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TO SHAREHOLDERS

1 June 2006

Yamaha Corporation

Shuji Ito, President and Representative Director

Supplementary Explanation for the Company's Policy on Anti-takeover Measures

~ Rationality of the Company's Policy on Anti-takeover Measures~

At Yamaha Corporation (the "Company"), the Board of Directors resolved at its meeting held on 28 April 2006, to adopt Anti-takeover Measures, and later on the same day, the Company disclosed its policy on the Anti-takeover Measures. Whilst the Notice of the 182nd Ordinary General Shareholder's Meeting dated today outlines the Company's policy on Anti-takeover Measures, we provide herein a supplementary explanation from the Company's point of view on protection of shareholders' rights and exclusion of directors' arbitrariness in the event that the Company invokes the Anti-takeover Measures.

The Company's policy on Anti-takeover Measures provides for the rules for large-scale purchases (the "Rules"), warning the Large-scale Purchasers of the possible Anti-takeover Measures to be taken against them in the event of non-compliance with the Rules. In order for the Company to invoke the Anti-takeover Measures, either of the following objective conditions must be fulfilled:-

- (1) the Large-scale Purchaser does not comply with the Rules of the Company; or
- (2) the Large-scale Purchase will clearly cause irrecoverable damages to the Company.

As regards Item (1) above:-

The purpose of the Rules is to secure for the Company's shareholders the means to obtain the

adequate information and the time for making their decision as to whether or not the proposed Large-scale Purchase enhances the values of the Company and shareholders. The Company may assess or examine the relevant Large-scale Purchase, negotiate with the Large-scale Purchaser, or offer alternative plans to the Company's shareholders, but the basic stance of the Company is that it is the Company's shareholders who make the final decisions. Accordingly, the Company will not invoke the Anti-takeover Measures as long as the Large-scale Purchaser complies with the Rules. Furthermore, even in the event of non-compliance with the Rules by the Large-scale Purchaser, e.g. non-submission of the Large-scale Purchase Information requested by the Company, the Company will not immediately invoke Anti-takeover Measures if the Large-scale Purchaser does not commence the act of Large-scale Purchase.

In addition, whilst the Rules allows the Company to request for additional information or extend the Assessment Period, the Company in such cases is required to disclose the reason(s) why such additional information or extension of time is necessary, ensuring that the Company's actions are sufficiently reasonable to cope with any criticism from the Company's shareholders and investors.

As regards Item (2) above:-

In exceptional cases, the Company may invoke Anti-takeover Measures even if the Large-scale Purchaser complies with the Rules. The words "clearly cause irrecoverable damages" mean the situation where directors are required to take countermeasures so as to fulfill their duty of care as a good manager under the Company Law of Japan. That includes, for instance, the cases of protecting the Company against anti-social forces and countering green mailers.

We understand that it is a duty of the directors to take countermeasures in the aforesaid cases, regardless of whether the Company has adopted Anti-takeover Measures. We thus consider it rather inappropriate to state that countermeasures will not be taken as long as the Rules are complied with.

In the event that the Company invokes the Anti-takeover Measures, it is likely that the Large-scale Purchaser commences a legal action against the Company seeking an injunction. Therefore, our determination as to whether to invoke Anti-takeover Measures has to be sufficiently reasonable, and we will pay due respect to objective opinions from experts outside the Company.

It is to be noted that the Tokyo High Court in its recent ruling set out "four types of acts which clearly damages corporate or shareholder's values". However, a board of directors may, in

determining whether a Large-Scale Purchase falls under any of the categories, do so in an arbitrary manner. Therefore, instead of referring to those categories, the Company provides for the condition that “the Large-scale Purchase will clearly cause irrecoverable damages”, enabling the Board of Directors to invoke the Anti-takeover Measures only in exceptional cases, such as the aforesaid cases of protecting the Company against anti-social forces and countering green mailers.

As aforementioned, the Anti-takeover Measures are being introduced solely for the purposes of preventing so-called “surprise attacks” and securing the additional time and information for the Company’s shareholders to make final decisions.

This year, being the final year of the Company’s medium-term business plan, we are striving for the establishment of a stable high-profit structure with a focus on the increase of profits in music instrument business. The current circumstances surrounding the Company warrant no optimism, but we believe we are steadily making strides forward. We will endeavor to improve the Company’s corporate values, and will consider the possibilities of an increase in number of highly independent officers for the purposes of enhancing transparency and ensuring adequate profit returns to the Company’s shareholders.

We sincerely hope that the foregoing facilitates better understanding of our valued shareholders.