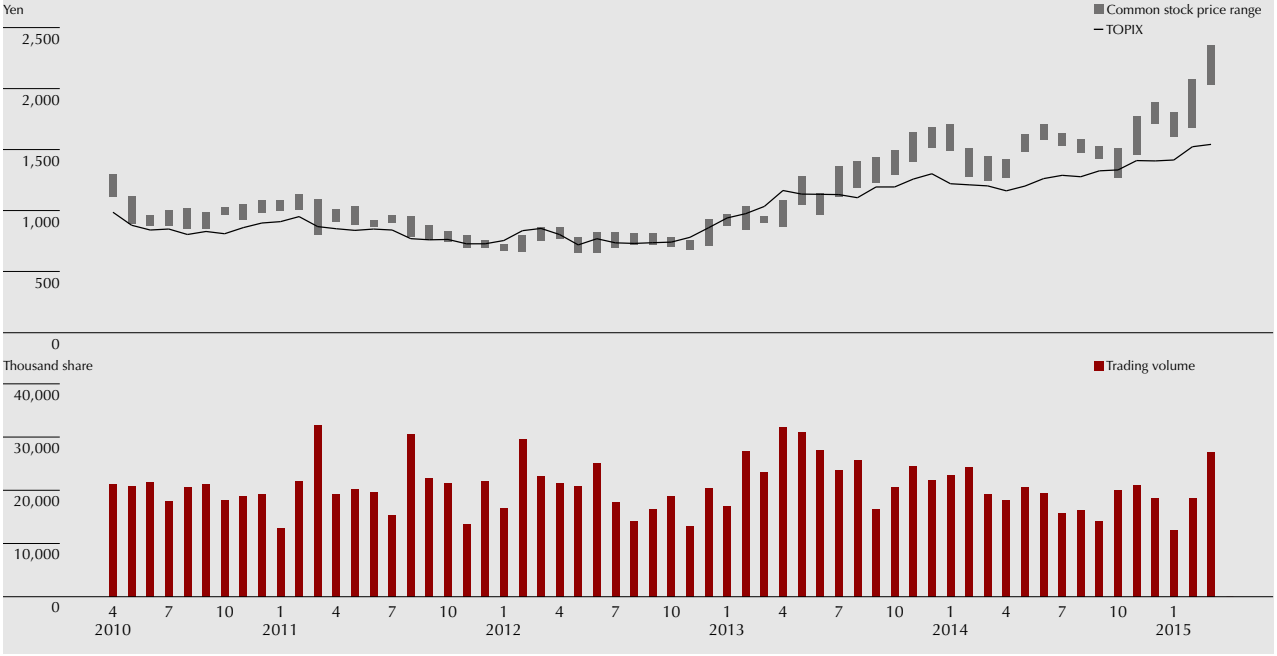
Note: The shareholding ratio is calculated by excluding treasury stock amounting to 3,631,425 shares from total outstanding shares.

IR Contact Corporate Planning Division
TEL: +81 3 5488 6602 http://www.yamaha.com/





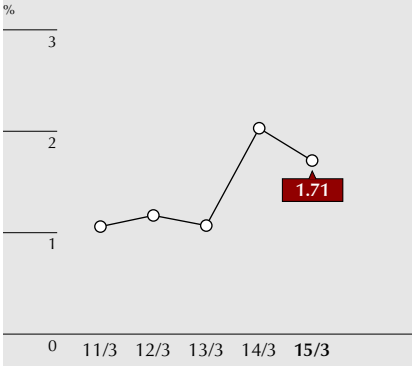
Common Stock Price Range and Trading Volume



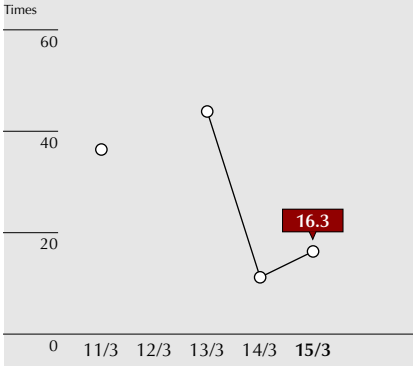
Fiscal year ended	2011/3	2012/3	2013/3	2014/3	**2015/3**
Share price at the end of fiscal year (Yen)	943	858	934	1,329	**2,104**
Share price — high (Yen)	1,295	1,034	1,035	1,705	**2,355**
Share price — low (Yen)	805	663	654	873	**1,267**
Trading volume (Million shares)	280	291	281	340	**268**

Fiscal year ended	2011/3	2012/3	2013/3	2014/3	**2015/3**
Dividend yield (%)	1.06	1.17	1.07	2.03	**1.71**
Price to earnings ratio (Times)	36.4	—	43.9	11.2	**16.3**
Price to book value ratio (Times)	0.75	0.82	0.80	0.95	**1.18**
Number of shares issued (Thousand shares)	197,255	197,255	197,255	197,255	**197,255**
Market capitalization at the end of fiscal year (Millions of yen)	186,011	169,244	184,236	262,152	**415,025**
Percentage of shares owned by foreign investors (%)	25.9	22.9	26.4	29.0	**31.4**

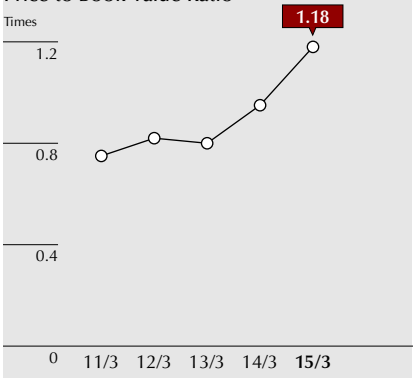
Dividend Yield



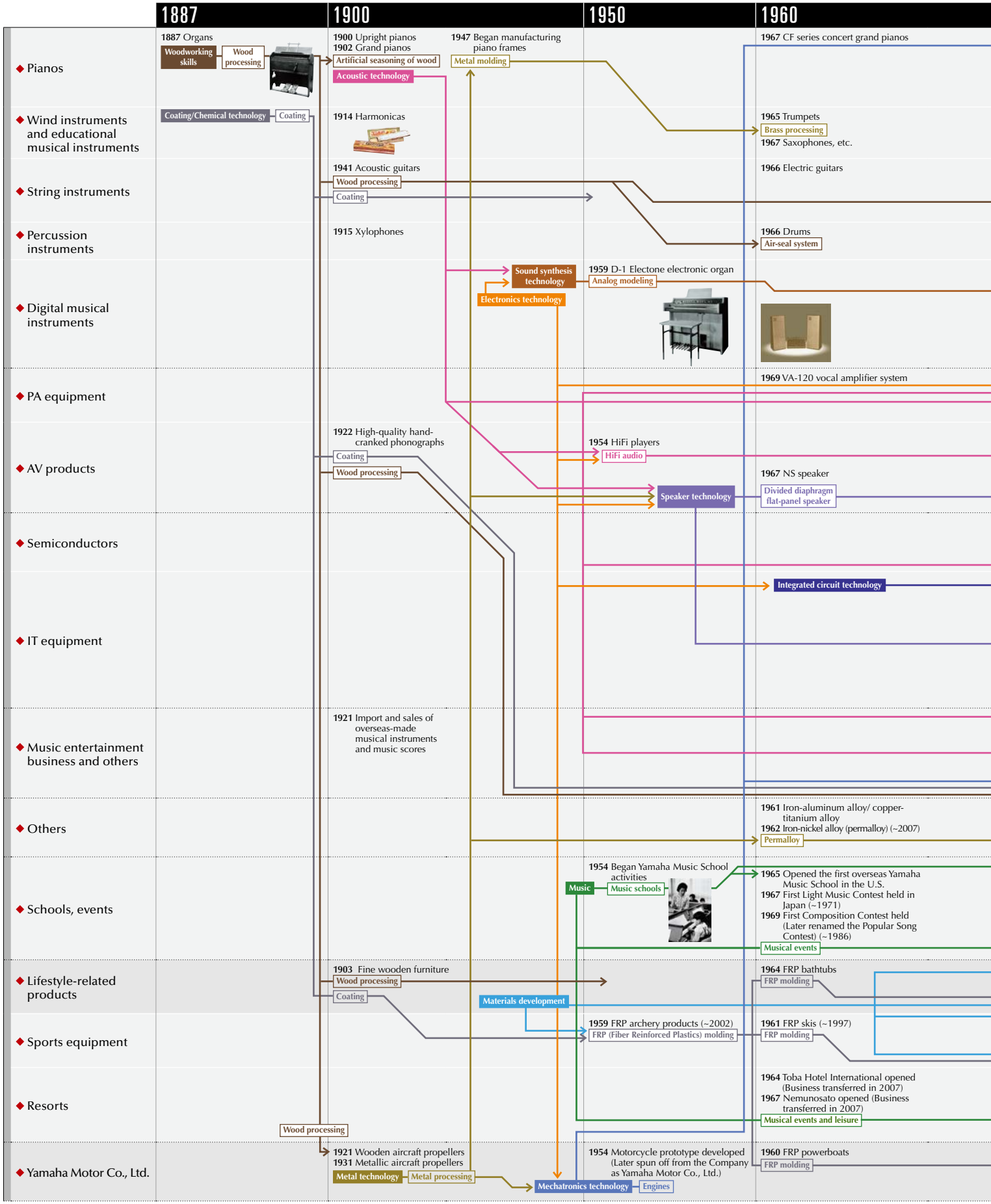
Price to Earnings Ratio

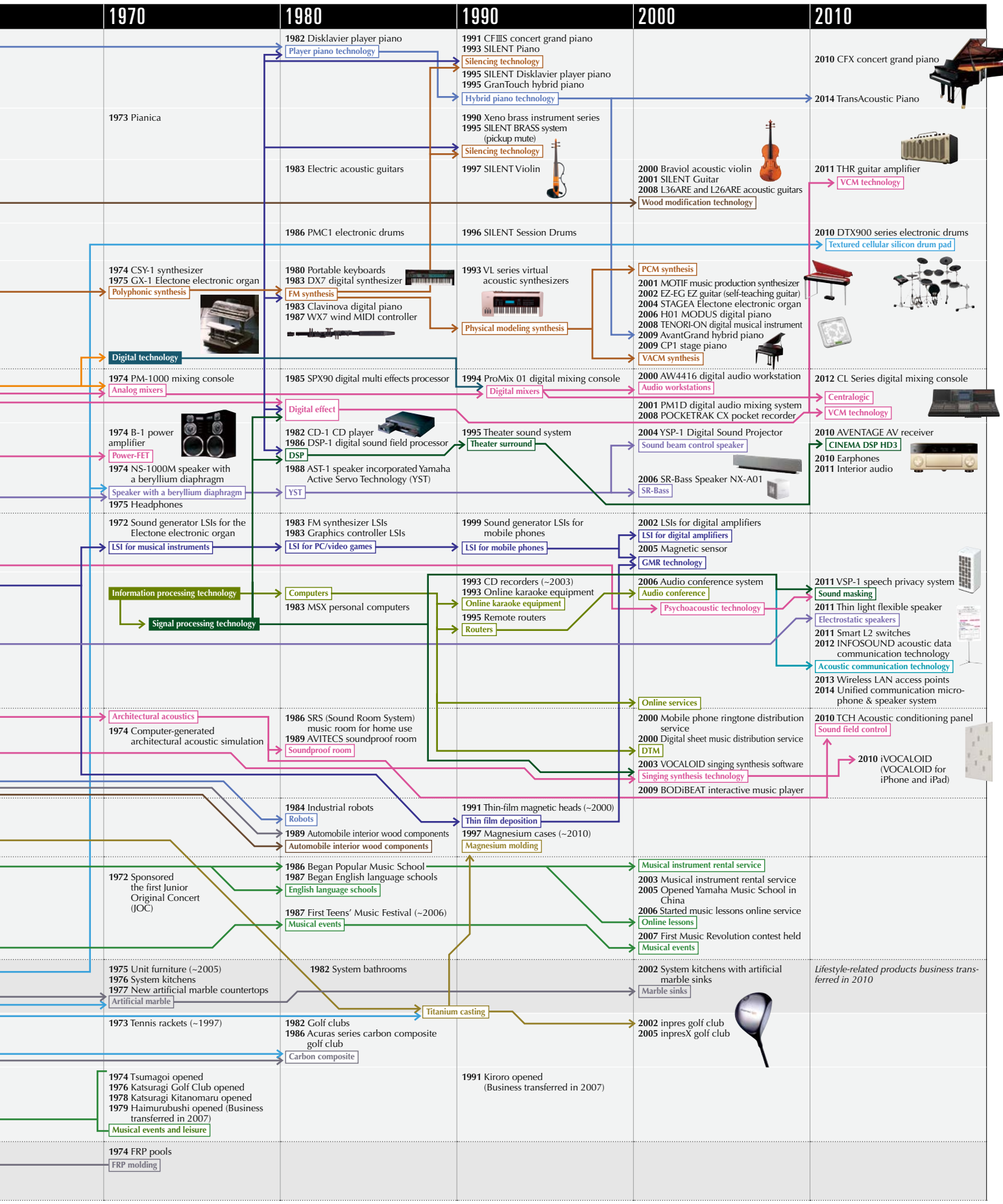


Price to Book Value Ratio



Yamaha Product History

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1990
2000
2010
1982 Disklavier player piano
Player piano technology
1991 CFIIIS concert grand piano
1993 SILENT Piano
Silencing technology
1995 SILENT Disklavier player piano
1995 GranTouch hybrid piano
Hybrid piano technology
2010 CFX concert grand piano
2014 TransAcoustic Piano
1973 Pianica
1990 Xeno brass instrument series
1995 SILENT BRASS system
(pickup mute)
Silencing technology
1983 Electric acoustic guitars
1997 SILENT Violin
2000 Braviol acoustic violin
2001 SILENT Guitar
2008 L36ARE and L26ARE acoustic guitars
Wood modification technology
2011 THR guitar amplifier
VCM technology
1986 PMC1 electronic drums
1996 SILENT Session Drums
2010 DTX900 series electronic drums
Textured cellular silicon drum pad
1974 CSY-1 synthesizer
1975 GX-1 Electone electronic organ
Polyphonic synthesis
1980 Portable keyboards
1983 DX7 digital synthesizer
FM synthesis
1983 Clavinova digital piano
1987 WX7 wind MIDI controller
1993 VL series virtual acoustic synthesizers
Physical modeling synthesis
PCM synthesis
2001 MOTIF music production synthesizer
2002 EZ-EG EZ guitar (self-teaching guitar)
2004 STAGEA Electone electronic organ
2006 H01 MODUS digital piano
2008 TENORI-ON digital musical instrument
2009 AvantGrand hybrid piano
2009 CP1 stage piano
VACM synthesis
Digital technology
1974 PM-1000 mixing console
Analog mixers
1985 SPX90 digital multi effects processor
1994 ProMix 01 digital mixing console
Digital mixers
2000 AW4416 digital audio workstation
Audio workstations
2012 CL Series digital mixing console
Centralogic
2001 PM1D digital audio mixing system
2008 POCKETRAK CX pocket recorder
VCM technology
Digital effect
1974 B-1 power amplifier
Power-FET
1974 NS-1000M speaker with a beryllium diaphragm
Speaker with a beryllium diaphragm
1975 Headphones
1982 CD-1 CD player
1986 DSP-1 digital sound field processor
DSP
1988 AST-1 speaker incorporated Yamaha Active Servo Technology (YST)
YST
1995 Theater sound system
Theater surround
2004 YSP-1 Digital Sound Projector
Sound beam control speaker
2006 SR-Bass Speaker NX-A01
SR-Bass
2010 AVENTAGE AV receiver
CINEMA DSP HD3
2010 Earphones
2011 Interior audio
1972 Sound generator LSIs for the Electone electronic organ
LSI for musical instruments
1983 FM synthesizer LSIs
1983 Graphics controller LSIs
LSI for PC/video games
1999 Sound generator LSIs for mobile phones
LSI for mobile phones
2002 LSIs for digital amplifiers
LSI for digital amplifiers
2005 Magnetic sensor
GMR technology
Information processing technology
Signal processing technology
Computers
1983 MSX personal computers
1993 CD recorders (~2003)
1993 Online karaoke equipment
Online karaoke equipment
1995 Remote routers
Routers
2006 Audio conference system
Audio conference
Psychoacoustic technology
2011 VSP-1 speech privacy system
Sound masking
2011 Thin light flexible speaker
Electrostatic speakers
2011 Smart L2 switches
2012 INFOSOUND acoustic data communication technology
Acoustic communication technology
2013 Wireless LAN access points
2014 Unified communication micro-phone & speaker system
Online services
Architectural acoustics
1974 Computer-generated architectural acoustic simulation
1986 SRS (Sound Room System) music room for home use
1989 AVITECS soundproof room
Soundproof room
2000 Mobile phone ringtone distribution service
2000 Digital sheet music distribution service
DTM
2003 VOCALOID singing synthesis software
Singing synthesis technology
2009 BODiBEAT interactive music player
2010 TCH Acoustic conditioning panel
Sound field control
2010 iVOCALOID (VOCALOID for iPhone and iPad)
1984 Industrial robots
Robots
1989 Automobile interior wood components
Automobile interior wood components
1991 Thin-film magnetic heads (~2000)
Thin film deposition
1997 Magnesium cases (~2010)
Magnesium molding
1986 Began Popular Music School
1987 Began English language schools
English language schools
1972 Sponsored the first Junior Original Concert (JOC)
1987 First Teens' Music Festival (~2006)
Musical events
Musical instrument rental service
2003 Musical instrument rental service
2005 Opened Yamaha Music School in China
2006 Started music lessons online service
Online lessons
2007 First Music Revolution contest held
Musical events
1975 Unit furniture (~2005)
1976 System kitchens
1977 New artificial marble countertops
Artificial marble
1982 System bathrooms
2002 System kitchens with artificial marble sinks
Marble sinks
Lifestyle-related products business transferred in 2010
Titanium casting
1973 Tennis rackets (~1997)
1982 Golf clubs
1986 Acuras series carbon composite golf club
Carbon composite
2002 inpres golf club
2005 inpresX golf club
1974 Tsumagoi opened
1976 Katsuragi Golf Club opened
1978 Katsuragi Kitanomaru opened
1979 Haimurubushi opened (Business transferred in 2007)
Musical events and leisure
1991 Kiroro opened (Business transferred in 2007)
1974 FRP pools
FRP molding



YAMAHA CORPORATION
Corporate Planning Division
http://www.yamaha.com/

Printed in Japan on FSC®-approved paper using vegetable oil ink and waterless printing processes.
2015/7 – CM152