For Immediate Release

July 31, 2012

Company Name: YAMAHA CORPORATION
President and
Representative Director: Mitsuru Umemura
Code Number: 7951 (First Section of Tokyo Stock Exchange)

Outline of Business Structural Reforms in Japan

Yamaha Corporation (Head office: 10-1, Nakazawa-cho, Naka-ku, Hamamatsu-shi, Shizuoka; President and Representative Director: Mitsuru Umemura; hereinafter, the Company) organized its “Domestic Business Structural Reform Project” in April 2012, which is led by the president, to strive for improving performance of business operations in Japan, and reinforce the earning capacity of the Yamaha Group as a whole. The project has undertaken a drastic review of its domestic sales and marketing, domestic production, semiconductor business, and administrative divisions.

Recently, the Company has decided on and announced its basic policies in these areas, as outlined below. Specific details of the content of these policies will be made public as soon as they are finalized.

1. Structural Reforms in Domestic Sales and Marketing

The markets for musical instruments and audio products in Japan have matured, and, as no major growth can be expected in these areas, the Company will realign its domestic sales organization and aim for increasing operating efficiency, while also working to further boost its marketing strengths.

(1) Four sales offices will be closed in April 2013. These offices are currently located in Sapporo (in Hokkaido), Sendai, Nagoya, and Fukuoka (in Kyushu), and the Company will concentrate its wholesaling functions in Tokyo and Osaka.
(2) The domestic sales and marketing divisions in charge of musical instruments and audio products will be set up in April 2013 as a separate company. This new company, which will be provisionally named Yamaha Music Japan Co., Ltd. (Head office: Minato-ku, Tokyo, hereinafter, YMJ), will be integrated with three other

Yamaha Group companies, namely, Yamaha Music Trading Corporation, which engages in the importing and sale of musical instruments; Yamaha Music Lease Corporation, which leases and rents musical instruments and other related items; and Yamaha Electronics Marketing Corporation, which sells AV products in Japan.

(3) The Company will integrate eight Group retail sales subsidiaries* in April 2013, which engage in sales of musical instruments and operate Yamaha Music and English-language Schools, into a new company, which will be provisionally named Yamaha Music Co., Ltd. (Head office: Not decided) and will be positioned as a subsidiary of YMJ.

*The eight companies are Yamaha Music Hokkaido Co., Ltd., Yamaha Music Tohoku Co., Ltd., Yamaha Music Tokyo Co., Ltd., Yamaha Music Kanto Co., Ltd., Yamaha Music Tokai Co., Ltd., Yamaha Music Osaka Co., Ltd., Yamaha Music Chushikoku Co., Ltd., and Yamaha Music Kyushu Co., Ltd.

2. Structural Reforms in Domestic Musical Instrument Production

As cost-competitiveness of products made in Japan has declined, due to severe changes in the management environment, including the appreciation of the yen, the Company has shifted the production of parts and assembly of moderately-priced products to overseas factories. In its structural reforms, the Company is working to realign its production systems in Japan with the aims of further reducing manufacturing costs and maintaining and strengthening the Company's unique manufacturing technologies and skills in manufacturing high-value-added medium- to high-end products.

(1) The Company's piano production division (the Kakegawa Factory) will be set up in April 2014 as a separate company, which will provisionally be named Yamaha Piano Manufacturing Co., Ltd. (Head office: Ryoke, Kakegawa-shi, Shizuoka). This company will be integrated with Yamanashi Kogei Co., Ltd., which is engaged in processing and other operations related to the production of piano wooden parts.

(2) The wind instruments production division (the Toyooka Factory) will be set up in April 2014 as a separate company and integrated with Yamaha Music Craft Corporation, which is engaged in production of wind, string, and percussion instruments. This new company will be provisionally named Yamaha Wind, String, and Percussion Instruments Manufacturing Co., Ltd. (Head office: Matsunokijima, Iwata-shi, Shizuoka).

(3) The digital musical instruments and audio equipment production division (the Toyooka Factory) will be set up in April 2014 as a separate company, which will

provisionally be named Yamaha Digital Products Co., Ltd. (Head office: Matsunokijima, Iwata-shi, Shizuoka).

3. Structural Reforms in the Semiconductor Business

Along with the intensification of competition, the Company will implement structural reforms in this business to respond flexibly to changes in market conditions and secure profitability.

(1) The Company will concentrate its development resources on those products where it is competitive, including magnetic sensors, sound generators and graphic controllers used in amusement equipment, and products for automotive applications.
(2) Production of devices currently manufactured in Japan that lack competitiveness will gradually be outsourced to overseas suppliers.
(3) Yamaha Kagoshima Semiconductor Inc., will shift the focus of its production operations to magnetic sensors, which require sophisticated manufacturing technology.

4. Reforms in Staff Operations

As the Company strives for “a small head office,” the administrative divisions will concentrate on formulating Group strategy and management planning. In tandem with this, the Company will proceed to transfer or outsource these practical operations and business support services to Group subsidiaries and other service suppliers, with the objectives of increasing operating efficiency and enhancing quality.

Accompanying the reforms described above, the Company is scheduled to make adjustments in employment in certain subsidiaries. In addition, business processes that are transferred to subsidiaries will be conducted initially by personnel seconded from the Company. However, along with natural attrition in personnel due to retirement and other causes, the hiring of replacement staff will be kept to a necessary minimum, and efforts will be implemented to restrain fixed costs.

Please note that the costs of the implementation of personnel measures will amount to ¥1.0 billion for structural reforms in domestic sales and marketing and ¥0.7 billion for structural reforms in the semiconductor business. This total cost of ¥1.7 billion has been taken into account as structural reform expenses (extraordinary losses) in the outlook for performance in the fiscal year ending March 31, 2013. In addition, the Company is scheduled to make investments of ¥1.2 billion, including ¥1.1 billion for investments at Yamaha Kagoshima Semiconductor Inc.

As a result of the previously mentioned reforms, during the fiscal year ending March 31, 2014, the Company anticipates a positive impact totaling ¥2.7 billion, comprising a ¥1.7 billion reduction in personnel costs, including through natural attrition, and a ¥1.0 billion decrease due to rationalization through business realignments and improvements in business processes. However, the positive effects of structural reforms in domestic musical instrument production are not included in this total because the domestic production reform will be implemented in April 2014.

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