

March 19, 2009

**For immediate release**

**Yamaha Corporation**

**Initiatives for Improving Corporate Performance and  
Strengthening Operating and Financial Positions**

To cope with today's challenging management environment, Yamaha's Management Reform Committee was formed in November 2008, with the President and Representative Director acting as the chairperson, to consider Companywide measures. At the present time, the initiatives and matters that have been decided to improve corporate performance and strengthen Yamaha's operating and financial positions are as follows.

Also, in view of revisions in the forecast for performance for the full fiscal year and the forecast for cash dividends, compensation of directors and executive officers will be reduced 25% beginning in April 2009 and the full amount of their semiannual bonuses applicable to the current fiscal year will be eliminated.

**1. Reductions in Expenses, Cost-Cutting**

With the Management Reform Committee as the focal point, initiatives have begun this fiscal year to reduce management costs, restrain capital investments, reduce intermediate and raw material costs, and make revisions and other alterations in wholesale prices charged by the Company for musical instruments and AV equipment as measures for dealing with foreign currency rate fluctuations.

The outlook for the coming fiscal year is currently under consideration, but the Company is scheduled to move forward with operating reforms, reduce fixed expenses through a drastic reexamination of all operating costs, and take even more selective decisions on capital expenditures.

## **2. Review of Compensation**

The Company is expected to reduce the number of employees and is scheduled to implement a 5% cut in compensation of core staff (managerial level) beginning in April 2009 and will reduce semiannual bonuses to a level appropriate for the Company's performance. In addition, the Company will also continue to restrain employee overtime and other staff-related costs to reduce total compensation levels.

## **3. Dealing with Unprofitable Businesses**

The Company has been giving consideration to how to deal with unprofitable businesses, giving careful consideration to such issues as the outlook for the business environment going forward as well as prospects for sales growth, and improvement in profitability. As a result, the Company came to the conclusion to withdraw from the magnesium molded parts business. In addition, the decision was made to cancel further activities in the silicon microphone business (which had been regarded as an area for full-scale business development as a major product within the "Smart AnaHyM" business, which in turn is regarded as a promising area within the semiconductor business), because of the judgment that the silicon microphone business would have difficulty in reaching breakeven.

Also, the Company has conducted a Groupwide review and consideration of the profitability of its businesses. As a result, the Company is now forecasting extraordinary losses related to business structural improvement expenses and impairment losses on securities investments and non-current assets on a consolidated basis for the current fiscal year.

The Management Reform Committee is continuing to make rapid decisions on initiatives to improve profitability and drastic response measures based on the future outlook for unprofitable businesses.

## **4. Closure and Consolidation of Production Bases**

As one of the main pillars of structural improvements in manufacturing, the Company is proceeding with the closure and consolidation of production bases. Recently, decisions have been made on plans for closing its consolidated subsidiary engaged in the production of pianos in Taiwan and for an operational review of its consolidated subsidiary engaged in production in the United Kingdom. As a result, Yamaha will concentrate its piano production into three bases located in Japan, China, and Indonesia.

Next fiscal year, ending March 31, 2010, will be the concluding year of Yamaha's current "YGP 2010" medium-term management plan. However, Yamaha has positioned FY2010.3 as a year for restructuring its management base to deal with severe changes in the operating environment and as a time for setting the direction for its next medium-term management plan. Yamaha will continuously monitor market conditions and business circumstances, and give consideration to the preparation of its future management vision.