

**Yamaha Group
Medium-Term
Management Plan**
(April 2010 – March 2013)

April 6, 2010



- 1. Review of Previous Plan**
- 2. Management Direction**
- 3. New Medium-Term Management Plan**

Note: Figures cited in this document for March 2010 onward are current projections or targets

Review of Previous Plan

Previous Medium-Term Management Plan “YGP2010”



Medium-Term Management Plan
(April 2007-March 2010)

Yamaha Growth Plan 2010 - Act & Change! -



*The entire company **acts** as one to **steadily implement** growth strategies and **changes** to shift into a growth phase!*

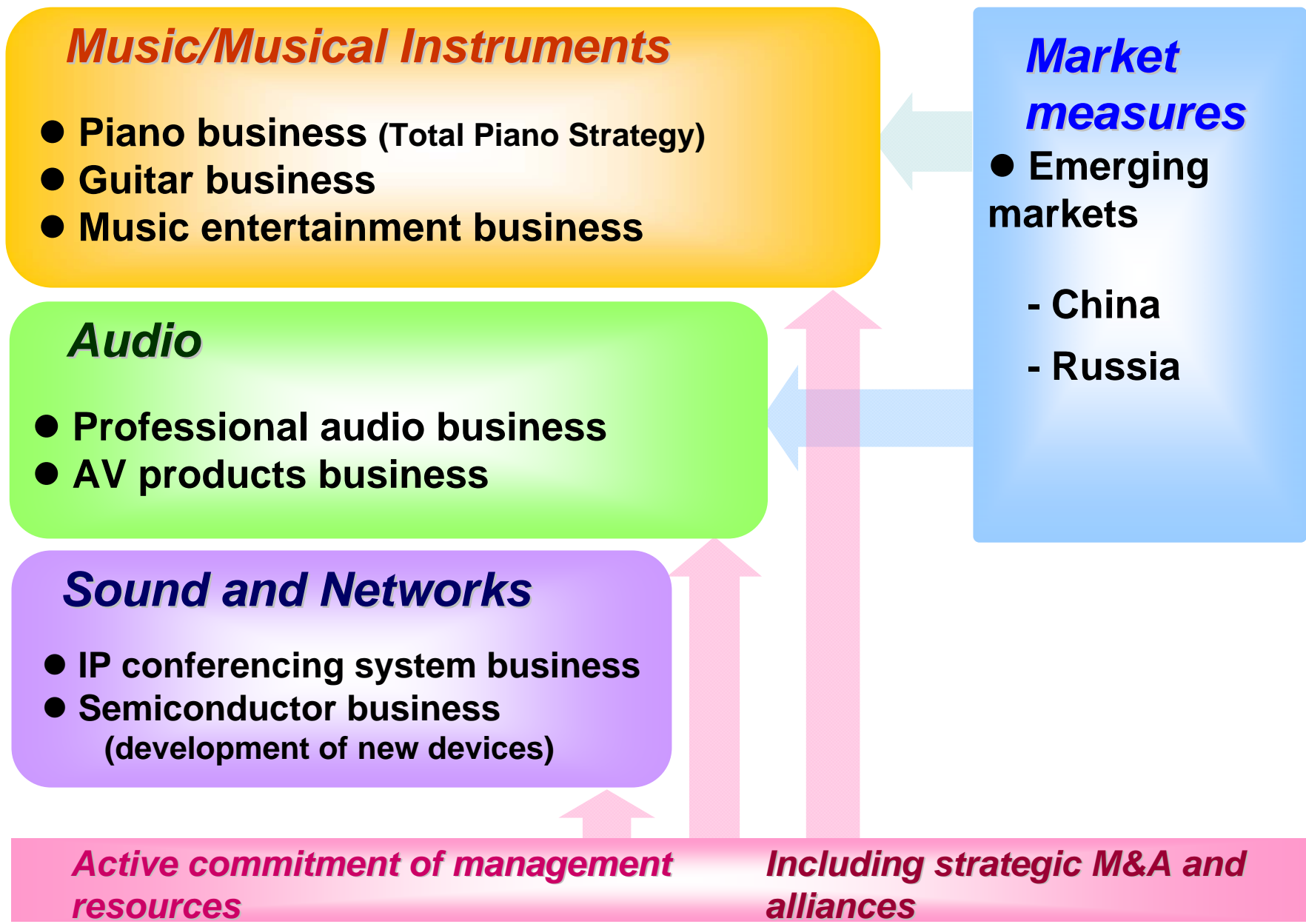
Shift into a growth phase based on a stronger financial position

Review of YGP2010 Results



| | | Targets | March 2010 projections | Versus targets |
|-----------------------|-------------------------------------------------------------------------------|---------------------------|----------------------------|----------------|
| Net sales | Whole company (3 year growth rate) | ¥590.0 billion (8.8%) | ¥413.0 billion (-25.0%) | 70.0% |
| | The Sound Company business domain (3 year growth rate) | ¥493.0 billion (14.0%) | ¥348.5 billion (-20.3%) | 70.7% |
| Operating income | Whole company (ratio of operating income to net sales) | ¥45.0 billion (7.6%) | ¥6.0 billion (1.5%) | -¥39.0 billion |
| | The Sound Company business domain (ratio of operating income to net sales) | ¥39.5 billion (8.0%) | ¥6.0 billion (1.7%) | -¥33.5 billion |
| ROE | | 10% | -2.0% | - |
| 3-year free cash flow | | ¥55.0 billion | ¥69.1 billion | +¥14.1 billion |

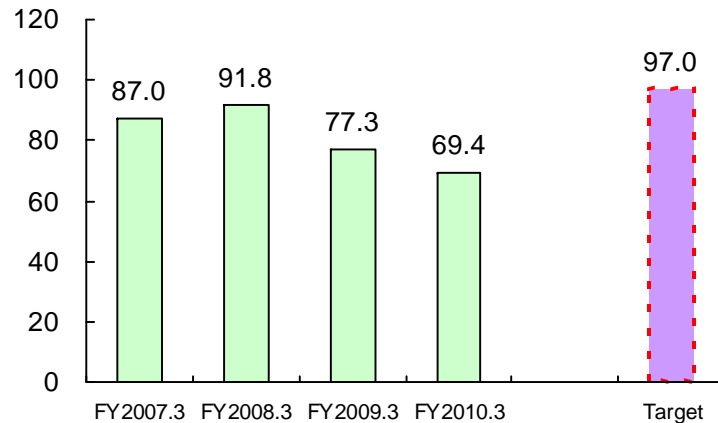
YGP2010: Key Areas for Growth



YGP2010: Review of Key Business Domains YAMAHA

Music & Musical Instruments

(Billions of yen)



Piano Business (Total Piano Strategy)

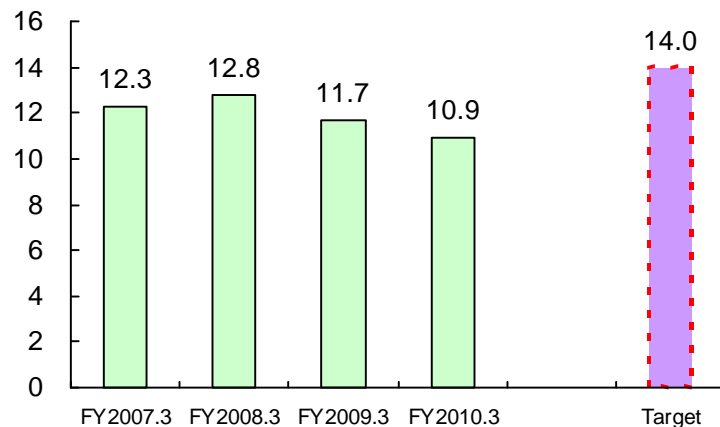
- ☆ Launched AvantGrand, rebuilt product lineup from the customer's viewpoint
- ☆ Enhanced sales network with emphasis on customer convenience
- ☆ Boosted activities of artist services centers
- ☆ Will complete integration of Japanese production bases (scheduled for 31 August 2010)

Issue:

- ✓ Accelerate response to changes in demand structure

Music & Musical Instruments

(Billions of yen)



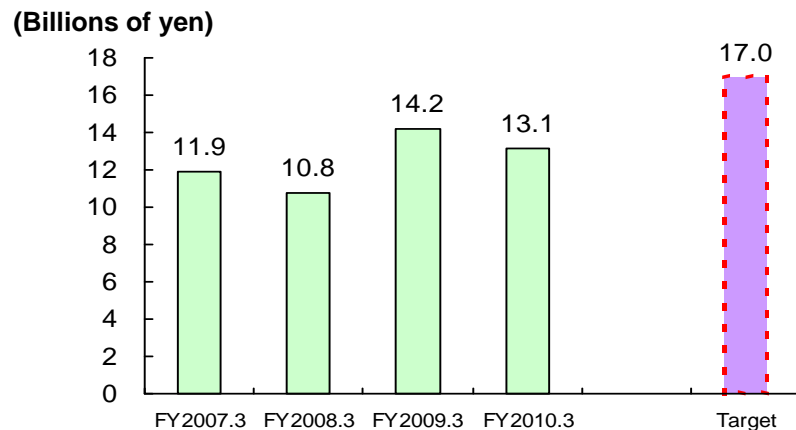
Guitar Business

- ☆ Continued to review sales networks in North America, sharply increased share in electric acoustic guitar market
- ☆ Strengthened North American R&D/artist services centers
- ☆ Enhanced and expanded production structures in China and Indonesia

Issue:

- ✓ Insufficient market penetration for mid-range and high-end products

Music & Musical Instruments



Music Entertainment Business

- ☆ Established Yamaha Music Entertainment, realigned and integrated music entertainment business
- ☆ Identified and nurtured artists through Music Revolution
- ☆ Developed new business based on publishing and music distribution

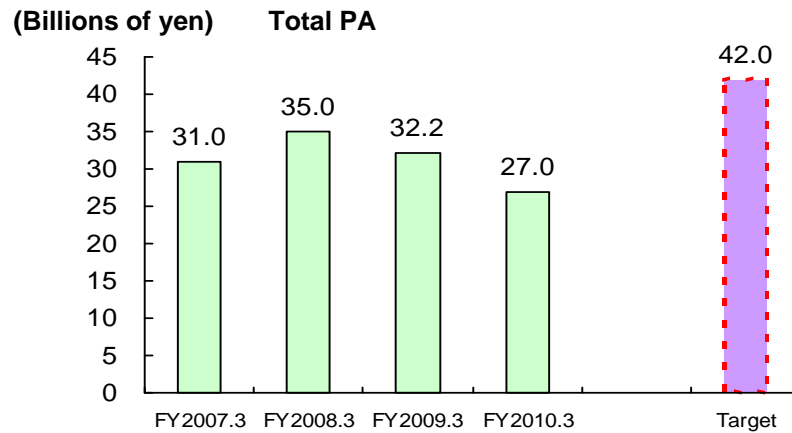
Issue:

- ✓ Investment in new business is not showing results

YGP2010: Review of Key Business Domains



Audio



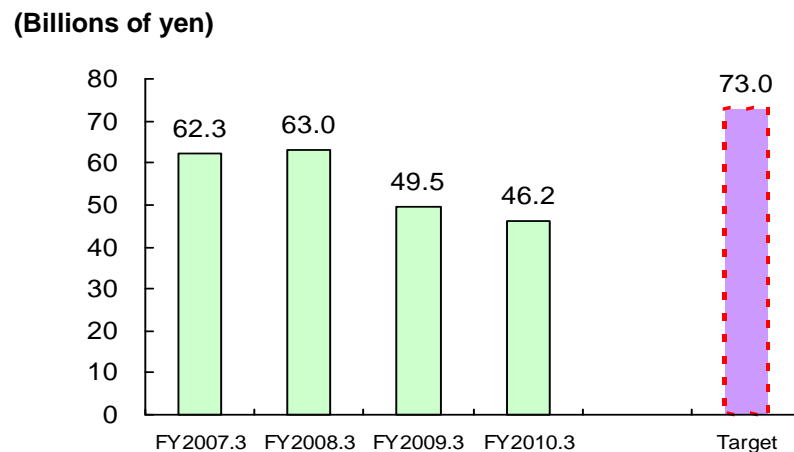
Professional Audio Equipment Business

- ☆ Acquired NEXO as wholly-owned subsidiary, strengthened output-type products
- ☆ Enhanced business infrastructure for sales/support
- ☆ Boosted competitiveness of Japan professional audio equipment business by merging operations of Yamaha Sound Technologies Inc. and Fuji Sound Co., Ltd.

Issue:

- ✓ Growth stalled due to customers' decreased investment in equipment

Audio



AV Products Business

- ☆ Enhanced line-up of TV peripheral and HiFi products
- ☆ Launched front surround system with furniture stand
- ☆ Entered desktop audio business

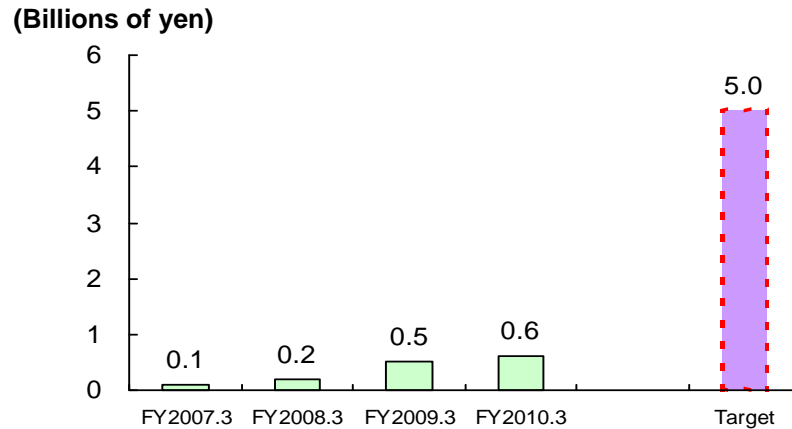
Issue:

- ✓ Establishing new product as key business pillar to follow AV receivers

YGP2010: Review of Key Business Domains



Sound and Networks



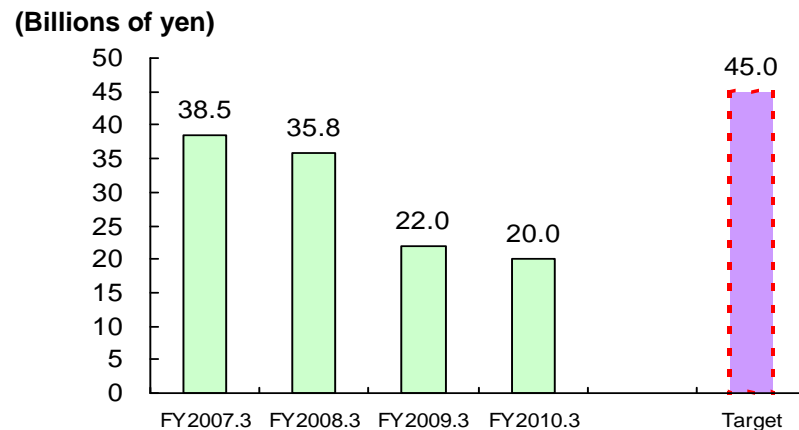
IP Conferencing System Business

- ☆ Focused on development and market entry for video and audio conferencing using special terminals
- ☆ Developed sales channels, focused in Japan and North America

Issue:

- ✓ Market scale and form differed from expectations

Sound and Networks



Semiconductor Business (New Device Development)

- ☆ Anticipated falling demand for sound generators for mobile phones and focused development on Smart AnaHyM (analog) products
- ☆ Achieved growth in digital amplifiers and pachinko-related LSI chips

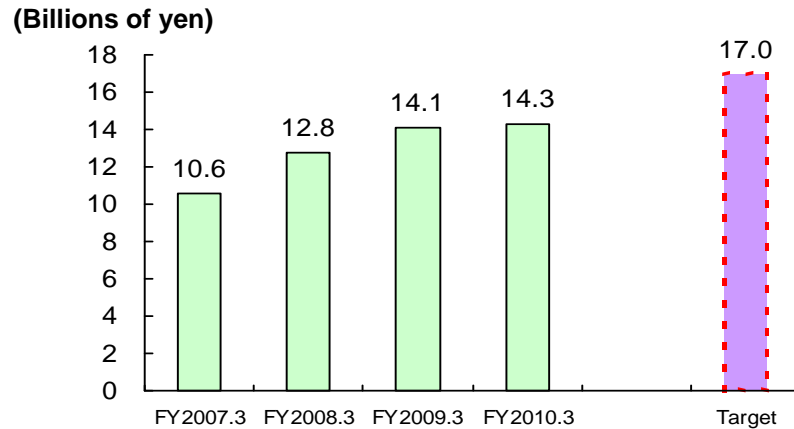
Issue:

- ✓ Weak profitability of Smart AnaHyM products

YGP2010: Review of Key Business Domains



Market Measures



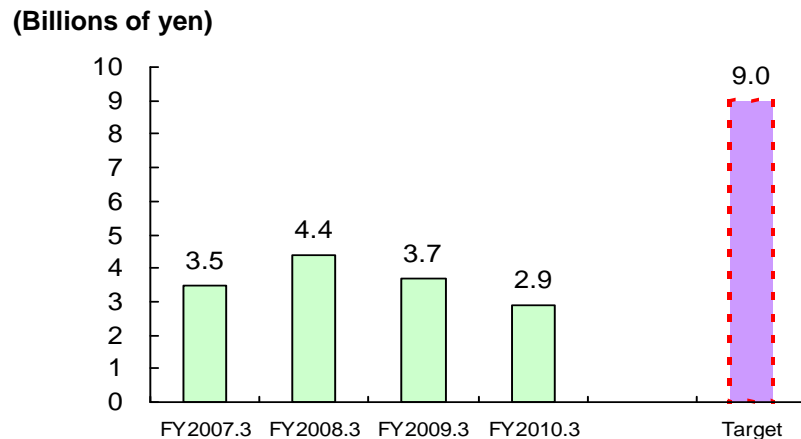
China

- ☆ Achieved double-digit growth three years running. Piano sales exceeded 30,000 units.
- ☆ Established sales networks in major cities
- ☆ Implemented branding strategies including in-store initiatives

Issue:

- ✓ Ongoing growth strategy

Market Measures



Russia

- ☆ Established local affiliate in 2007
- ☆ Developed sales and distribution networks, especially for Moscow and St. Petersburg
- ☆ Built stronger relationships with music institutions and artists

Issue:

- ✓ Sales structures do not yet cover entire country

YGP2010 Review by Key Topic



Manufacturing Reforms

- ☆ Closed Taiwan and Kemble & Company (UK) piano factories
- ☆ Consolidated Japanese piano production at Kakegawa
- ☆ Enhanced and expanded production bases in Indonesia and China

Issue:

- ✓ Urgent need for further reform of production structures

Strategic M&A

- ☆ Established dedicated M&A team
- ☆ Acquired Bösendorfer, one of the top three premium piano brands

Issue:

- ✓ Rebuilding Bösendorfer business

Select and Focus on Key Businesses

- ☆ Withdrew from magnesium molded parts business
- ☆ Withdrew from silicon microphone business
- ☆ Handed over shares in Yamaha Livingtec Corporation

Issue:

- ✓ Not able to foster businesses to drive future growth



Overall YGP2010 Review



Summary

- ☆ **Achieved planned double-digit annual growth in China (20% for pianos)**
- ☆ **Progressed in restructuring to select and focus on key businesses**
- ☆ **Closed and integrated musical instruments factories**

But:

- ✓ **Some delays in responding to changes in demand and customer behavior**
- ✓ **Profitability of crucial musical instruments business has fallen**
- ✓ **Urgently need to develop next pillar of growth**

Management Direction

What Yamaha is aiming for:

A trusted and admired brand

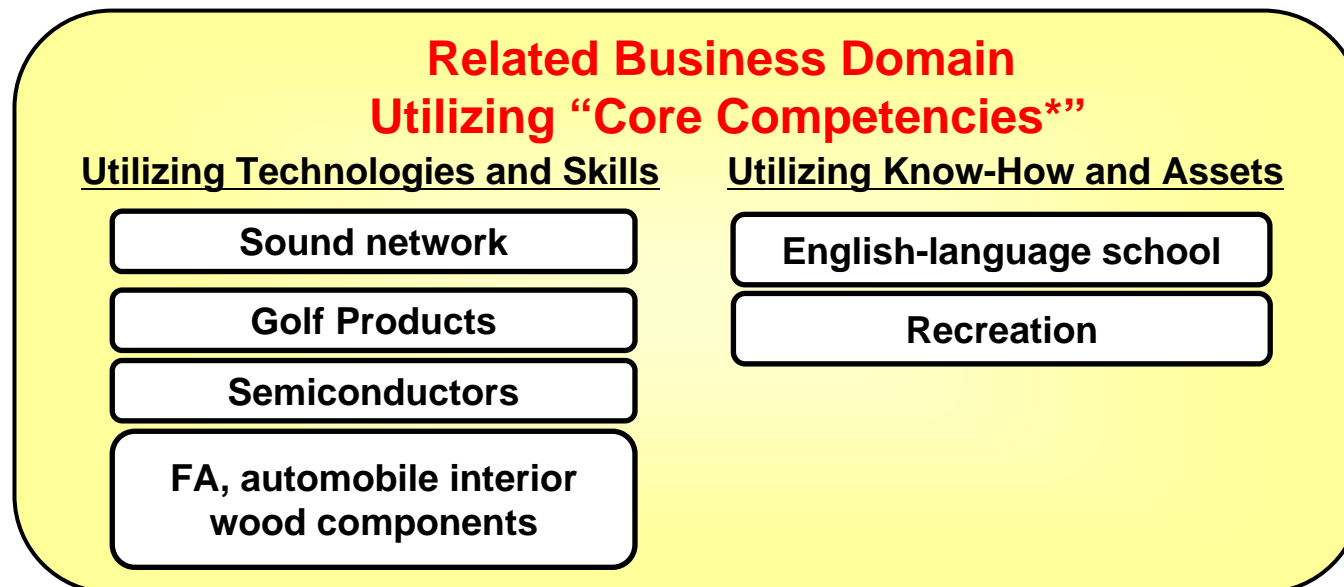
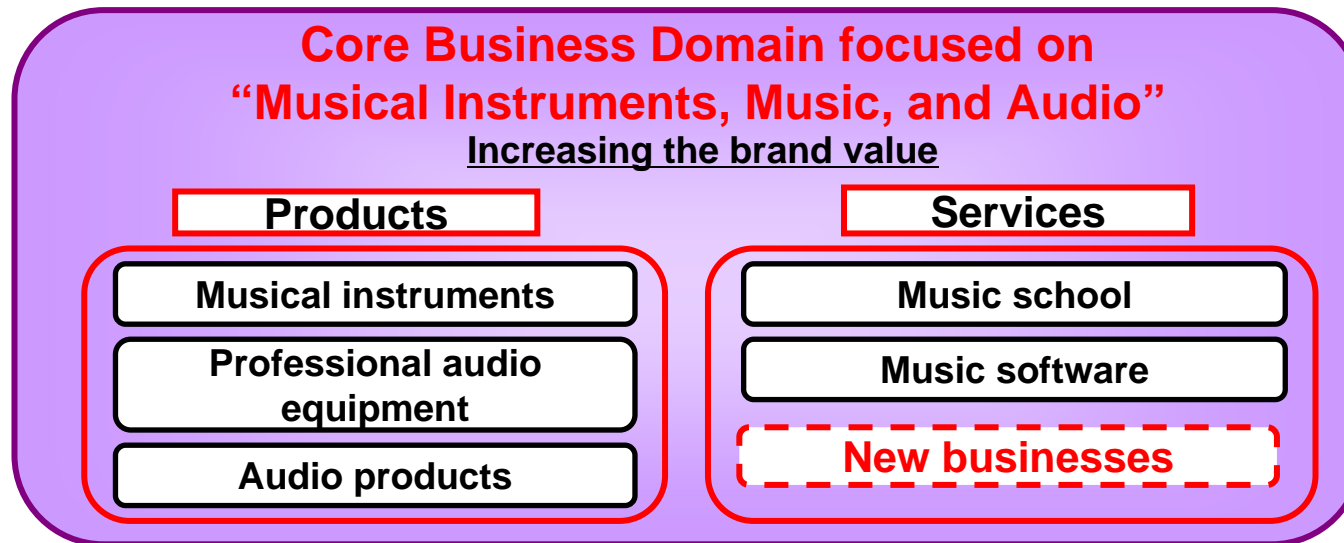
Become even more customer-oriented and quality-conscious, further increase brand value

Being a company with “operation centered on sound and music”

Hone our specialist expertise in sound and music

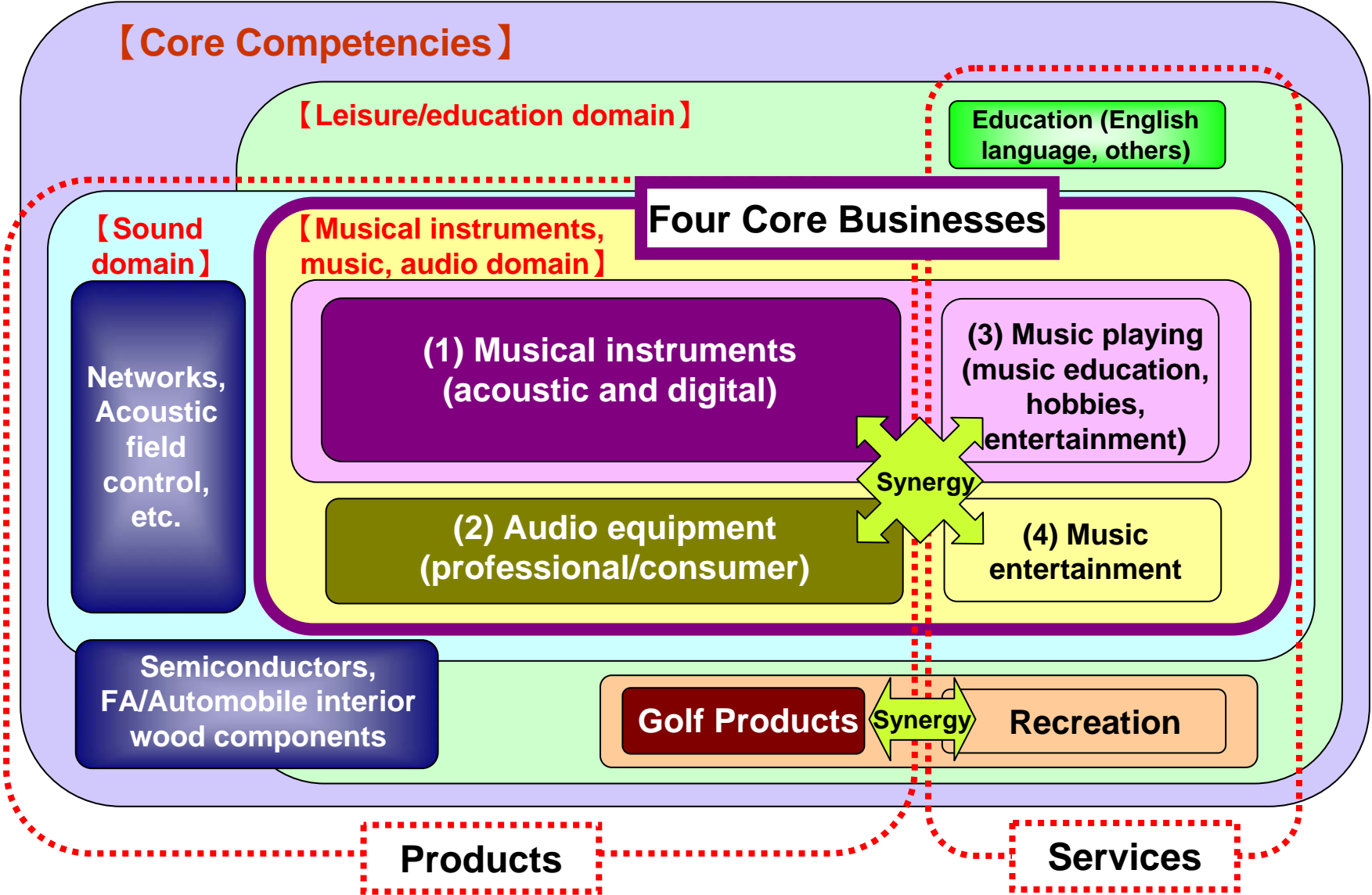
Grow through both products and services

Create new value by pursuing synergy between products and services to cultivate strengths in proposing solutions that match customers' lifestyles



* Core Competencies: Technology, skills, know-how, assets, and the brand

Business Domains



Business Domain Development



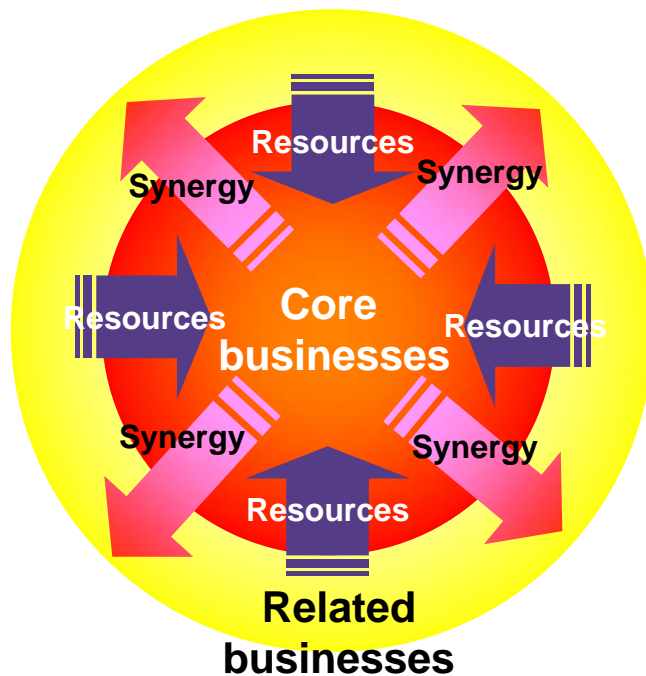
Business domains

Core business domain

Accelerate growth through focused commitment of management resources

Related business domain

Utilize core competencies to expand business



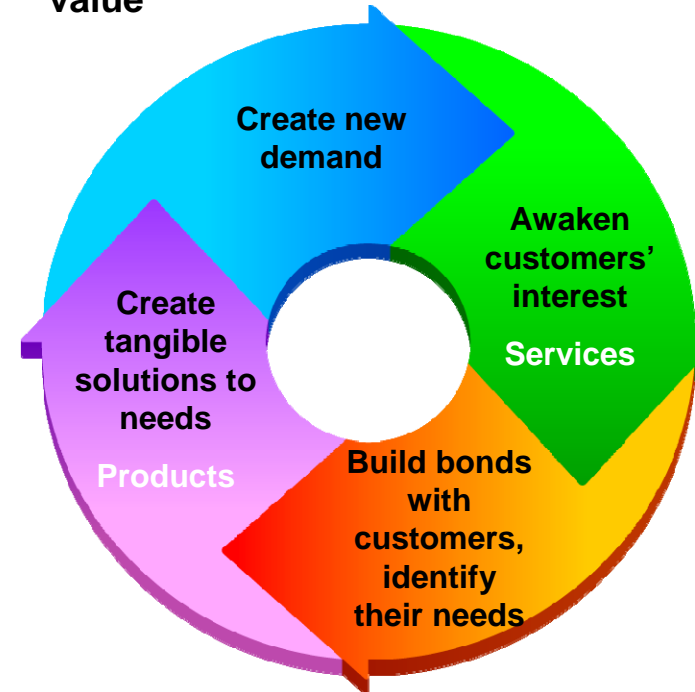
Services and products

Identify customer needs through services

Enhance ability to propose solutions and awaken customers' interest

Raise value of products

Value of ownership × value of use = customer value



Services and Products




Yamaha Ginza: A center for communicating information on sound and music


Provides a one-stop-shop for products and services to bring customers ease and fulfillment

YAMAHA  GINZA


Store




Music school



Portal for music



Hall, studio, salon



Key Business Topics



R&D

Objective: Focus R&D on strengthening core businesses

- Strengthen 4 technology fields
 - ◇ Input devices (microphones, pick-up units, sensors, etc.)
 - ◇ Output devices (speakers, amplifiers, etc.)
 - ◇ Materials (A.R.E.*, substitute materials, etc.)
 - ◇ Theoretical evidence (instrument body design, physical acoustics, etc.)
- Create mechanisms for training and optimum assignment of engineers

*Acoustic Resonance Enhancement

Manufacturing

Objective: Reinforce manufacturing capabilities based on a “Made in Yamaha” approach

- Position China and Indonesia (plus Malaysia in the case of AV products) as key bases for mass production and further strengthen their manufacturing capabilities
- Position Japan as a key base for development of production technology, transmission of technical skills and training of manufacturing personnel, and assure profitability through manufacturing innovation

Key Business Topics



Brand

Objective: Embody the brand slogan “Creating ‘Kando*’ Together”

- Perpetually raise the value of the Yamaha brand
- Build optimum brand structure to match business strategies
- Enhance brand value in partnership with Yamaha Motor Co., Ltd., which shares the same brand

* ‘Kando’ (is a Japanese word that) signifies an inspired state of mind.

M&A

Objective: Continue M&A efforts to strengthen core businesses

- Complement existing businesses and establish market dominance
- Extend fields of business and harness synergy to accelerate growth
- Contribute to raising value of the Yamaha brand
Key fields: audio, combo products, music software

Quality Initiatives



Build high-quality product and service structures grounded in a customer-oriented approach

Recognizing that “quality” goes beyond products to encompass the standard of all business activities including customer service, raise customer satisfaction levels through continual quality improvement

- **Boost QMS effectiveness and raise product quality**
 - **Set goals and select indicators that match customer needs**
 - **Develop common standards for sales divisions and development/ manufacturing divisions in line with the quality levels customers demand**

- **Enhance the quality of business activities and raise customer satisfaction**
 - **Build and thoroughly implement QMS in sales divisions**
 - **Promote visible, shared information on quality and product regulations**
 - **Energize communication between sales divisions and development/ manufacturing divisions**

New Medium-Term Management Plan

Outlook for Management Environment



- ☑ **Slow economic recovery in developed countries**
 - ✓ **Ongoing constraints on capital expenditure and education budgets**
 - ✓ **Continuing trend toward low birthrate and aging society in Japan**
- ☑ **Expanding demand in emerging economies**
- ☑ **China is propelling the world economy in terms of both production and consumption**
- ☑ **Global consumption will not return to pre-financial-crisis levels for some time**
- ☑ **Consumption is polarizing into performance-oriented spending and price-driven spending**
 - ✓ **Performance-oriented spending: Emphasis on value of satisfying individual preferences**
 - ✓ **Price-driven spending: Emphasis on basic functions and price to achieve a certain goal**
- ☑ **Fiercer price competition in battle for survival, and weak players are being weeded out in every industry**
- ☑ **Ongoing change in forms of distribution: mass merchandisers, Internet sales, etc.**

Slogan

Yamaha Management Plan 125

**Build up a structure for future growth towards
125th anniversary**

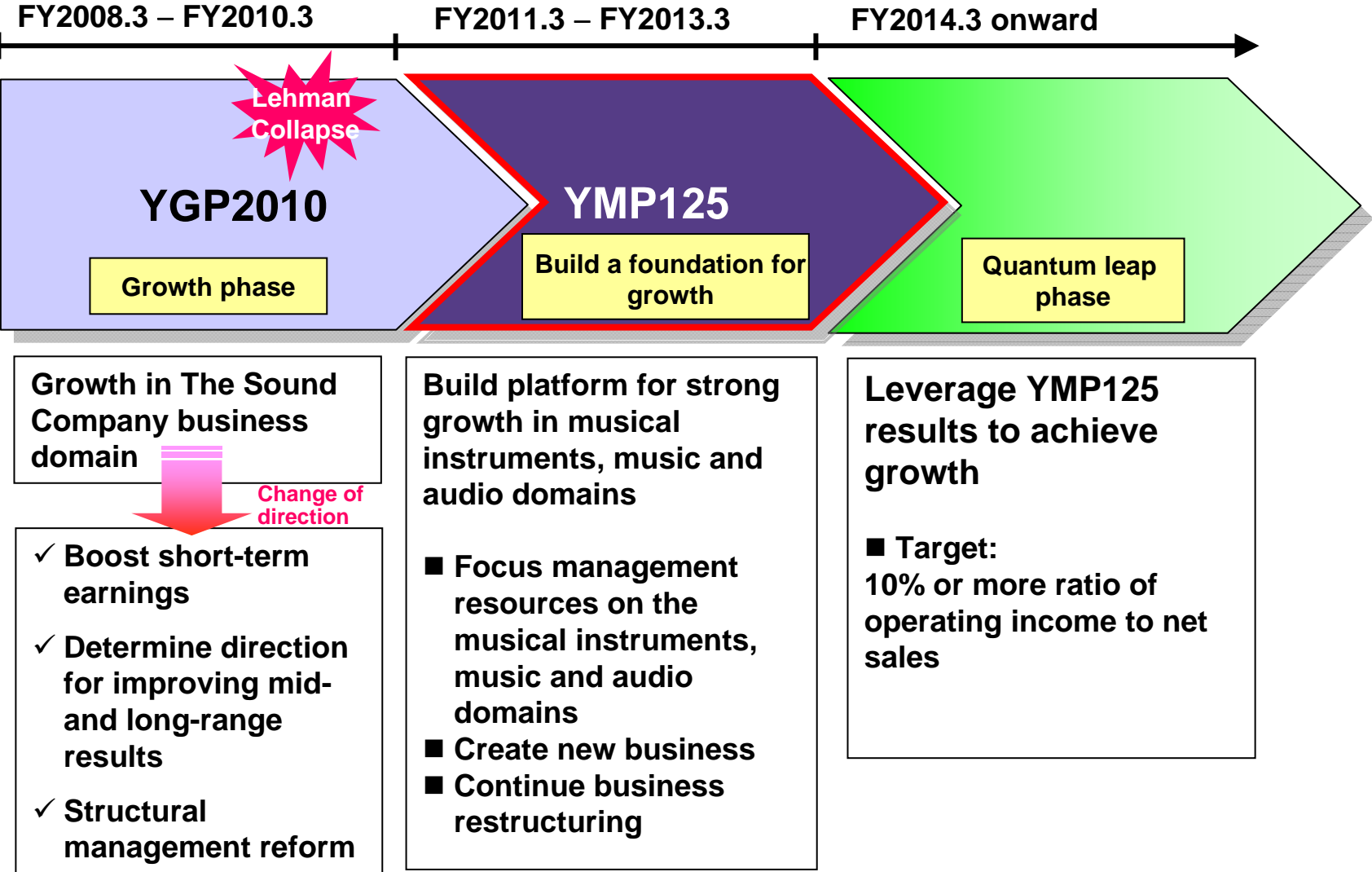
Creating a platform for growth

*FY2013 will be Yamaha Corporation's 125th anniversary of foundation.

New Medium-Term Management Plan



Positioning



FY2013.3 Targets



| | FY2013 Targets |
|---------------------------------------------------------------------|--------------------------------------------------|
| Net sales (3-year growth rate) | ¥427.0 billion (115% on actual basis*) |
| Operating income (ratio of operating income to net sales) | ¥25.0 billion (6%) |
| ROE | 7% |
| Capital expenditure (over 3 years) | ¥38.0 billion |
| Free cash flows (over 3 years) | ¥40.0 billion |

*Actual growth rate excluding lifestyle-related products and magnesium molded parts business

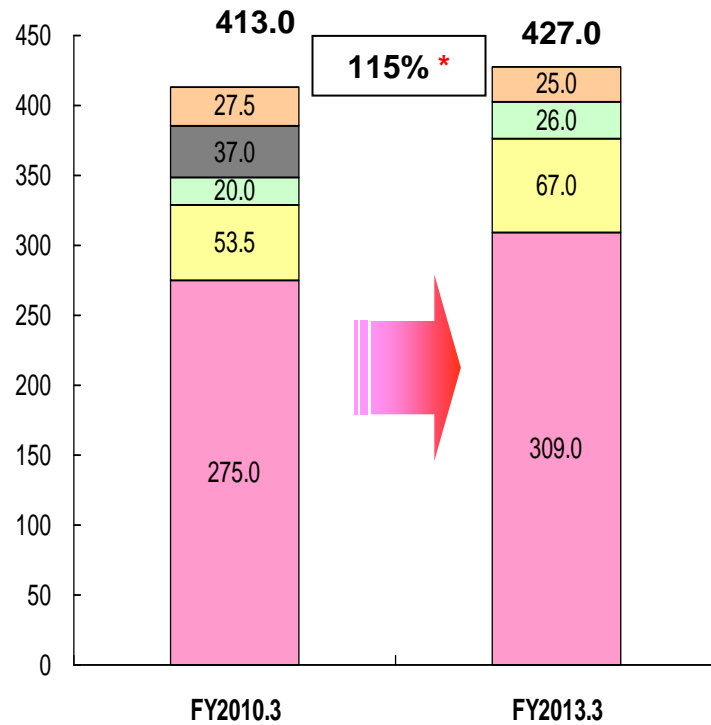
Sales and Income Targets



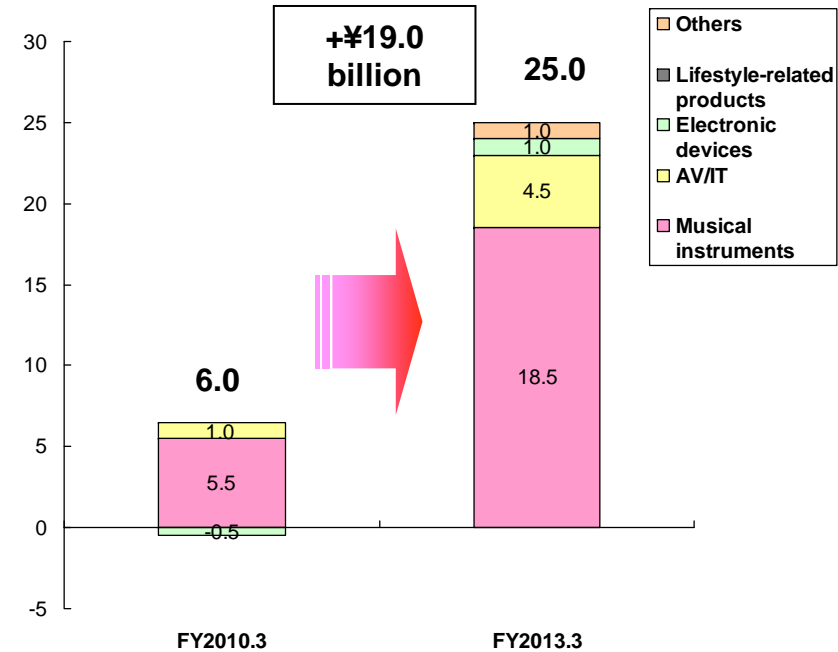
Net sales

Operating income

(Billions of yen)



(Billions of yen)



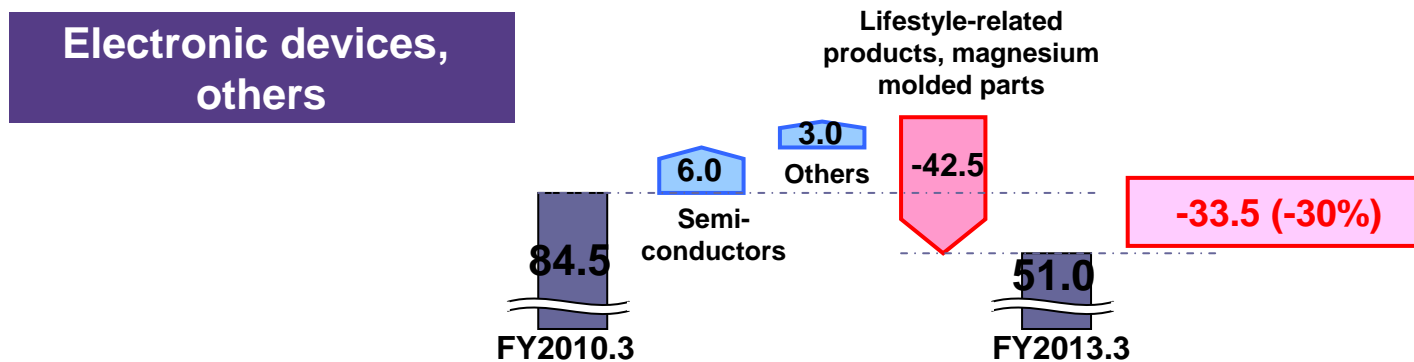
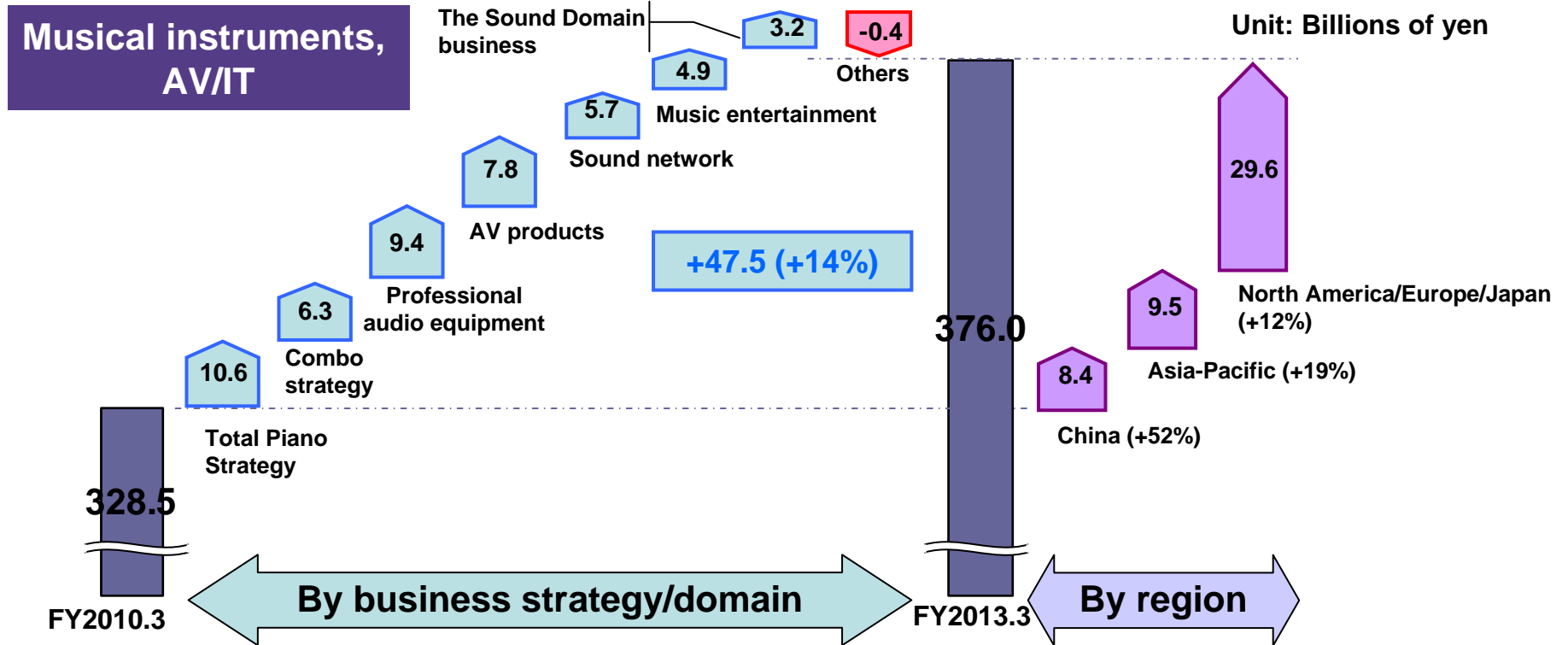
*Actual growth rate excluding lifestyle-related products and magnesium molded parts business

Key Strategies of New Medium-Term Management Plan



- **Accelerate growth in China and emerging markets**
 - Target: ¥100 billion five years from now (¥83.5 billion three years from now)
- **Increase share in developed markets through product strategies**
 - Total piano strategy, combo strategy, growth in audio equipment and AV products
- **Build optimum production structure to match demand trends**
- **Build business models for service businesses (assure profitability)**
- **Create new business in the Sound Domain**

Projected Change in Net Sales



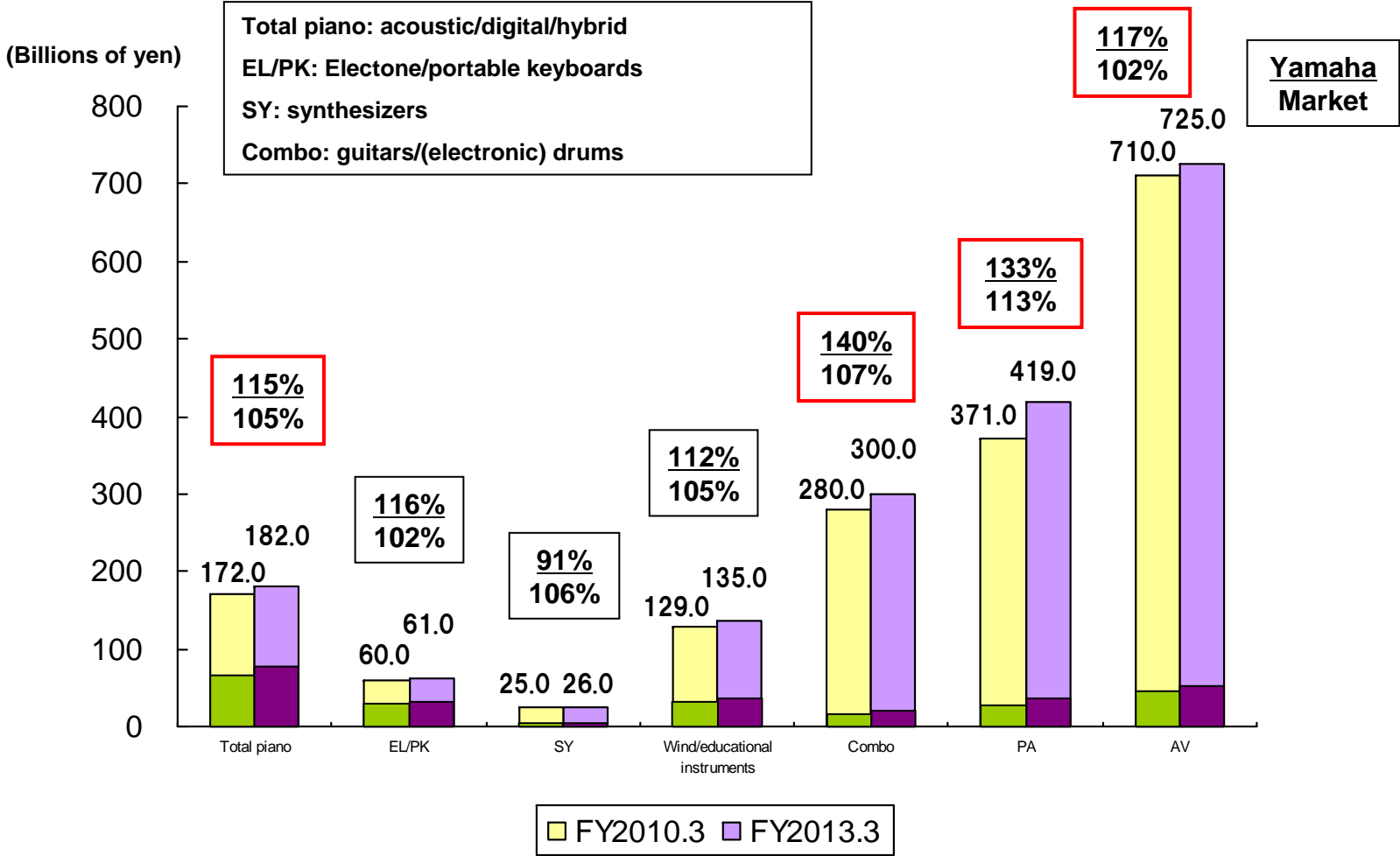
Growth in Musical Instruments/ Audio & AV Products Business



Musical instruments/audio & AV products market trends

Achieve growth in product categories with large markets

Projected growth rate

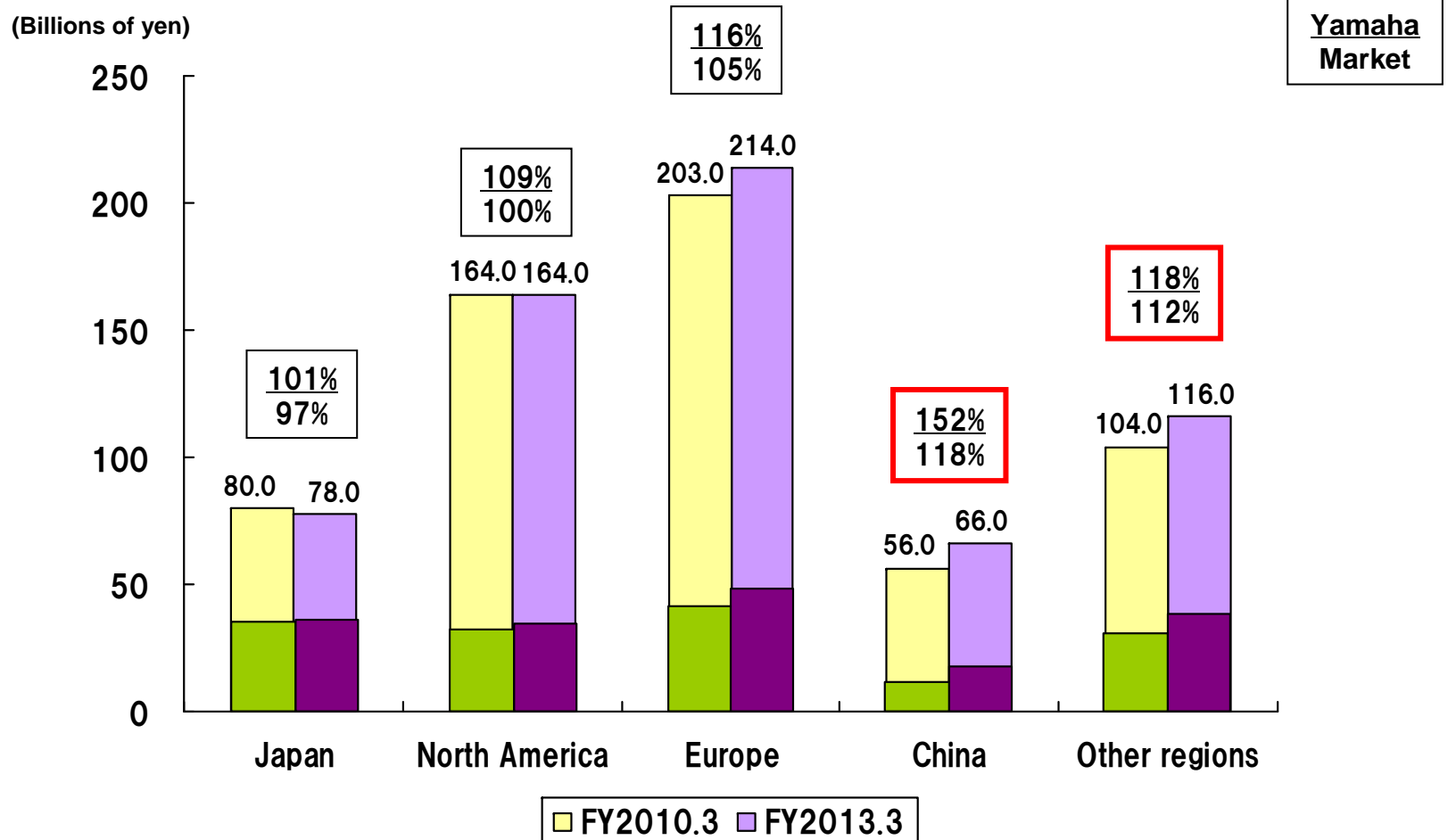


Growth in Musical Instruments Business



Musical instruments market trends

Target growth markets

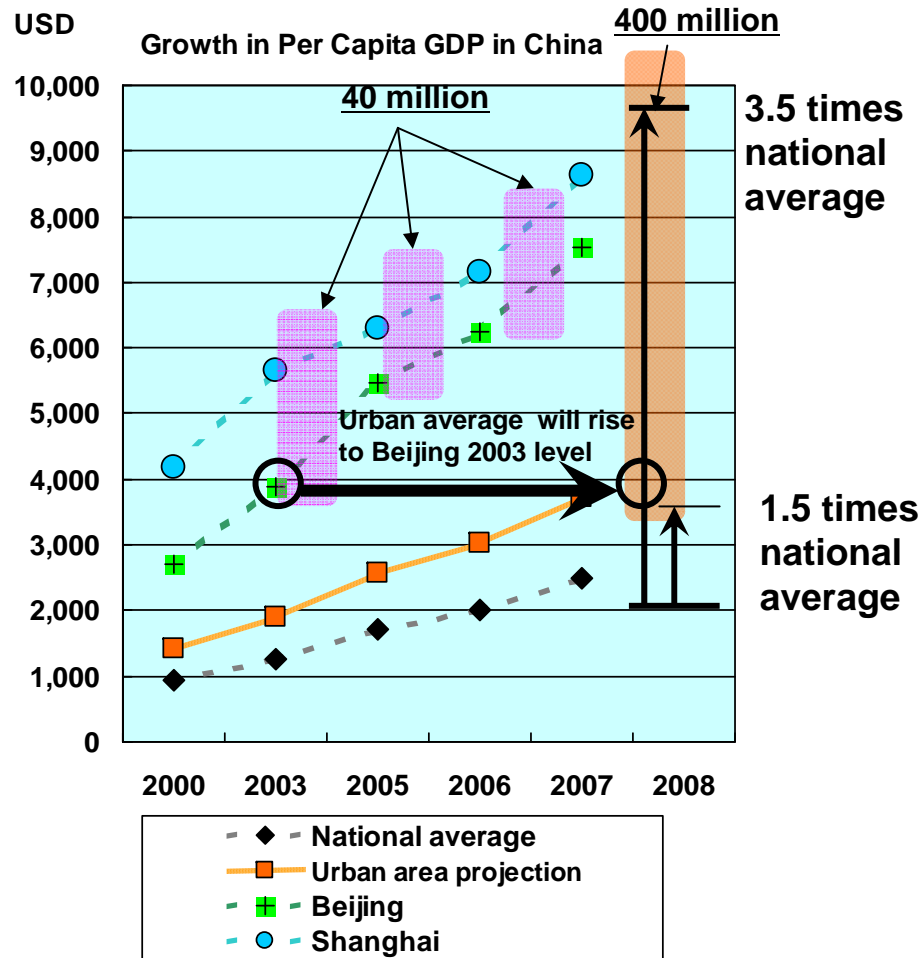


Emerging Market Growth

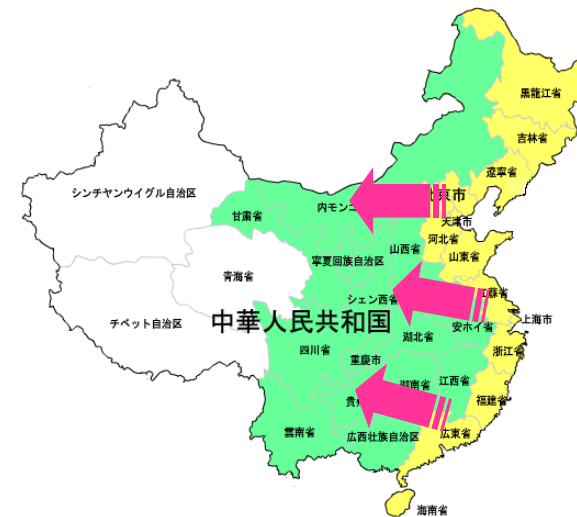


China: Sales of ¥35.0 billion five years from now

**Enlarge target customer base from 40 million to 400 million:
Expand demand from coastal area to inland regions**



- When per capita GDP exceeds US\$3,000, the sales of consumer durables tend to increase.
- In 2003, per capita GDP exceeding US\$3,000 was about 40 million in the coastal area such as Shanghai and Beijing.
- In 2008, per capita GDP exceeding US\$ 3,000 increased up to 400 million people centering on urban areas including cities in inland.

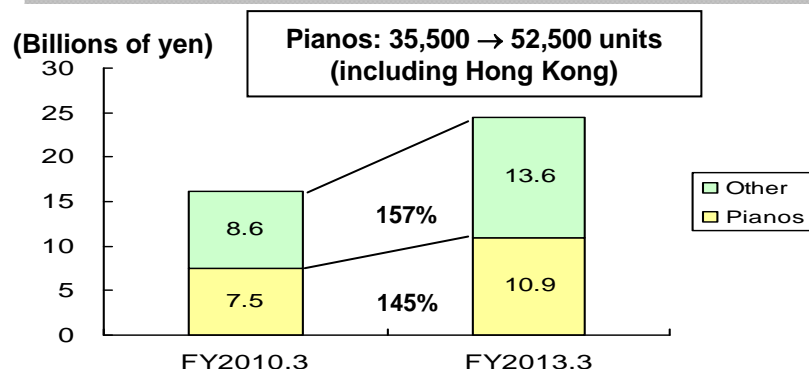


Emerging Market Growth



China: Sales of ¥35.0 billion five years from now

¥16.1 billion ⇒ ¥24.5 billion (152%)



| | FY2010.3 | FY2013.3 |
|----------------------|-----------|-----------|
| Stores | 1,500 | 2,500 |
| Yamaha music schools | 15 sites | 40 sites |
| Students | 3,500 | 15,000 |
| Keyboard schools | 300 sites | 900 sites |
| Students | 20,000 | 75,000 |

Products: Develop & launch market-specific goods

- **Pianos:** Launch moderately-priced models
- **Digital pianos:** Compete with low-end Chinese acoustic pianos
- **Wind and String & percussion instruments:** Develop China-specific products
- **AV products:** Develop low-priced TV peripherals

Sales networks: Expand and strengthen outlets

- Develop multiple levels of outlets in response to market polarization
 - Establish specialty stores (grand pianos/AV products/ mid to high-end wind instruments)
 - Roll out general musical instrument store
- Increase and strengthen stores in second- and third-tier cities in response to new demand

Brand value enhancement: Establish support structures

- Increase PR activity for Yamaha brand
- Expand training facilities for piano & wind instrument engineers
- Strengthen ties with artists and music institutes

Demand creation: Increase player numbers

- Expand Yamaha music schools
- Set up keyboard schools
- Run Yamaha-sponsored events

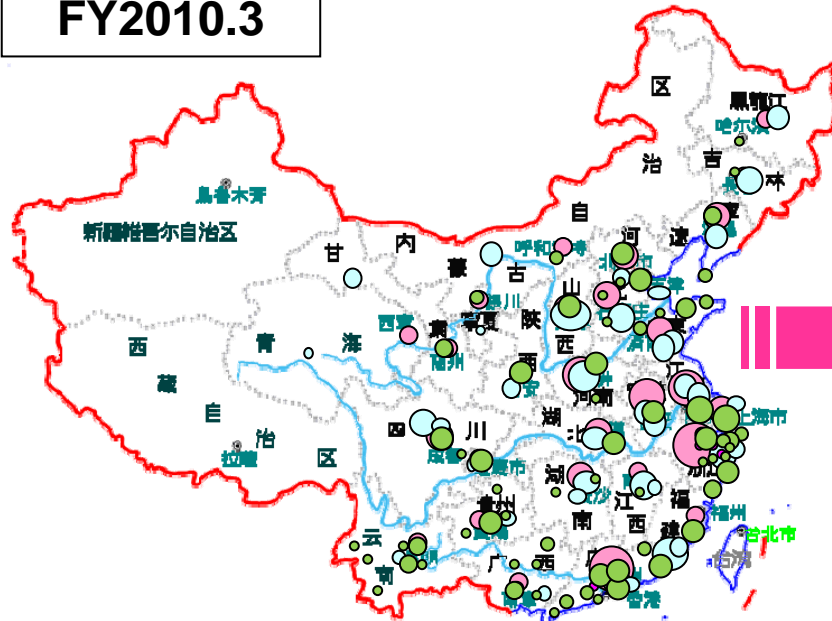
Emerging Market Growth



China: Sales of ¥35.0 billion five years from now

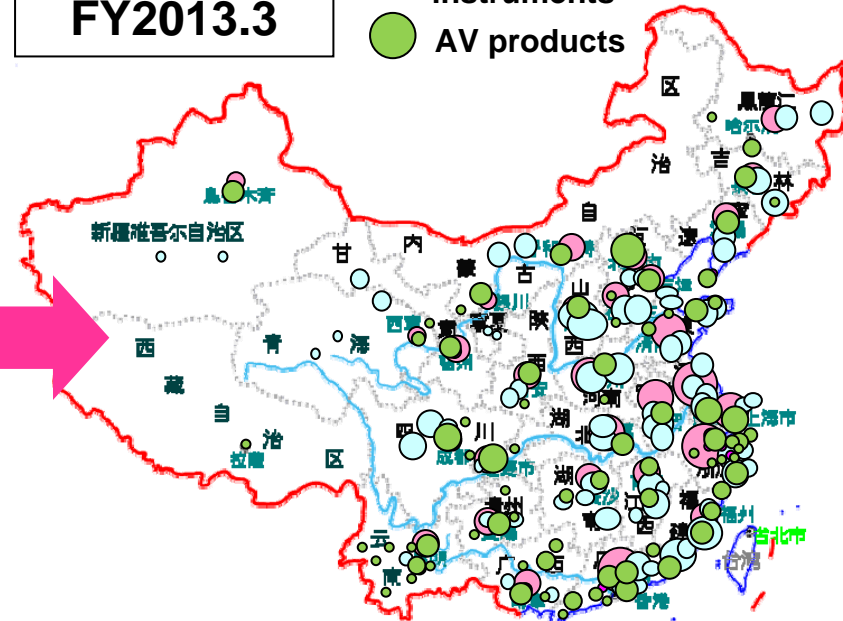
Sales Network

FY2010.3



| Product | Stores |
|------------------------------|--------|
| Pianos | 350 |
| Digital keyboard instruments | 250 |
| AV products | 500 |
| Total | 1,100 |

FY2013.3



| Product | Stores |
|------------------------------|--------|
| Pianos | 500 |
| Digital keyboard instruments | 500 |
| AV products | 950 |
| Total | 1,950 |

- Pianos
- Digital keyboard instruments
- AV products

Emerging Market Growth



China: Sales of ¥35.0 billion five years from now

Products



Sales network



Piano corner



Grand piano salon

Brand value enhancement



Piano engineering school



Beijing communications center

Demand creation



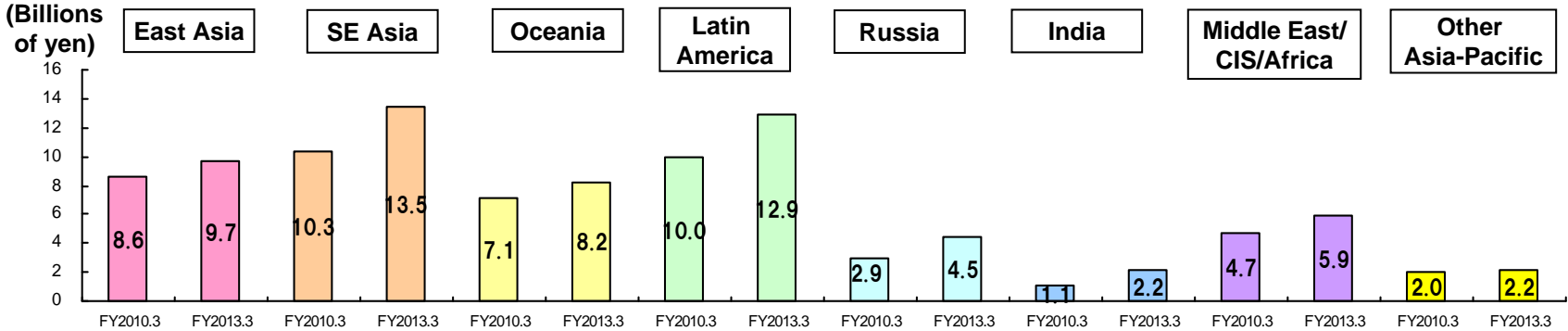
Yamaha music schools



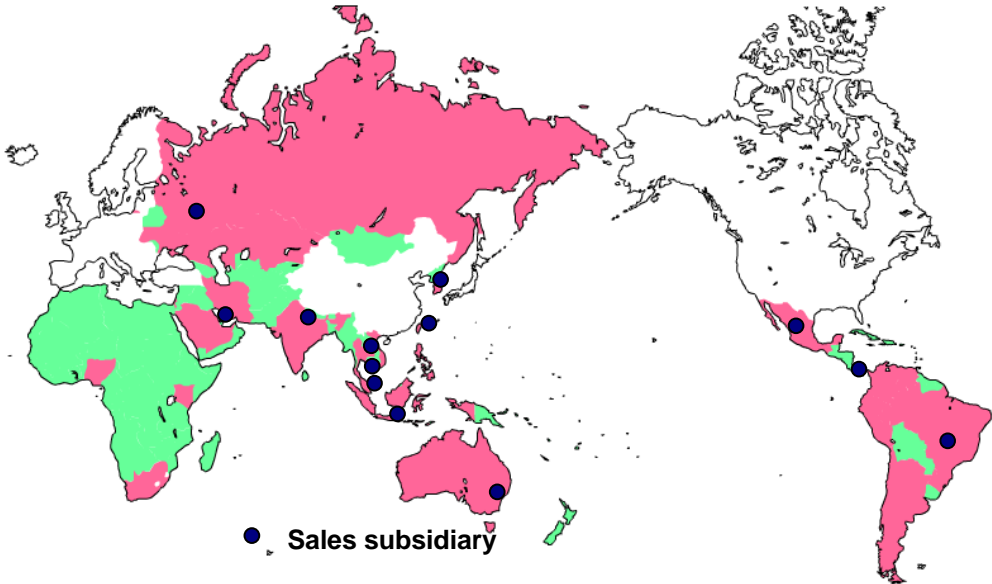
Emerging Market Growth



Asia-Pacific Region: Sales of ¥65.0 billion five years from now



30 key countries for achieving sales of ¥65.0 billion **3-Year Growth Targets (local sales basis)**



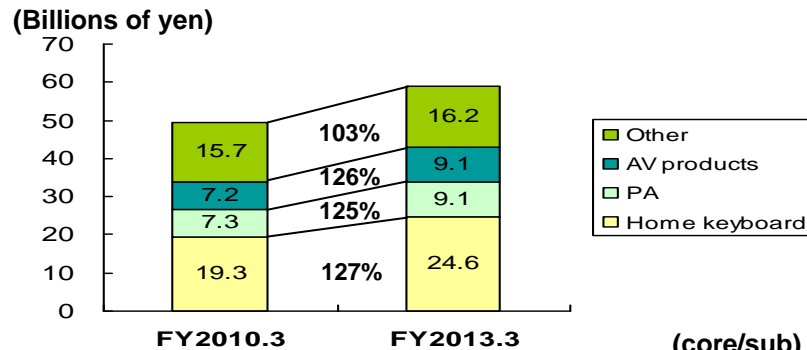
| | Growth rate | | Growth rate |
|-----------|-------------|------------------------|-------------|
| Korea | 114% | Middle East/CIS/Africa | 126% |
| Taiwan | 111% | Latin America | 123% |
| Singapore | 114% | Mexico | 119% |
| Malaysia | 134% | Brazil | 140% |
| Indonesia | 146% | Australia | 114% |
| Thailand | 122% | Russia | 158% |
| India | 199% | Other Asia-Pacific | 114% |

Emerging Market Growth



Asia-Pacific Region: Sales of ¥65.0 billion five years from now

¥49.5 billion ⇒ ¥59.0 billion (119%)



| Students | FY2010.3 | FY2013.3 |
|-------------------|----------------|----------------|
| Asia | 111,600 | 156,800 |
| Latin America | 12,000 | 13,900 |
| Oceania | 1,600 | 1,800 |
| Middle East, etc. | 80 | 1,400 |
| Total | 125,280 | 173,900 |

| | Dealers | FY2010.3 | FY2013.3 |
|--------|---------------------|----------|----------|
| Russia | Musical instruments | 11/300 | 20/400 |
| | AV products | 10 | 14 |
| India | Musical instruments | 10/240 | 30/600 |
| | PA | 12/0 | 30/300 |

Demand creation: Increase player numbers

- **Music schools:** Develop and run local courses
- **Indian market penetration:** Develop courses for local tastes
- **School music classes:** Promote recorder ensembles

Products: Develop & launch market-specific goods

- **Portable keyboards:** Introduce models tailored to local tastes in Russia, India, Vietnam, Middle East, etc.
- **Guitars:** Develop low-cost models for acoustic guitar market

Sales network: Increase customer contact points

- **Existing markets:** Reinforce store displays/customer service, develop new sales channels (GMS, Internet, etc.)
- **Developing markets:** Increase store numbers (especially in Russian and India)

Emerging Market Growth



Asia-Pacific Region: Sales of ¥65.0 billion five years from now

Products



PSR-I425
Indian model



C40 classical guitar

Sales network



Yamaha Music Square
store (Indonesia)



Combo corner
(Malaysia)

Brand value enhancement



Artist services
(Taiwan)



Artist services
(Korea)

Demand creation



Yamaha music school
(Mexico)

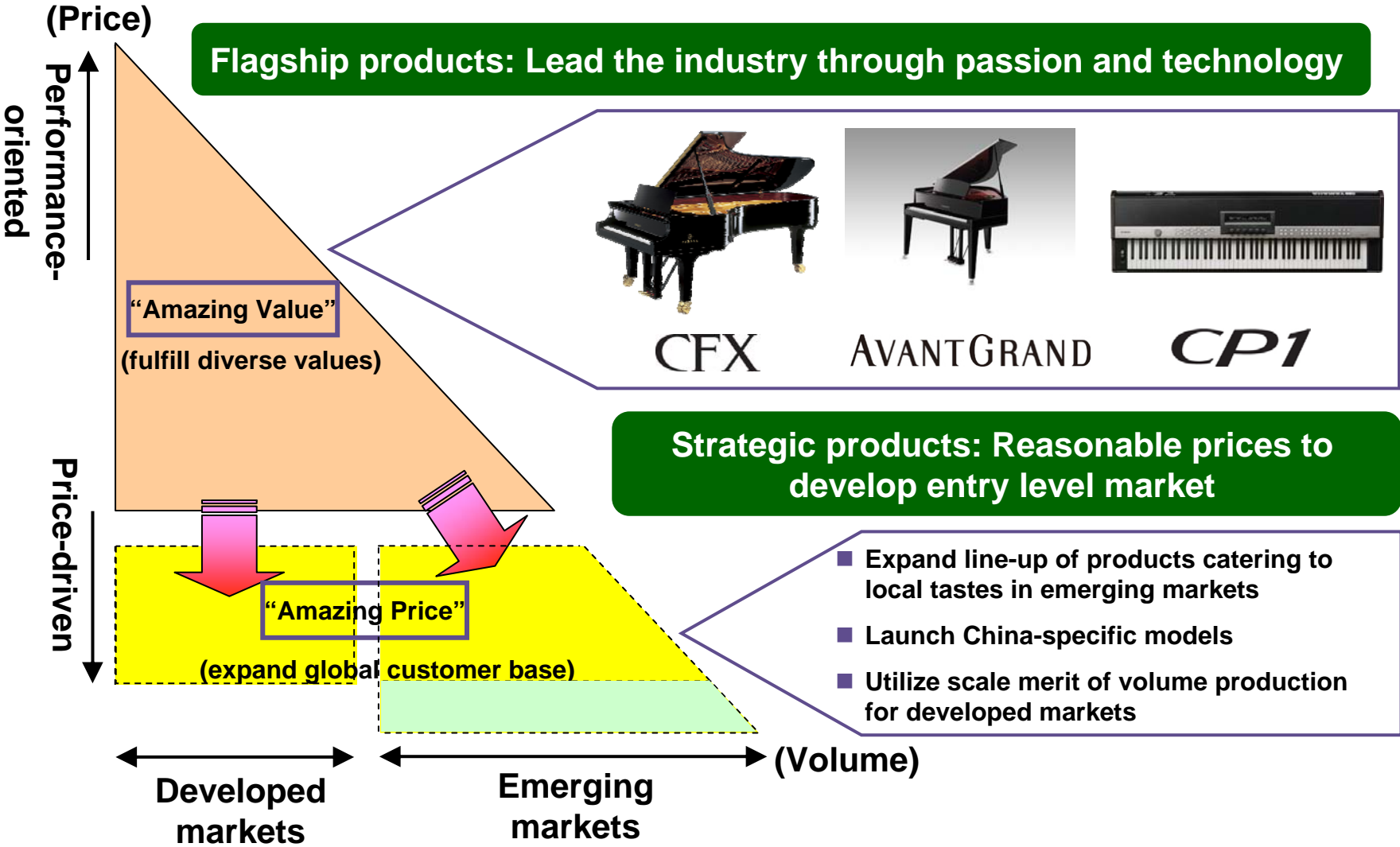


Asia-Pacific Junior
Original Concert (JOC)

Musical Instruments Business Growth



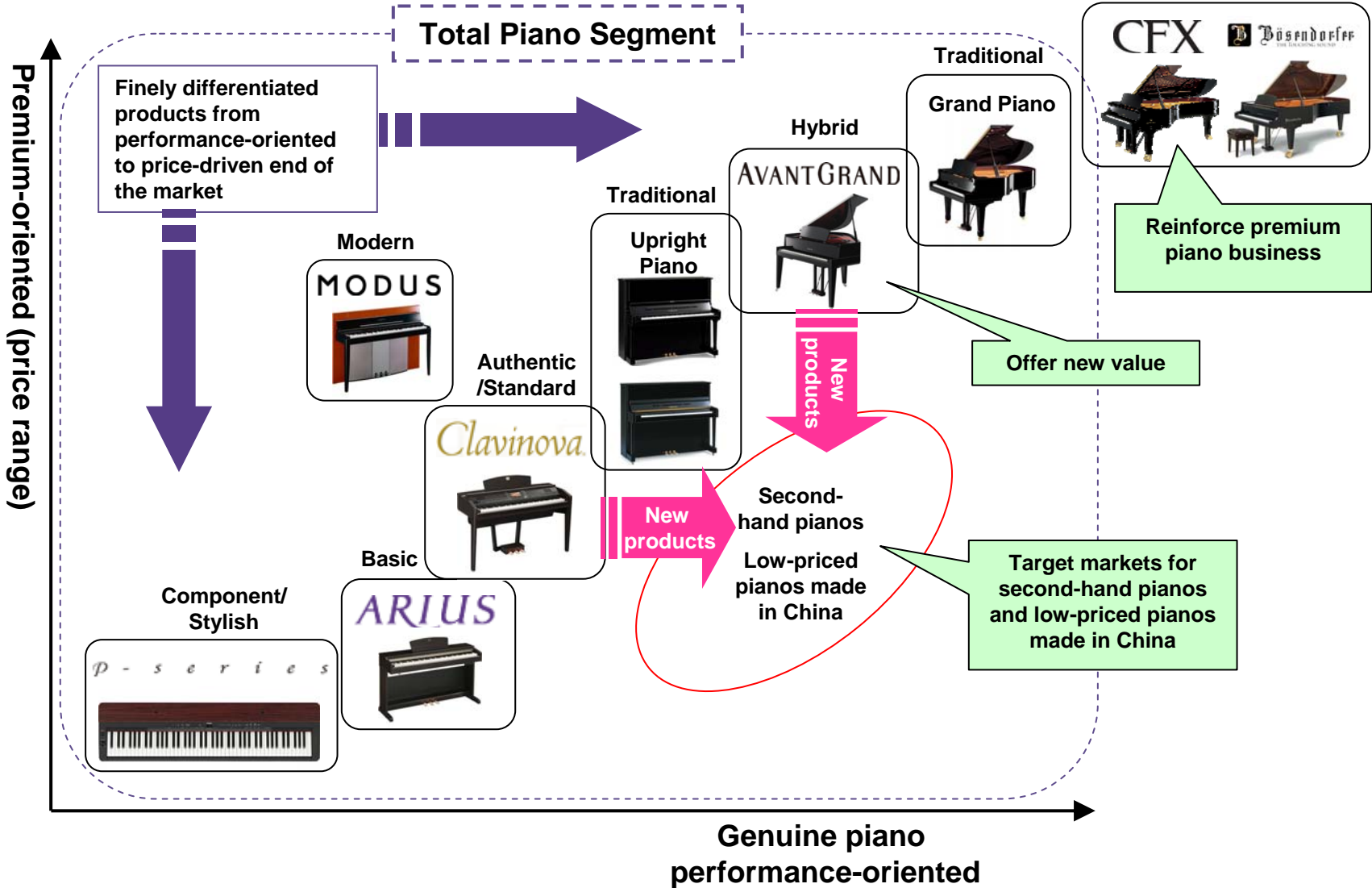
Direction for product development: Cater to both performance-oriented and price-driven spenders



Musical Instruments Business Growth



Total piano strategy: Fulfill diverse customer values



Musical Instruments Business Growth

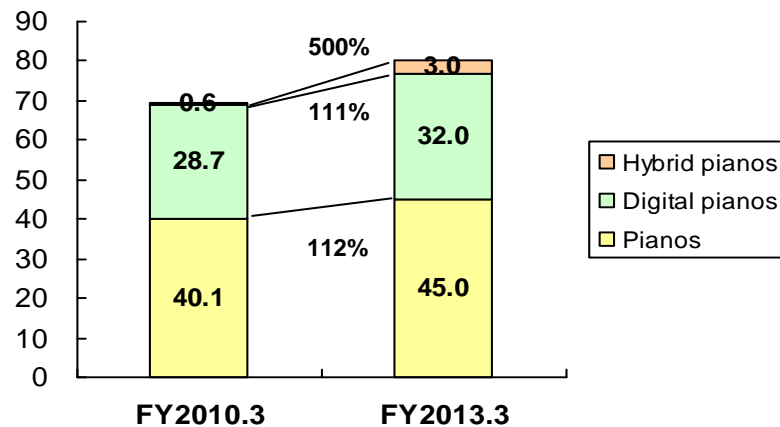


Total piano strategy: Fulfill diverse customer values

¥69.4 billion ⇒ ¥80.0 billion (115%)

Key initiatives

(Billions of yen)



Premium pianos: Gain 28% global share

- Establish solid market reputation for the CF series and enhance Yamaha piano image
- Use Yamaha sales channels to put Bösendorfer sales on track

Hybrid pianos: Establish new category

- Pursue overall rendition, expression and sound quality comparable to conventional pianos
- Launch low-end models, provide full product line-up

Digital pianos: Maintain top global share

- Offer new value in mid-range and high-end products in response to diverse customer desires
- Enter the low-priced volume zone to gain new customers

| Unit sales | FY2010.3 |
|------------------------|----------------|
| Upright piano | 74,700 |
| (Upright: China) | (34,400) |
| Grand | 13,000 |
| (Premium grand pianos) | (450) |
| Digital piano | 336,500 |
| Hybrid piano | 2,700 |
| Total | 426,900 |



| | FY2013.3 |
|------------------------|----------------|
| Upright piano | 92,800 |
| (Upright: China) | (50,900) |
| Grand | 12,600 |
| (Premium grand pianos) | (730) |
| Digital piano | 413,800 |
| Hybrid piano | 8,000 |
| Total | 527,200 |

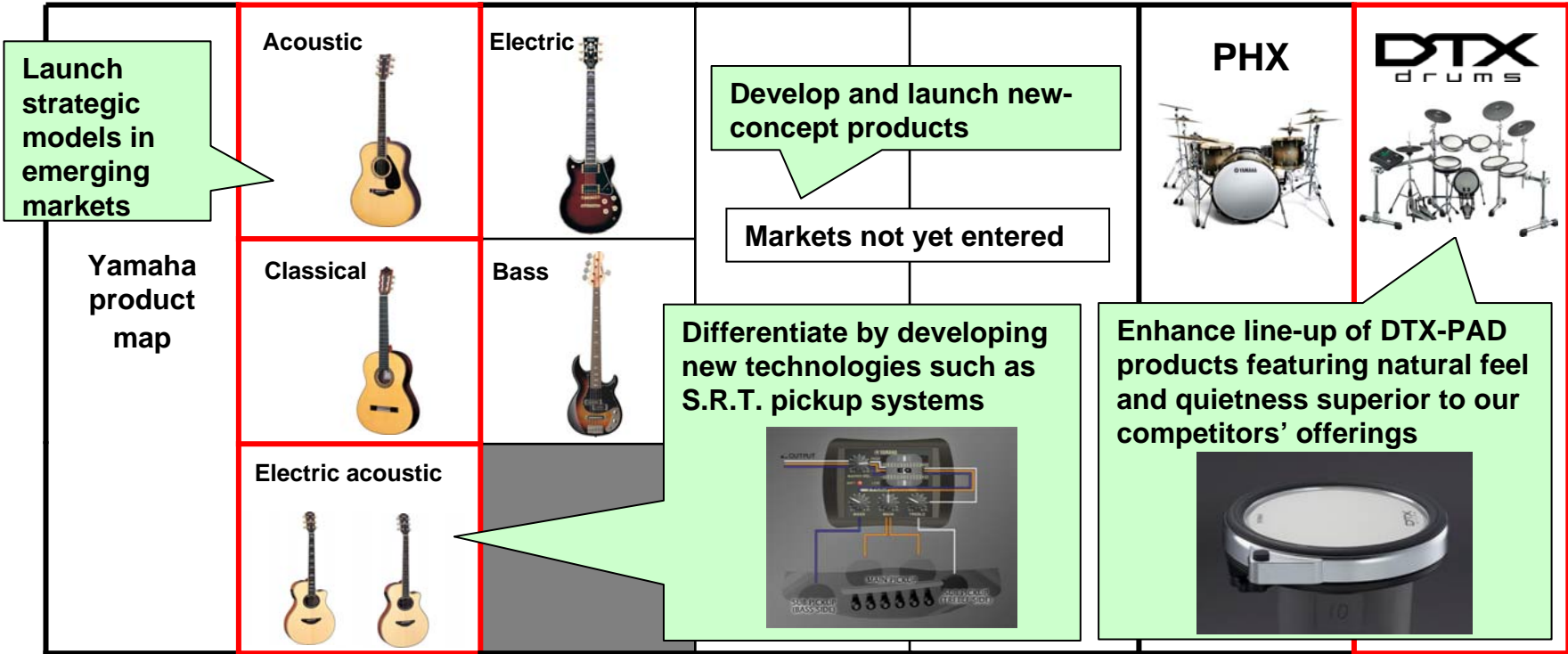
Musical Instruments Business Growth



Combo strategy: Expand market presence

Combo product market (global)

| Market scale (¥280.0 billion) | Guitar market | | | | Drum market | |
|----------------------------------|------------------|------------------|---------------|---------------|----------------|------------------|
| | Acoustic guitars | Electric guitars | Amplifiers | Effectors | Acoustic drums | Electronic drums |
| | ¥95.0 billion | ¥95.0 billion | ¥35.0 billion | ¥15.0 billion | ¥28.0 billion | ¥12.0 billion |



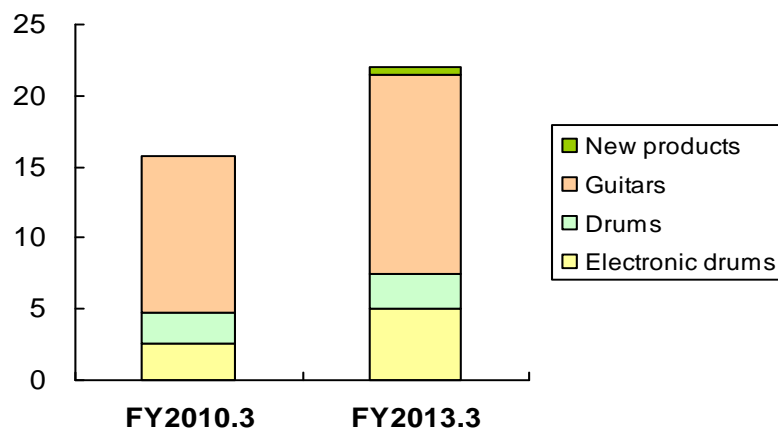
Musical Instruments Business Growth



Combo strategy: Expand market presence

¥15.7 billion ⇒ ¥22.0 billion (140%)

(Billions of yen)



Basic Plan

- Position electric acoustic guitars (EAG) and electronic drums as driver of growth
- Position U.S., China and Asia-Pacific region as key markets
- Reinforce brand message: a specialized, high-value professional combo brand

Key initiatives

EAG*: Seize top share of US imported EAG market

- Continually launch products with focus on differentiation
- Target electric acoustic market, which accounts for 73% of total acoustic guitar market

*Electric acoustic guitar

AG*: Reinforce strategy by market segment

- Expand sales of mid-range and high-end products by enhancing L series folk guitar line-up
- Make full model change for classical guitars
- Develop and launch products for emerging markets

*Acoustic guitar

Electronic drums: Gain top global share

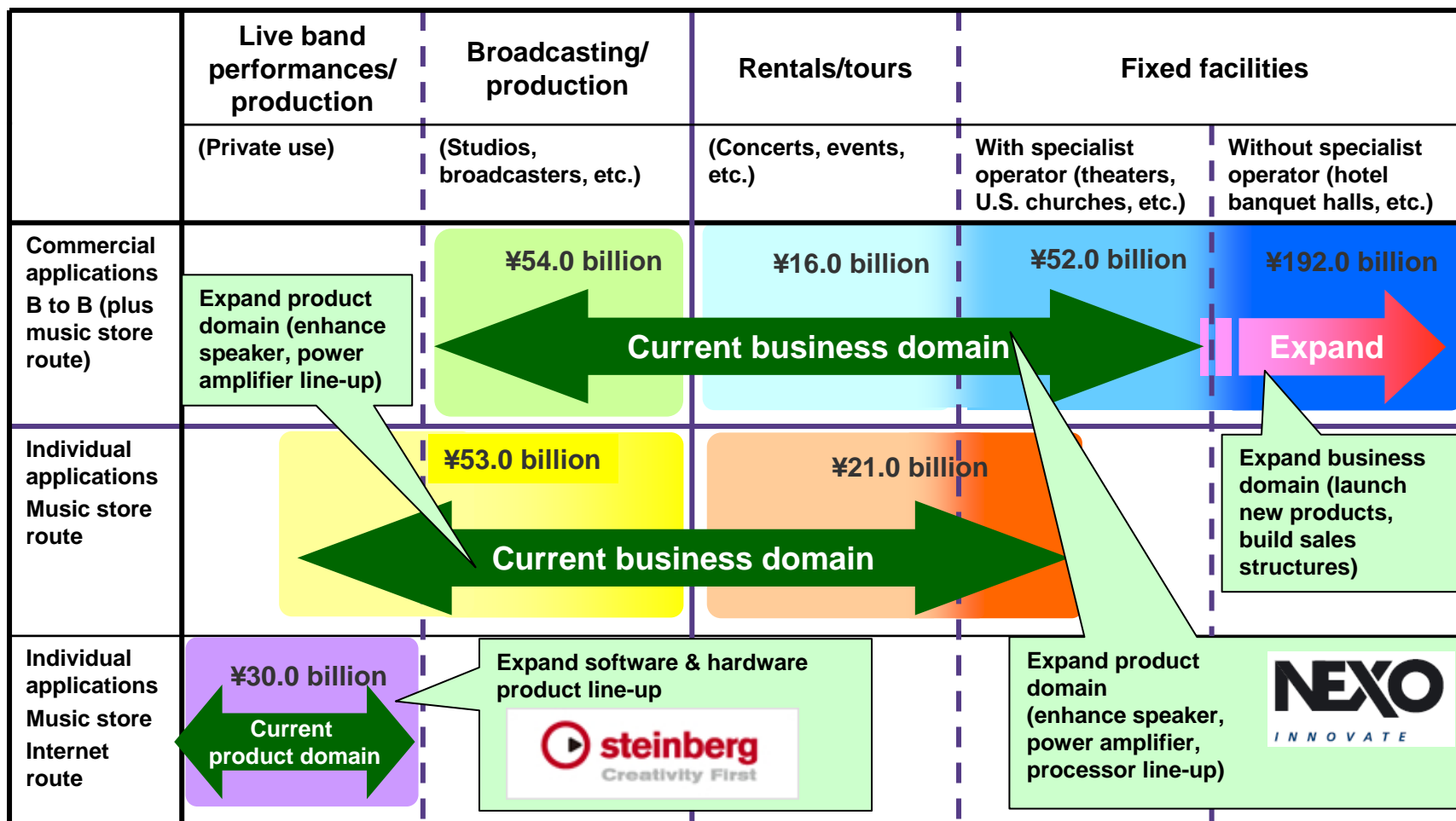
- Revamp line-up with DTX-PAD as core product
- Develop technology for differentiating Yamaha products at low end
- Establish solid reputation for DTX drums brand

Audio Equipment Business Growth



Professional audio equipment business: further accelerate growth strategy

Commercial audio equipment market (global)



Audio Equipment Business Growth

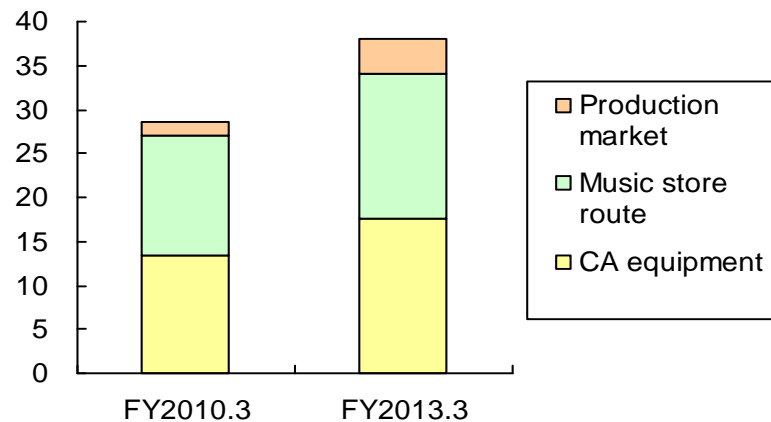


Professional audio equipment business: Further accelerate growth strategy

¥28.6 billion ⇒ ¥38.0 billion (133%)

Key initiatives

(Billions of yen)



Commercial audio equipment: Maintain top share for mixers

- Develop next-generation mixers and expand line-up
- Strengthen capability to create and propose one-stop system solutions, including NEXO and other output-type products

Music store sales route: Enhance product lineup

- Expand powered speaker line-up
- Respond to digitization and networking of small professional audio equipment

Production market: Expand sales of Steinberg products

- Expand and strengthen North American sales structure
- Expand line-up of hardware with reinforced software integration
- Develop new products for commercial production market

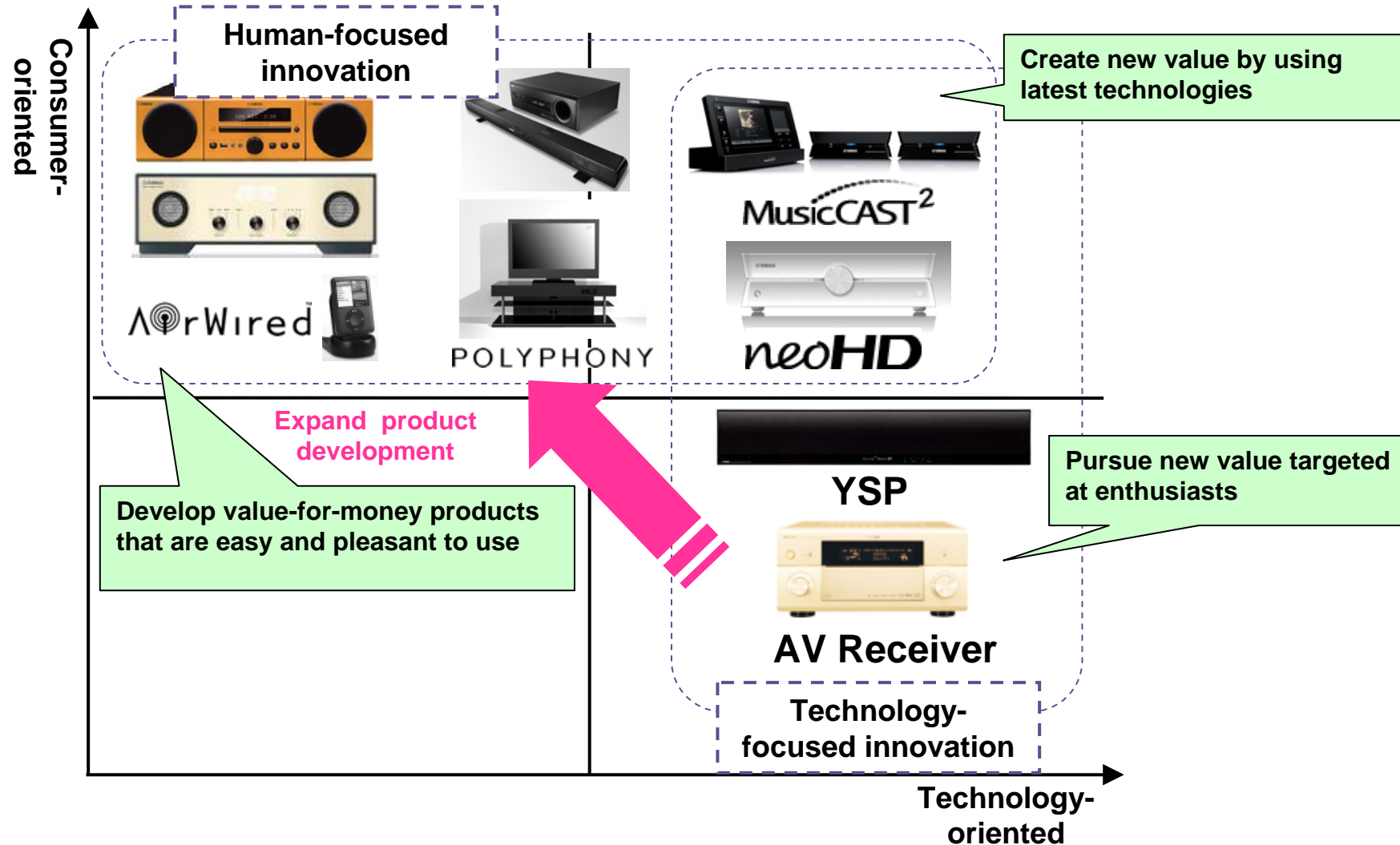
Basic Plan

- Use Yamaha's strengths in teaming digital technology with network technology to offer system solutions
- Expand business domain in commercial installed sound
- Create synergy with Steinberg brand
- Develop China and other emerging markets

AV Products Business Growth



Shift from technology-oriented to consumer-oriented approach

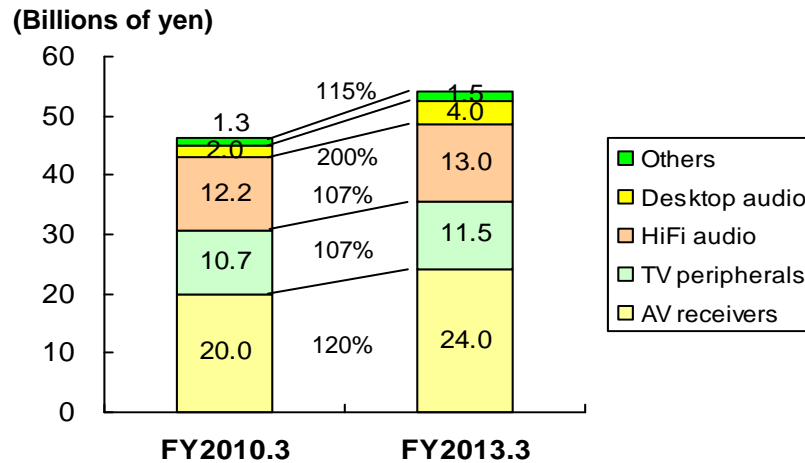


AV Products Business Growth



From technology-oriented to consumer-oriented

¥46.2 billion ⇒ ¥54.0 billion (117%)



Basic Plan

- Gain customer support by achieving outstanding all-round quality in sound, aesthetics, user-friendliness, advanced technology and reliability
- Expand TV peripheral, HiFi audio and desktop audio domains as next business pillars
- Reduce costs through rational design and manufacturing process innovation to create new products priced in the volume zone

Key initiatives

AV receivers: Maintain top market share

- Offer more advanced product specifications and better performance than competitors
- Swiftly respond to new standards and functions

TV peripherals: Strengthen volume zone

- Develop ultra-low-cost front surround products
- Expand product line-up for front surround system with furniture stand
- Strengthen HTiB line-up

HiFi audio: Respond to iPod and network systems

- Expand PianoCraft™ systems and moderately-priced mini-systems
- Differentiate speaker products by manufacturing new-material units in-house, etc.

DTA*: Focus on sound quality, design, usability

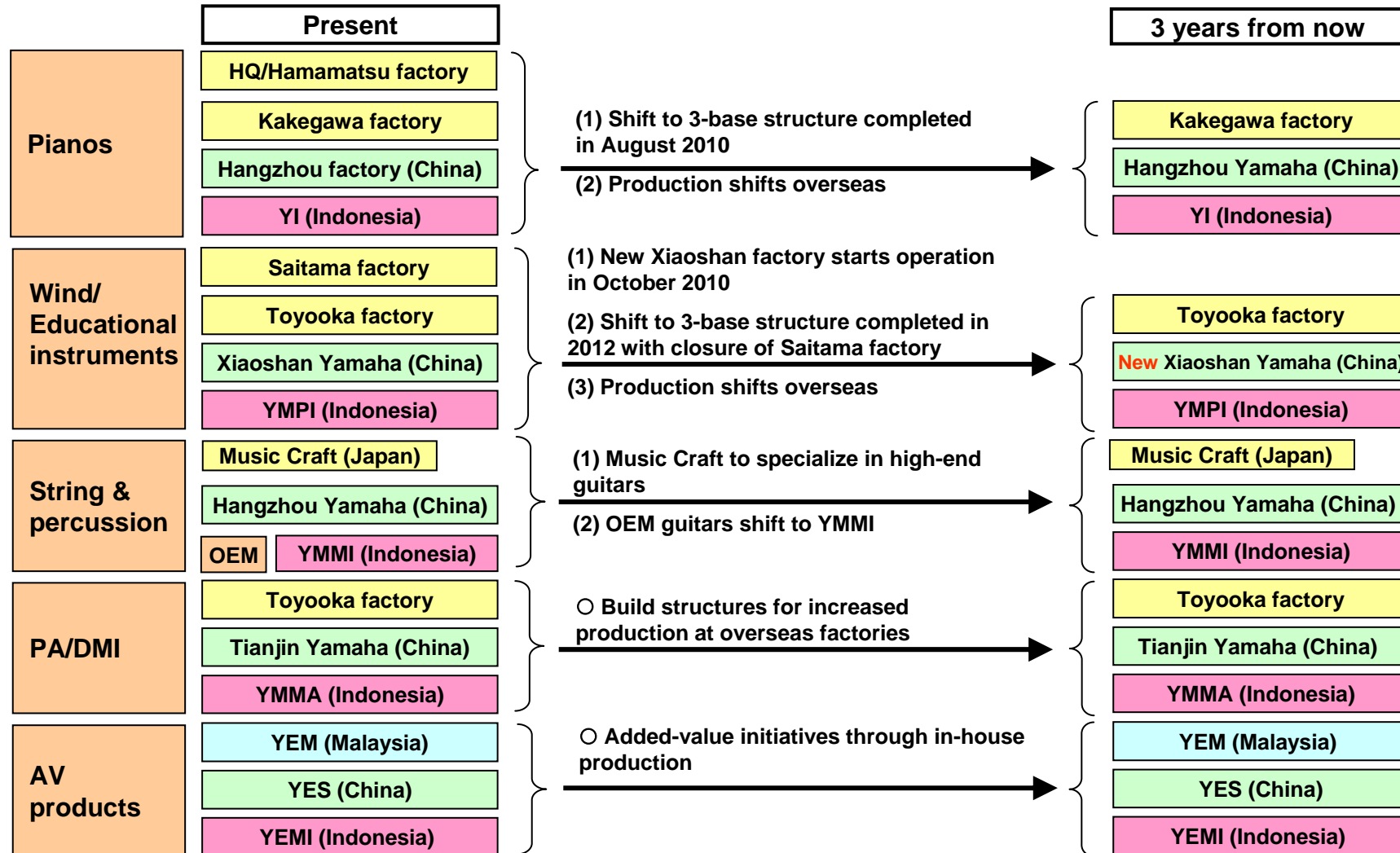
- Launch diverse products for use in different settings
- Expand volume-zone products

*Desktop audio

Production Restructuring



Reorganization of production facilities to create three-base structure in Japan, China and Indonesia

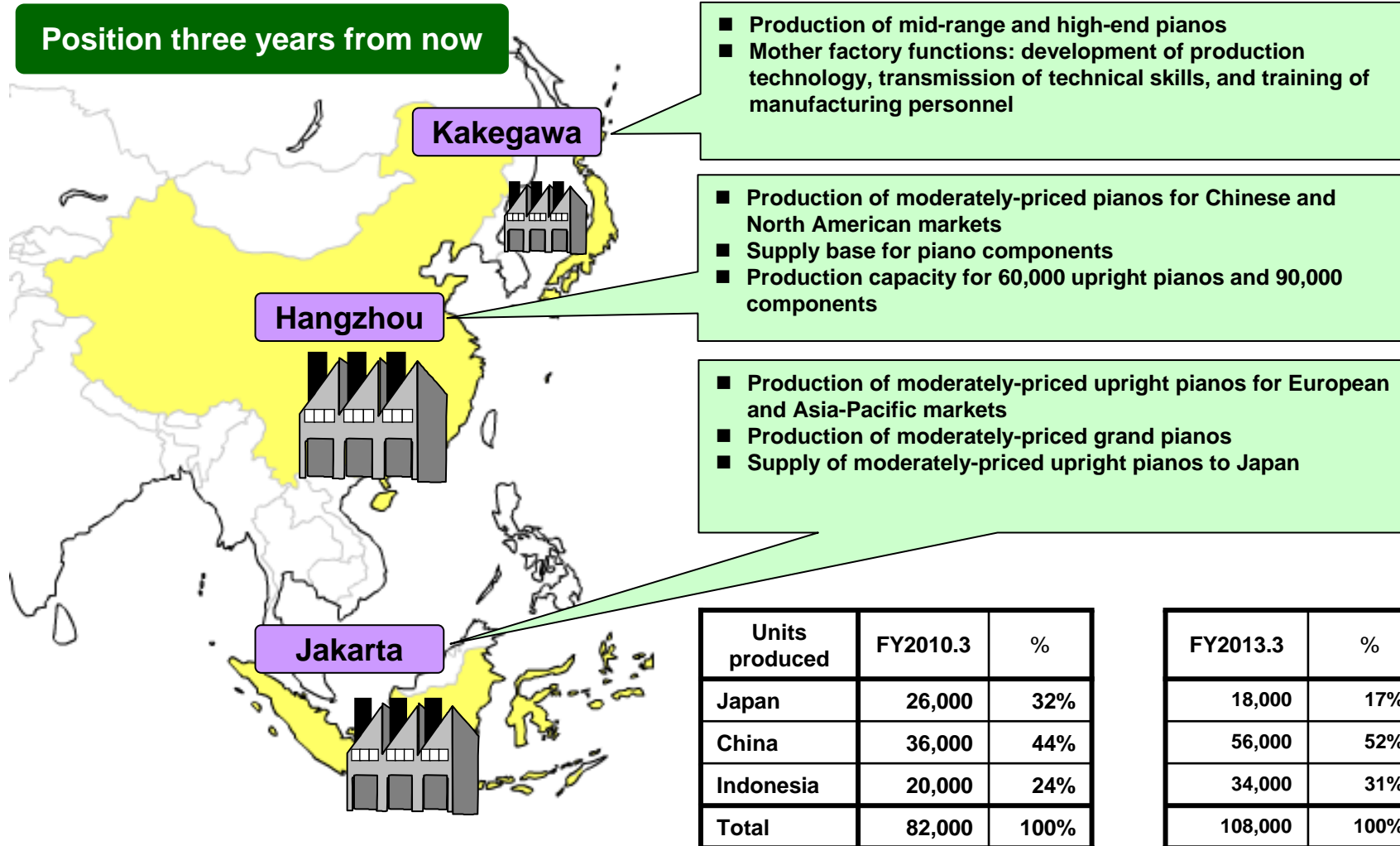


Production Restructuring



Piano production: Clarify roles of three production bases

Position three years from now

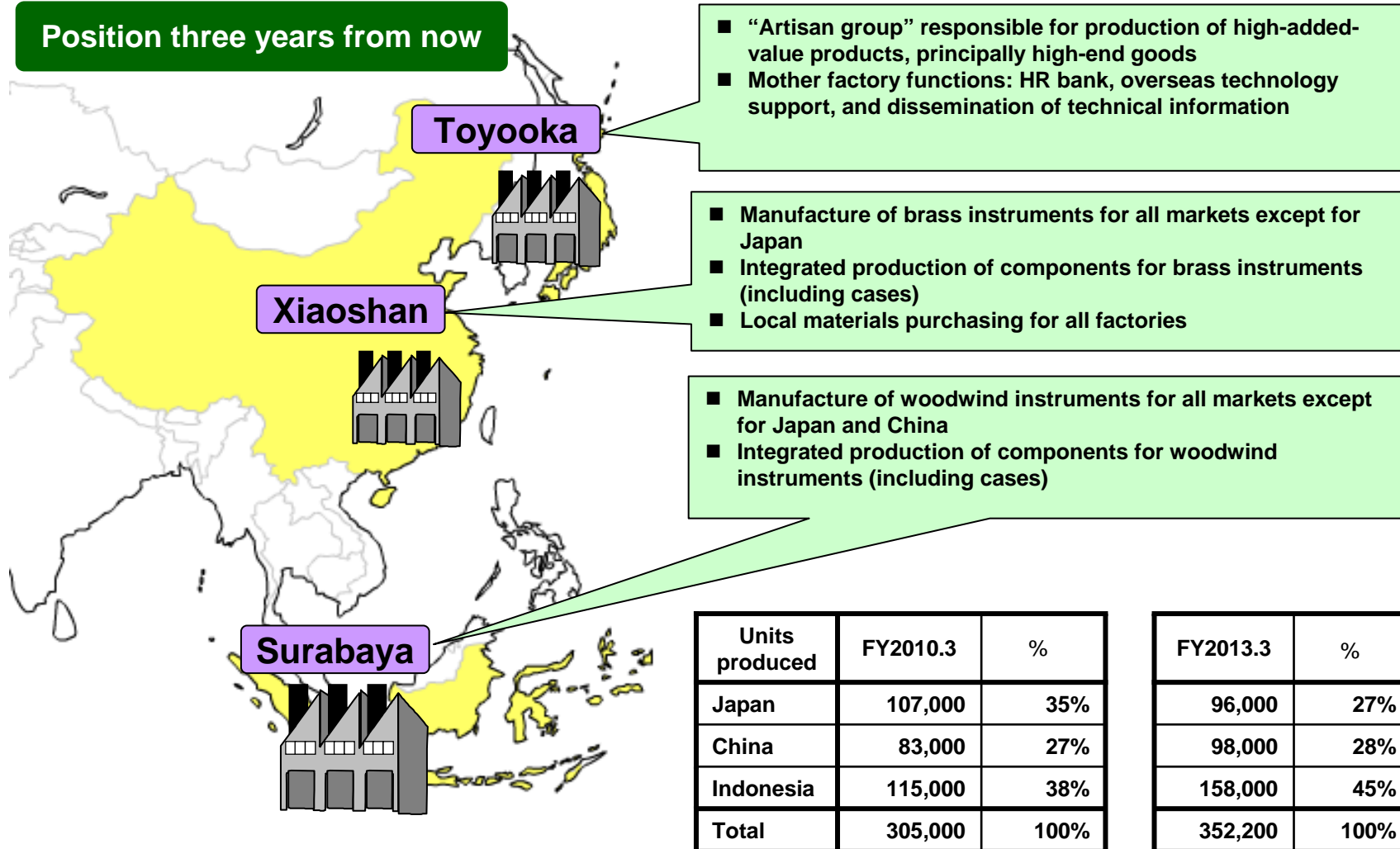


Production Restructuring



Wind instrument production: Clarify roles of three production bases

Position three years from now



| Units produced | FY2010.3 | % |
|----------------|----------------|-------------|
| Japan | 107,000 | 35% |
| China | 83,000 | 27% |
| Indonesia | 115,000 | 38% |
| Total | 305,000 | 100% |

| | FY2013.3 | % |
|--------------|----------------|-------------|
| Japan | 96,000 | 27% |
| China | 98,000 | 28% |
| Indonesia | 158,000 | 45% |
| Total | 352,200 | 100% |

Assuring Profitability of Music Playing Business YAMAHA

Increase player numbers

Business core: Grow as a profitable business by providing various opportunities and locations for music playing

Yamaha music schools



More opportunities and locations

Japan: 4,600 site

Overseas: 1,600 sites (in 40 countries)



■ Local programs

-Keyboard schools

Introductory classes in
China and India

- Music lesson at public school

Promote recorder
ensembles in emerging
markets

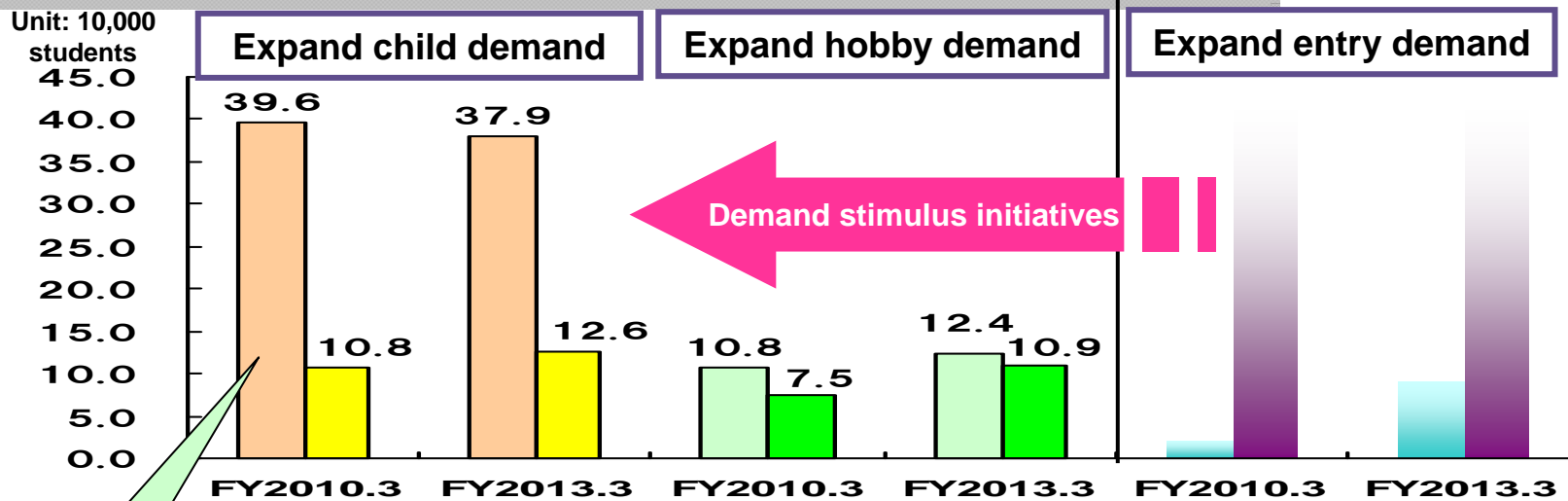
■ Family ensembles

■ Music planning business
(consulting, events for local
community)

Assuring Profitability of Music Playing Business YAMAHA

Increase player numbers

Improve profitability by ¥2 billion three years from now



Amid a falling population, increase proportion of students continuing studies/ advancing to higher level

Yamaha Music Schools

Japan

- Enhance courses for 1-3 year olds
- Open schools for wind, string & percussion instruments

Overseas

- Introduce new junior music courses
- Expand in China and Korea

Popular Music School

Japan

- Enhance adult music lessons
- Actively develop "Music Lesson Online"

Overseas

- Meet local needs

Local programs

Keyboard schools

- Introductory-level classes in China and India

School music lessons

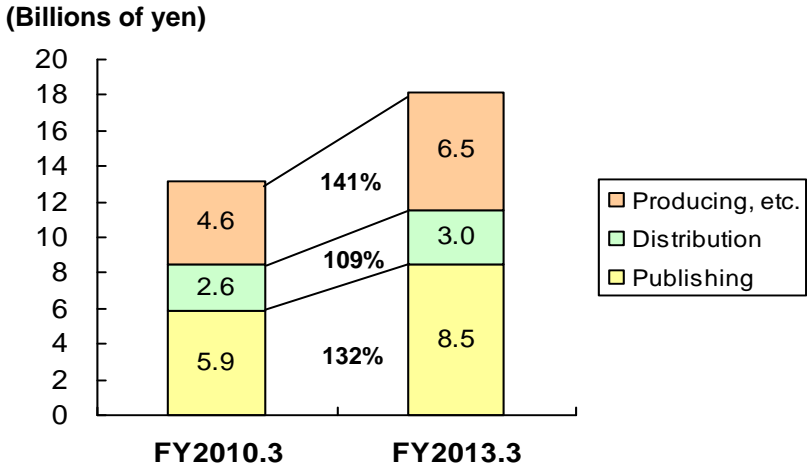
- Popularize recorder ensembles in emerging countries

Growth in the Music Entertainment Business



Multifaceted development of music entertainment business

¥13.1 billion ⇒ ¥18.0 billion (137%)



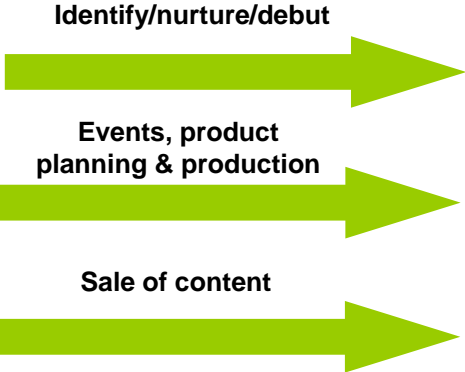
Basic Strategy

- Utilize Group IT capabilities to expand Internet business
- Identify new artists through Music Revolution song contest
- Harness Group synergy to nurture new artists and develop business
- Strengthen rights business platform through active acquisition of publishing rights
- Enter partnerships with other companies

Music Revolution Song Contest



Auditions, scouting, etc.



Yamaha artists



Expand Business in the Education Domain YAMAHA

Expand child-focused business based on common educational philosophy

¥4.7 billion ⇒ ¥5.8 billion (123%)

*excluding music school

Age

Music lessons for adults



- Expand schools to meet demand stemming from introduction of English into compulsory elementary school curriculum from 2011 in Japan
- Shift from joint operation with music schools to stand-alone schools

- Elementary school pupils
- Junior Music Course (course for 4-5 years old)
- Music Wonderland (course for 3 years old)
- Red Apple (course for 2 years old)
- Musical Toy Box (course for 1 year old)



- Elementary school pupils
- Let's Speak English (course for 4-5 years)
- English in Rhythm (course for 2-3 years)
- English Together (course for 1 year old)



- Establish facilities
- Recruit students
- Instructor training/management
- Educational methods

Investigate collaboration with other companies

Three key educational philosophy: (1) Timely education (2) Group lessons (3) Emphasis on creativity

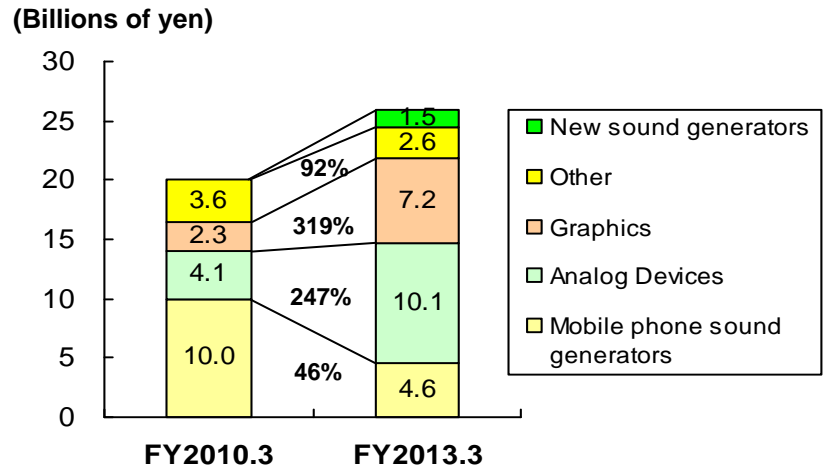
Growth in Semiconductor Business



Differentiate with creative devices

¥20.0 billion ⇒ ¥26.0 billion (130%)

Key initiatives



Analog Devices: Expand customer base

- **Codec:** Provide optimum solutions to each customer through custom-made products
- **Digital amplifiers:** Specialize in mobile phones, TVs, amusement
- **Geomagnetic sensors:** Reinforce development for smart phones

Graphics & sound generators: Differentiate from competitors

- **Amusement:** Launch new products with overwhelming drawing performance. Provide integrated development environment for content.
- **In-car:** Launch new products capable of high-quality graphics. Provide safe, secure and comfortable audio environment.

Basic Plan

- Ensure stable growth with analog devices
- Position digital devices as key pillar of profitability
- Develop China and other emerging markets

New sound generators: Propose new value

- **For mobile phones:** Offer superior sound expression and services not achievable with software sound generators
- **China:** Offer new value through new products designed especially for the Chinese market

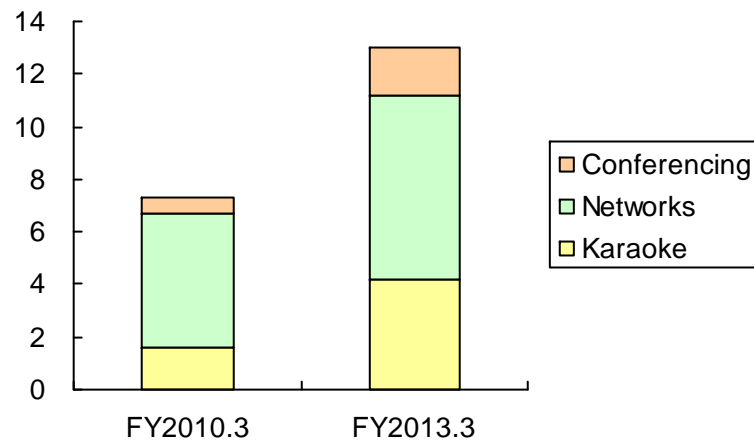
Growth in Sound Network Business



Create new business in the sound network field

¥7.3 billion ⇒ ¥13.0 billion (178%)

(Billions of yen)



Basic Plan

- Develop technologies, devices and products to realize pleasant sound network environments
- Reinforce ability to propose solutions and customer support capabilities to create new business

Key initiatives

Network karaoke equipment: Launch next generation models

- **Karaoke:** Develop next-generation models and continually offer new sound technologies
- **Small speaker OEM products:** Develop new customers

Network equipment: Develop new customers with new products

- Continually launch routers and other new products in response to changing market needs
- **New market development:** Develop Chinese market

Teleconferencing microphone speakers: Focus on target markets and customers

- Intensify Internet conferencing efforts and secure demand for other hands-free applications
- Expand sales with priority on Japan/China/Asia-Pacific region

Commercialization of new technologies

¥1.8 billion ⇒ ¥5.0 billion (278%)

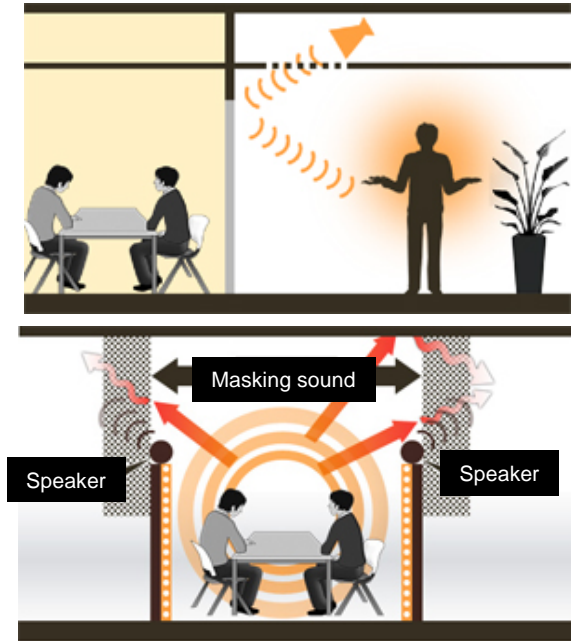
Environmental acoustics business

Soundproof rooms
(existing products)



Soundproof rooms with high-performance sound isolation, outstanding habitability and excellent sound field. Simple design and assembly eases relocation.

Speech privacy systems

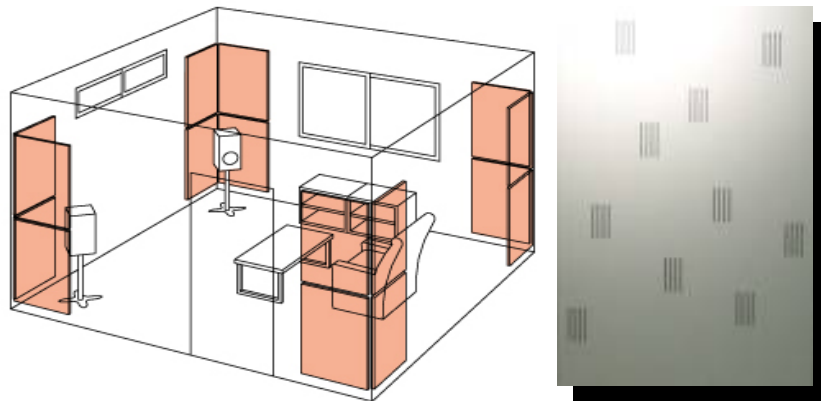


Offer environments that guarantee the privacy of conversations through speech-shielding technology using a masking sound synthesized from human voices.

Commercialization of new technologies

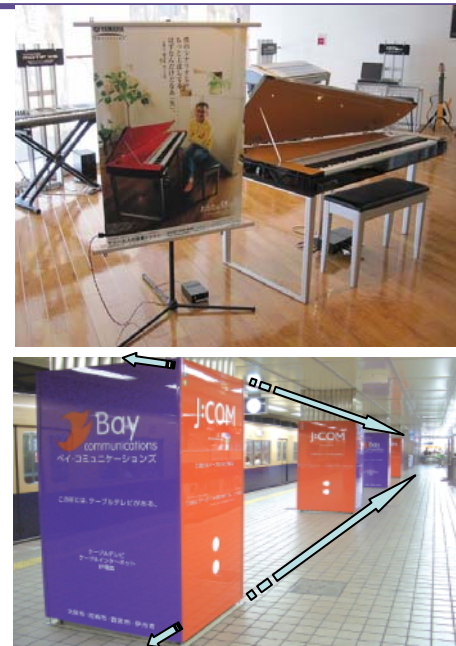
Acoustic space business

Sound modulation panels



Designed with high absorptive performance to limit reverberation to appropriate levels and diffusive performance to eliminate acoustical defects and create excellent reverberation.

Thin light flexible speakers



Thin (2 mm), light (1 kg/5 m²) and flexible. Can be produced in large sizes with printable surfaces. Not noisy when close by, easy to hear at a distance (strong orientation).

In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our predictions depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.



YAMAHA

CREATING 'KANDO' TOGETHER