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**For immediate release**

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**Yamaha Announces Withdrawal from  
the Magnesium Molded Parts Business**

Yamaha Corporation announces that its Board of Directors, at their meeting held on March 19, 2009, decided to have its wholly owned subsidiary Yamaha Fine Technologies Co., Ltd. (hereinafter, YFT; Head Office: Hamamatsu, Shizuoka Prefecture; President: Shinobu Kawase), withdraw from the magnesium molded parts business.

**1. Reasons for the Withdrawal**

Through subsidiary YFT, Yamaha has developed a position in the molded parts business by combining the metal mold and molding technologies it has nurtured in its musical instruments business together with magnesium materials, which are high priced but light and strong, to supply component housing parts first for mobile phones and more recently for digital cameras. However, the production technologies needed for magnesium parts are quite high level, and, despite efforts to increase yields, this business continues to confront a challenging environment from an earnings perspective. In addition, mainly as a result of the effects of the worldwide economic crisis, orders from customers have dropped precipitously.

Therefore, as a result of a recent reconsideration of business plans for YFT going forward, Yamaha came to the conclusion that future recovery in sales of this company would be unlikely and that returning the business to profitability would be difficult. In addition, Yamaha concluded that synergies with other businesses in the Yamaha Group would be marginal. Accordingly, the decision was made to withdraw from this business. Please note that, looking ahead, YFT will focus on the development of business activities related to factory automation equipment, including industrial robots, and automobile interior wood components.

## **2. Response to Customer Requirements, Supply Responsibility, and Date of Termination of Production**

YFT will continue to fill existing orders that it has received. After fulfilling these responsibilities for supplying its customers, YFT, in general, will suspend further production during the fiscal year ending March 31, 2010, and, by that time, is scheduled to complete structural reforms that will include the sale and disposal of production equipment.

## **3. Recent Sales and Income of YFT**

For the fiscal year ended March 31, 2007, when sales of component housing parts for mobile phones were strong, net sales amounted to ¥11.4 billion and operating income was ¥0.4 billion. However, during the fiscal year ended March 31, 2008, sales to the mobile phone industry dropped markedly, and, although sales of component housing parts to the digital camera industry rose sharply, YFT was unable to improve its production yields, and, on net sales of ¥12.5 billion, it reported an operating loss of ¥1.1 billion. Because of a sharp decline in sales to the digital camera industry during the fiscal year that will end on March 31, 2009, the outlook for the current fiscal year is for net sales of ¥6.8 billion, with an operating loss of ¥1.8 billion.

#### **4. Reassignment of Employees**

Of YFT's total staff of 143 persons who are engaged in the business to be phased out, 90 have been seconded from Yamaha. These personnel will be reassigned to other positions within YFT or elsewhere within Yamaha as a whole. Employees originally hired by YFT will be reassigned within YFT.

#### **5. Effect of Withdrawal on Yamaha's Net Income**

Yamaha estimates that the withdrawal from this business will result in extraordinary losses totaling approximately ¥0.8 billion on a consolidated basis for the current fiscal year.