

For Immediate Release

October 31, 2013

Company Name: Yamaha Corporation
President and
Representative Director: Takuya Nakata
Code Number: 7951 (First Section of Tokyo Stock Exchange)

Announcement of Spinning Off of Manufacturing Businesses in Japan through Company Split-Off (through absorption-type merger) and Change in Corporate Name

Based on the policy stated in the “Outline of Business Structural Reforms in Japan,” which was announced on July 31, 2012, the Board of Directors of Yamaha Corporation decided at its meeting today to divide the manufacturing business of musical instruments and audio products and have its wholly owned three subsidiaries take over its manufacturing. In addition, Yamaha has announced that the names of these subsidiaries will be changed in line with these realignments.

Please note that, since the split-offs will involve the transfer of certain businesses to companies wholly owned by Yamaha, disclosure of certain items has been omitted.

1. Objectives of the Company Split-Offs

Under the situation where cost-competitiveness in domestic production is declining due to the radical change of the management environment, the Company has been promoting, up until now, the transfer of components production and assembly processes for mass market products to overseas plants. Along with these overseas shifts, the current decision for the split-off and realignment was made in order to realize efficient production management in Japan and reinforce governance as well as to facilitate rapid management decisions on a global level. Yamaha plans to have three existing domestic manufacturing subsidiaries take over manufacturing operations for musical instruments and audio products in Japan as a result of the split-offs. Yamaha also aims to promote mutual support through sharing functions and the production load and rationalization as well as to attempt to achieve further production cost reductions through cost structure reform while carefully reviewing production scale in the medium to long term.

More specifically, Yamanashi Kogei Co., Ltd. will take over the piano manufacturing business in the Kakegawa Factory and the Iwata Factory, Yamaha Music Craft Corporation will take over the wind instruments manufacturing business in the Toyooka Factory, and DS Corporation the digital instruments and audio equipment manufacturing business at the Toyooka Factory through the split-offs.

2. Outline of the Split-Offs

(1) Schedule for the split-offs

Resolution approved by the Board of Directors: October 31, 2013

Signing of the split-off contracts: February 5, 2014 (scheduled)

Approval of split-off contracts by the shareholders' meeting (each subsidiary): March 18, 2014 (scheduled)

Date of the split-offs (effective date): April 1, 2014 (scheduled)

Note: Based on Japan's Company Act (Article 784, section 3), the above-mentioned split-offs will not require the approval of the General Meeting of Shareholders, as specified in Article 783, section 1 of the Company Act.

(2) Method of the split-offs

It is a spin-off type method where Yamaha Corporation will be the company to be divided and Yamanashi Kogei Co., Ltd., Yamaha Music Craft Corporation, and DS Corporation will each be successor companies.

(3) Allocation of shares

As each subsidiary succeeds the manufacturing business of musical instruments and audio products in Japan, the shares of each subsidiary will be allocated to Yamaha Corporation as compensation as follows. Since these corporate split-offs involve the transfer of businesses to wholly owned subsidiaries of Yamaha Corporation, an agreement was reached with these three subsidiaries.

Yamanashi Kogei Co., Ltd.	10,000 shares
Yamaha Music Craft Corporation	1,000 shares
DS Corporation	80,000 shares

(4) Decrease in capital due to the split-offs

There will be no decrease in Yamaha Corporation's paid-in capital or capital surplus as a result of these split-offs.

(5) Treatment of share warrants and bonds with share warrants due to the split-offs

The Company has not issued any share warrants, nor has it issued bonds with share warrants.

(6) Rights and duties the successor companies inherit

The successor companies will be responsible for the assets, liabilities, and their respective obligations under contractual commitments related to the transferred businesses deemed necessary for the operations of such businesses as well as all accompanying rights and duties.

(7) Outlook for meeting debt obligations

Under these split-offs, it is the judgment of management that Yamaha Corporation and the successor companies will be able to meet their obligations.

3. Outline of the Companies Subject to Split-Offs (as of September 30, 2013)

(1) Corporate name	Yamaha Corporation (Splitting company)	Yamanashi Kogei Co., Ltd. (Successor company)	Yamaha Music Craft Corporation (Successor company)	DS Corporation (Successor company)
(2) Lines of business	Manufacturing and sale of musical instruments, AV equipment, electronic devices, and other products, as well as the management of recreation facilities	Processing and sale of musical components, etc.	Manufacturing of wind, string, and percussion instruments, etc.	Manufacturing and sale of electrical products and musical instruments
(3) Date of establishment	October 12, 1897	December 8, 1966	September 18, 1987	September 18, 1978
(4) Head office address	10-1, Nakazawa-cho, Naka-ku, Hamamatsu-shi, Shizuoka Prefecture	1480, Ryoke, Kakegawa-shi, Shizuoka Prefecture	1465, Matsunokijima, Iwata-shi, Shizuoka Prefecture	2152-5, Shimoyamanashi, Fukuroi-shi, Shizuoka Prefecture
(5) Representative	Takuya Nakata, President and Representative Director	Nobufumi Sawaki, President and Representative Director	Shiro Kurosawa, President and Representative Director	Yoshitaka Kato, President and Representative Director
(6) Paid-in capital	¥28,534 million	¥20 million	¥50 million	¥60 million
(7) Number of shares issued	197,255 thousand	40 thousand	1 thousand	120 thousand
(8) Closing of accounts	March 31	March 31	March 31	March 31
(9) Principal shareholders, % ownership	*Notes	Yamaha Corporation 100.0%	Yamaha Corporation 100.0%	Yamaha Corporation 100.0%

*Notes

The Master Trust Bank of Japan, Ltd. (trust account)	8.2%
Japan Trustee Services Bank, Ltd. (trust account)	6.5%
Yamaha Motor Co., Ltd.	5.2%
Mizuho Bank, Ltd.	4.3%
The Shizuoka Bank, Ltd.	4.2%
Mitsui Sumitomo Insurance Co., Ltd.	4.1%
Sumitomo Life Insurance Company	3.7%
Nippon Life Insurance Company	3.2%
Japan Trustee Services Bank, Ltd. (trust account 9)	2.2%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1.3%

4. Operating Performance and Financial Position of the Companies Involved for the Most Recent Fiscal Year (Ended in March 2013)

(Yen)

	Yamaha Corporation (Splitting company) (Consolidated)	Yamanashi Kogei Co., Ltd. (Successor company) (Non-consolidated)	Yamaha Music Craft Corporation (Successor company) (Non-consolidated)	DS Corporation (Successor company) (Non-consolidated)
Net assets	229,636 million	262 million	822 million	772 million
Total assets	390,610 million	366 million	1,137 million	1,183 million
Net assets per share	1,171.67	6,557.68	821,860.05	6,436.22
Net sales	366,941 million	623 million	1,907 million	1,256 million
Operating income	9,215 million	28 million	83 million	100 million
Ordinary income	8,580 million	29 million	86 million	101 million
Net income	4,122 million	18 million	58 million	64 million
Net income per share	21.29	468.71	57,952.72	534.34

5. Outline of Businesses to Be Split

(Yen)

Details of businesses to be split	Management performance (Ended in March 2013) Sales*	Assets and liabilities to be split (Estimated)			
		Assets		Liabilities	
Piano manufacturing business in the Kakegawa Factory and the Iwata Factory (Successor company: Yamanashi Kogei Co., Ltd.)	14,081 million	Current assets	2.0 billion	Current liabilities	0.1 billion
		Fixed assets	2.3 billion	Fixed liabilities	-
		Total	4.3 billion	Total	0.1 billion
Wind instruments manufacturing business in the Toyooka Factory (Successor company: Yamaha Music Craft Co., Ltd.)	15,106 million	Current assets	3.4 billion	Current liabilities	0.1 billion
		Fixed assets	1.9 billion	Fixed liabilities	-
		Total	5.3 billion	Total	0.1 billion
Digital instruments and audio equipment manufacturing business at the Toyooka Factory (Successor company: DS Corporation)	8,577 million	Current assets	1.5 billion	Current liabilities	0.1 billion
		Fixed assets	0.7 billion	Fixed liabilities	-
		Total	2.2 billion	Total	0.1 billion

*As products manufactured at split-off divisions are all delivered to the Company, amounts transferred internally from the division concerned were recorded as sales.

6. Status after Company Split-Offs

(1) Status of splitting company (Yamaha)

There is no change in corporate name, lines of business, head office address, representative, paid-in capital, and closing of accounts.

(2) Status of successor companies

1) Change in corporate names

Corporate names will be changed as of the date of split-offs.

Before change: Yamanashi Kogei Co., Ltd.

After change: Yamaha Piano Manufacturing Japan Co., Ltd.

Before change: Yamaha Music Craft Corporation

After change: Yamaha Musical Products Japan Co., Ltd.

Before change: DS Corporation

After change: Yamaha Music Electronics Japan Co., Ltd.

2) Status of subsidiaries

Corporate name	Yamaha Piano Manufacturing Japan Co., Ltd.	Yamaha Musical Products Japan Co., Ltd.	Yamaha Music Electronics Japan Co., Ltd.
Lines of business	Piano manufacturing business	Wind, string, and percussion instruments production business	Digital instruments and audio equipment production business
Head office address	1480, Ryoke, Kakegawa-shi, Shizuoka Prefecture	203, Matsunokijima, Iwata-shi, Shizuoka Prefecture	203, Matsunokijima, Iwata-shi, Shizuoka Prefecture
Representative	Hiroyoshi Takahashi, President and Representative Director	Toru Asada, President and Representative Director	Hideaki Shimaya, President and Representative Director
Paid-in capital	¥100 million	¥100 million	¥100 million
Closing of accounts	March 31	March 31	March 31
Shareholder composition	Yamaha Corporation 100.0%	Yamaha Corporation 100.0%	Yamaha Corporation 100.0%

7. Impact on Performance following the Split-Offs

Since the three subsidiaries succeeding the businesses are wholly owned subsidiaries of Yamaha Corporation, the split-offs will have no effect on the consolidated performance of the Company.

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