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YAMAHA Corporation

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Securities Code: 7951

<http://www.yamaha.co.jp/>

The status of corporate governance in Yamaha Corporation (“the Company”) is as follows:

I Fundamental Concept of Corporate Governance and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

1. Fundamental concept

The Company positions the enhancement of corporate governance as an important issue of business operations and is striving to enhance corporate governance in a proactive manner.

In accordance with its management policy of “Creating *Kando* together— carrying on the tradition of creating new *Kando* (simultaneous feelings of deep satisfaction and intense excitement) and rich culture together with people of the world through technology and artistry cultivated based on sound and music”— the Company will strive to improve the effectiveness of its management, attain high global competitiveness and profitability, and increase its corporate value and brand value by fulfilling its corporate social responsibility in areas such as compliance, environment, safety, and contribution to regional society.

In order to be such a corporation, the Company aims to manage its businesses with high transparency and quality and to pursue high operational efficiency by improving its business structures and systems, by implementing all necessary measures, and by disclosing information in a timely manner.

The Company adopts a Corporate Auditor system and is working to strengthen its corporate governance function by introducing an Executive Officer system, establishing Company-wide Governance Committees, upgrading its internal auditing system, etc. Through these works, coupled with daily operation audits under the full-time system by the Corporate Auditors, the Company is enhancing the effectiveness of its governance.

In conducting its business, the Company endeavors to consider the balance of interests among its

respective stakeholders—shareholders, customers, employees, and local society. The Company declares its commitments to each of the stakeholders in its Corporate Philosophy as set forth below and is aiming to fulfill those commitments. The Company works to maximize corporate value by maintaining the balance of interests among its stakeholders and enhancing the satisfaction of all stakeholders equitably.

Management based on Customer Creed and High-Quality Creed (Commitment to Customers)

Yamaha will fully satisfy the customer by continuing to offer high-quality and valuable products and services based on new and traditional technologies and creativity and artistry.

Sound and Transparent Management (Commitment to Shareholders)

Yamaha will endeavor to sustain everlasting development through high-quality and transparent management while ensuring healthy profits and maintaining proper returns.

Human-Oriented Management (Commitment to Those Who Work with Yamaha)

Yamaha will strive to become an organization in which all of the people in working relationships with Yamaha respect each other's individuality and creativity and fully demonstrate their abilities through the performance of business operations.

Management in Harmony with Society (Commitment to Society)

Yamaha will contribute to the development of society, culture, and economy as a good corporate citizen by observing laws with ethics and making efforts to protect the environment.

2. Capital structure

Percentage of shares owned by foreign shareholders	More than 20%, Less than 30%
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[Major shareholders]

Name	Number of shares held (shares)	Ratio to total (%)
Japan Trustee Service Bank, Ltd. (trust a/c)	10,595,000	5.37
Yamaha Motor Co., Ltd.	10,326,701	5.24
The Master Trust Bank of Japan, Ltd. (trust a/c)	10,110,000	5.13

YAMAHA CORPORATION

CORPORATE GOVERNANCE

Mitsui Sumitomo Insurance Co., Ltd.	8,918,900	4.52
Mizuho Bank, Ltd.	8,779,990	4.45
The Shizuoka Bank, Limited	8,349,855	4.23
Sumitomo Life Insurance Company	7,300,000	3.70
Nippon Life Insurance Company	6,482,252	3.29
Mizuho Corporate Bank, Ltd.	5,775,404	2.93
Trust & Custody Services Bank, Ltd.(Investment trust a/c)	3,739,400	1.90

3. Corporate attributes

Stock exchange listings	Tokyo, First section
Business year end	March 31 every year
Category of business	Other products
Number of employees (consolidated)	More than 1,000 persons
Net sales (consolidated)	More than ¥100 billion and less than ¥1,000 billion
Parent company	None
Number of consolidated subsidiaries	More than 50 and less than 100 companies

4. Other special conditions which may have material effects on corporate governance

None

II Organization of Management for Operational Decision-making, Execution and Supervision, and Other Corporate Governance Structures

1. Matters related to the structure, operation, etc. of the organization

Form of the organization	The Company adopts the Corporate Auditor system.
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[Matters related to the Directors]

Chairman of the Board of Directors	President
Number of Directors	9 persons
Are Any Outside Directors in Office?	Yes
Number of Outside Directors	1 person

Relations with the Company (1)

Name	Attribute	Relations with the Company (*1)								
		a	b	c	d	e	f	g	h	i
Takashi Kajikawa	He is from a company other than this Company.									

*1 With respect to the relations with the Company, applicable item(s) are marked “ ” in accordance with the descriptions below.

- a: He is from the Parent Company.
- b: He is from another Affiliated Company.
- c: He is a major shareholder of the Company.
- d: He concurrently serves as the outside director or outside auditor of another company.
- e: He is posted as a business execution director, executive officer, or similar officer in

another company.

- f: He is related to a business execution director, executive officer, etc. of the Company or a business entity with special relations with the Company, either as a spouse, as a relative within the third degree, or through some similar relation.
- g: He is paid a remuneration or other proprietary benefit as an officer by the Parent Company of the Company or by a Subsidiary Company of the Parent Company of the Company.
- h: He has entered into an Agreement on Limitations of Liability with the Company.
- i: Other relations

Relations with the Company (2)

Name	Supplementary explanation on the applicable item(s)	Reason for being elected as Outside Director
Takashi Kajikawa	None	(1) He is a person of desirable character and has considerable insight as a director. (2) He has ample experience in running businesses in other industries.

Matters related to other major activities of the Outside Director

He attends the regular Board of Directors' Meeting (held monthly in principle) and the extraordinary Board of Directors' Meeting.

[Matters related to the Corporate Auditors]

Is the Board of Auditors Established?	Yes
Number of Corporate Auditors	5 persons

Collaborations between the Corporate Auditors and the Accounting Auditor

In order to ensure the integrity and accuracy of accounting audits, the Corporate Auditors receive periodic reports on the progress of auditing financial statements from the Accounting Auditor. The Corporate Auditors and the Accounting Auditor also hold regular meetings to share views on audit plans and audit results.

Collaborations between the Corporate Auditors and the Internal Auditing Division

At the monthly Board of Auditors’ Meetings, the Corporate Auditors hear the status of internal audits from the head of the Internal Auditing Division and exchange views on the internal audits with the Division.

Are Any Outside Auditors in Office?	Yes
Number of Outside Auditors	3 persons

Relations with the Company (1)

Name	Attribute	Relations with the Company (*1)								
		a	b	c	d	e	f	g	h	i
Kunio Miura	Attorney at law									
Yasuharu Terai	He is from a company other than this Company.									
Haruo Kitamura	Certified Public Accountant									

*1 With respect to the relations with the Company, applicable item(s) are marked “ ” in accordance with the descriptions below.

- a: He is from the Parent Company.
- b: He is from another Affiliated Company.
- c: He is a major shareholder of the Company.

- d: He concurrently serves as an outside director or outside auditor of another company.
- e: He is posted as a business execution director, executive officer, or similar officer in another company.
- f: He is related to a business execution director, executive officer, etc. of the Company or a business entity with special relations with the Company, either as a spouse, as a relative within the third degree, or through some similar relation.
- g: He is paid a remuneration or other proprietary benefit as an officer by the Parent Company of the Company or by a Subsidiary Company of the Parent Company of the Company.
- h: He has entered into an Agreement on Limitations of Liability with the Company.
- i: Other relations

Relations with the Company (2)

Name	Supplementary explanation on the applicable item(s)	Reason for being elected as Outside Auditor
Kunio Miura	None	(1) He is a person of desirable character and has considerable insight as a corporate auditor. (2) He is an attorney at law and is acquainted with laws and regulations. (3) He can be expected to audit from an objective viewpoint.
Yasuharu Terai	None	(1) He is a person of desirable character and has considerable insight as a corporate auditor. (2) He has ample experience in running businesses in other industries.
Haruo Kitamura	None	(1) He is a person of desirable character and has considerable insight as a corporate auditor. (2) He is a certified public accountant and is acquainted with finance and accounting.

	(3) He can be expected to audit from an objective viewpoint.
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Matters related to other major activities of the Outside Auditors

The Outside Auditors attend the regular Board of Directors' Meeting (held monthly in principle), the extraordinary Board of Directors' Meeting, the regular Board of Auditors' Meeting (held monthly in principle), and the extraordinary Board of Auditors' Meeting. They also inspect material documents for final decisions, attend important meetings and, when necessary, investigate major divisions and domestic and overseas subsidiaries.

They also offer advice and proposals from time to time based on their objective and neutral standpoints, taking advantage of their expertise.

[Matters related to incentives]

Implementation of measures to grant incentives to the Directors	Introduction of a results-connected remuneration system
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Supplementary explanation on related matters

The Company pays remunerations calculated in conjunction with the results of net sales and operating income and, in addition, in consideration of the contributions of each Director.

[Matters related to remunerations for Directors]

Means of disclosure	Annual Security Report (Financial Report pursuant to the Financial Instruments & Exchange Law), and other means
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Scope of disclosure	Aggregate amounts paid to Inside Directors and Outside Directors respectively
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Supplementary explanation on related matters

Amounts of remunerations, etc. paid to Directors and Corporate Auditors for the 185th Fiscal

Year

Directors: 10 persons ¥430 million (including Outside Directors: 2 person, ¥4 million)

Corporate Auditors: 5 persons ¥70 million (including Outside Corporate Auditors: 2 persons, ¥9 million)

Notes: 1. The above figures include one (1) Director (an Outside Director) and one (1) Corporate Auditor, both of whom retired from office upon the conclusion of the 184th Ordinary General Shareholders' Meeting held on June 25, 2008.

2. It was approved, at the 182nd Ordinary General Shareholders' Meeting held on June 27, 2006, that the Company was to make a lump-sum payment of the retirement allowance to Directors and Corporate Auditors upon the abolition of the retirement allowance system. In addition to the amounts of the above remunerations, etc., amounts of ¥1 million and ¥24 million were paid as retirement allowance under this resolution to one (1) Director (an Outside Director) and one (1) Corporate Auditor, respectively, both of whom retired from office upon the conclusion of the 184th Ordinary General Shareholders' Meeting. An aggregate amount of ¥356 million was also paid as retirement allowance to three (3) Directors who retired from office upon the conclusion of the 185th Ordinary General Shareholders' Meeting held on June 25, 2009. In addition, those payments were calculated based upon the term of office served by each Director and Corporate Auditor as of the end of June 2006.

[Support system for Outside Director (Outside Auditors)]

When a proposal is to be submitted to the Board of Directors' Meeting or the Board of Auditors' Meeting to be attended by an Outside Auditor, the staff member working for the Corporate Auditors sends documents and other materials related to the proposal prior to the meeting, provide explanations on the proposal if necessary, and facilitate the Auditor's work to perform a complete preliminary study. With respect to other material matters, the Company also strives at all times to maintain an efficient auditing environment by providing information, supplying materials, hearing opinions, supporting investigations, collecting information, etc.

Matters to be reported or resolved at the Board of Directors' Meeting are explained to the Outside Director each time, when necessary.

2. Matters related to functions of business execution, audit and supervision, nomination, determination of remuneration, etc.

(Board of Directors)

The number of Directors of the Company is nine (9) as of June 25, 2009 (one (1) of them is an Outside Director). The Board Meeting held monthly (in principle) is responsible for group-wide management functions, including strategy planning, the monitoring of the execution of departmental business, and guidance of the corporate group therefor. To define the management responsibility of the Directors, the term of office of each Director is determined to be one (1) year.

(Representative Director)

The number of Representative Directors of the Company is one (1) as of June 25, 2009 (President & Representative Director). The President & Representative Director is the chief executive for all businesses of the Company and represents the Company.

(Corporate Auditor and Board of Auditors)

The number of Corporate Auditors of the Company is five (5) as of June 25, 2009 (three (3) of them are Outside Auditors). In addition to holding the Board of Auditors' Meeting once a month in principle, they conduct periodic and comprehensive audits in each division and group company in accordance with their own plans. Further, they attend the Board of Directors' Meeting and other important meetings, including the Management Meeting. With respect to the accounting audit, they endeavor to ensure the integrity and accuracy of accounting audit by periodically receiving reports on the progress of the auditing of the financial statements from the Accounting Auditor. In order to improve the auditing environment, the Company has established a Corporate Auditors' Office staffed by employees working for the Corporate Auditors (staffed by one (1) personnel as of June 25, 2009).

(Management Meeting and Company-wide Strategy Committees)

The Company holds the Management Meeting twice a month as a rule in order to discuss company-wide management issues arising from time to time and unify the views thereof as a company. The Representative Director and the Director & Executive Officers attend the meeting. Further, the Company establishes a Corporate Committee for each strategic issue to deepen discussions on management strategic issues of importance.

(Executive Officer)

The Company adopts the executive officer system in order to enhance management functions as a consolidated group and to strengthen its business execution function. Seventeen (17) Executive Officers (including two (2) Managing Executive Officers) assumed office as of June 25, 2009 in order to support the President, who is the chief executive for all businesses. In consideration of the importance of their responsibilities, in principle, Executive Officers who double as Directors are General Managers of Business Groups and/or Staff Groups. Each General Manager of the Group is responsible for the business results of the Group under his or her supervision and issues appropriate commands and orders to enable his or her Group to fulfill its functions to the fullest possible extent. Each Executive Officer is assigned to the Division(s) in charge of major management issues within Business Groups and/or Staff Groups under General Managers of the Groups.

(Company-wide Governance Committees)

The Company has established “Company-wide Governance Committees” consisting of three (3) committees, namely, a Compliance Committee, CSR Committee, and Officers Personnel Affairs Committee, all of which are chaired by the President and Representative Director. The Compliance Committee promotes company-wide cross-sectional activities to pursue the corporate social responsibility and the business operations in which legal and regulatory compliance is stressed. The CSR Committee conducts activities to encourage voluntary contribution to society by developing and applying various independently established Company standards which go beyond applicable laws and regulations. The Officers Personnel Affairs Committee increases transparency and fairness in the selection of candidates to become Directors, Corporate Auditors, and Executive Officers by nominating the candidates through discussions at the Committee. This Committee also reviews human resource development programs for future candidates and the remuneration system for officers.

(Internal Audit)

The Company has established an Internal Auditing Division (staffed by eleven (11) personnel as of June 25, 2009) to review and assess the Company’s system for the control and operation of overall management activities, as well as the performance of business executions, in view of legitimacy and rationality. Based on the results of this review and assessment, the Internal Auditing Division provides information related thereto and advice and recommendations for improvement and realignment. It also endeavors to improve audit efficiency by closely

communicating and consulting with the Corporate Auditors and Accounting Auditor.

(Accounting Auditor)

The Company employs Shin Nihon & Co. (English Name: Ernst & Young ShinNihon) as its Accounting Auditor. Mr. Kazuhiro Fujita and Mr. Takahiro Takiguchi, two certified public accountants belonging to the said audit corporation, conduct the accounting audits of the Company. The durations of the engagements of Mr. Fujita and Mr. Takiguchi in the auditing of the Company are both within seven (7) years, and thus the descriptions of their career histories, positions concurrently held are omitted. The said audit corporation has already introduced a voluntary shift system for Designated and Engagement Partners in order to ensure that the duration of the engagement does not exceed a certain fixed period. In addition, another nine (9) certified public accountants and twenty-two (22) assistants help the aforementioned two certified public accountants conduct the auditing work.

III Measures for Shareholders and Other Stakeholders and their Implementation

1. Working to vitalize the General Shareholders' Meeting and facilitate the exercise of voting rights

Supplementary explanation

Earlier dispatch of the notice of the Meeting

In an effort to solicit the exercise of as many voting rights as possible, the notice is dispatched at least three (3) weeks prior to the date of the Meeting in principle.

Date of the Meeting to be fixed in principle on a day other than the day on which the largest number of companies holds annual shareholders meetings ("the peak day").

In an effort to increase the number of shareholders able to attend the Meeting, the Company endeavors to select a day other than the peak day, to the extent feasible.

Exercise of voting rights through electromagnetic means

The Company allows the electronic exercise of voting rights via the Internet and also will introduce the Tokyo Stock Exchange Platform to facilitate voting by institutional investors.

Others

For foreign shareholders, the Company prepares an English version (summary) of the notice of the Meeting and posts it on its website or on websites for investors of trust banks, etc. To deepen the understanding of attending shareholders, the Company presents VTR presentations on the business reports. Further, it holds events such as mini-concerts after the Meeting, while introducing its products.

2. IR Activities

Presentation by Representative

Supplementary explanation

Periodic presentation meeting for individual investors

Will not be made

The Company proactively participates in securities companies' events for individual investors.

Periodic presentation meeting for analysts and institutional investors	Will be made	The Company holds an IR presentation meeting for securities analysts and institutional investors when releasing its quarterly results. It also organizes facilities tours and business presentations, principally once a year.
Periodic presentation meeting for foreign investors	Will be made	The Company holds presentation meetings with foreign institutional investors twice a year.
Posting of IR materials via the website	Contained	The Company enriches its IR materials and provides information through its website. It is also striving to expand its individual investor base by developing and launching a website for individual investors, etc.
Placing department (or person) in charge of IR	-	Corporate Planning Division

3. Reinforcing respect for the stakeholders' positions

Supplementary explanation

The provision of internal rules, etc. concerning respect for stakeholders' positions	As stated in the section on the Fundamental Concept of Corporate Governance, the Company declares, in its Corporate Philosophy, that the Company has "commitments" to each of its stakeholders—"customers," "shareholders," "people who work with Yamaha," and "society"—and positions those commitments as its basic management policy. Further, specific codes of conduct are prescribed in the "Codes of Conduct for Compliance."
Environmental protection activities, CSR activities, etc.	The Company takes part in environmental and social activities of various themes, including activities to reduce carbon dioxide and achieve the zero emission of wastes. The Company also issues CSR reports which describe various Group-wide activities, including activities to contribute to society through sound and music, and the tree-planting activities developed both at home and overseas.

IV Fundamental Concept of the Internal Controls System and the Status of Improvement of the System

The Company has been improving its system to ensure the appropriate operation of its businesses (hereinafter referred to as the “Internal Controls System”), in accordance with the Company Law and the Enforcement Regulations of the Company Law, as stated hereunder. It strives to qualitatively enhance the Internal Controls System in order to improve the efficiency of its business operations and the reliability of its accounting and financial information, strictly comply with the laws and regulations, strengthen its ability to secure the assets and control the risks, and pursue optimal corporate governance for the enhancement of the Company’s corporate and brand value.

1. Systems to ensure that the Directors and employees comply with applicable laws, regulations, and the Articles of Incorporation in the execution of their duties
 - * The Board of Directors specifies in the Rules for the Board material matters to be resolved by the Board and requires the reasonable decision-making process and content of resolutions. The Representative Director(s) and Business Execution Director(s) report to the Board of Directors on the status of the business execution, and the Board supervises the execution of duties of each Director.
 - * The Auditors audit the execution of the Board of Directors in accordance with the audit standard and audit plan.
 - * The Company is willing to increase the number of independent Outside Directors and independent Outside Auditors, and aims for more objective and transparent management.
 - * The Compliance Committee established in the Company institutes the “Codes of Conduct for Compliance,” upgrades the relevant regulations and manuals, and strives to improve the penetration of compliance education throughout the group.
 - * The Company establishes a framework to ensure compliance with laws, etc. and a system for effective internal checks and balances. In order to develop those systems, the staff division in charge offers guidance and advice to group companies.
 - * The Internal Auditing Division formed in the Company promotes further business improvements through internal audits directly or indirectly extended to group companies.
 - * The Company aims to raise the awareness and enhance the ethics of all employees of group companies by implementing a fair and transparent personnel system.
 - * In order to realize effective compliance, an internal whistle-blowing system is adopted.

2. Systems concerning storage, management, etc. of information on the execution of duties by the Directors
 - * The Directors store and manage documents and other information related to the execution of their duties properly in compliance with the internal regulations.
 - * The Internal Auditing Division conducts periodic audits on the storage and management of information.
 - * The Company has established an administration system for material information and implements accurate and prompt information disclosures.

3. Internal regulations and other systems concerning risks of loss
 - * Out of the various risks which may occur in connection with the execution of business, the Company lays weight on violations of law, damages to brand, quality issues (including PL problems and customer complaints), environmental issues, export control, the protection of personal information, health and safety, etc., taking into account the probability and importance of each type of risk. To address risk-related issues, the Company has established a company-wide cross-sectional committee headed by a Director, which formulates policies for the risk management of the whole group. Staff divisions entrusted with the implementation of the individual risk management activities implement the activities in accordance with the nature of the risk, upgrade the relevant regulations and manuals, and offer guidance and advice to the whole group.
 - * Internal audits are conducted by the Internal Auditing Division to collect risk information and recommend appropriate responses.

4. Systems to ensure the efficient execution of duties by the Directors
 - * The Board of Directors enhances the speed of business execution and the efficiency of management by defining the appropriate delegation of authority, the missions of each division and group company, and the command and order system, in addition to the measures to institute and maintain regulations concerning the execution of business, including the Rules for the Board of Directors, the Regulations on authorization, etc., and clarification of the authorities and responsibilities of the Board of Directors and Representative Directors.
 - * Concerning material matters which may influence the whole group, including matters to be resolved by the Board of Directors, a complete discussion is carried out at the

Management Meeting, etc. and, if necessary, opportunities to hear the opinions of outside experts are arranged, in order to secure a reasonable and lawful process and reasonable and lawful content of determinations.

- * For the purpose of group-wide goal setting and performance evaluation, the Company has established a business management system which enables prompt business judgments and risk controls.

5. Systems to ensure the propriety of business operations in the corporate group consisting of the Company and its subsidiaries

- * The Company upgrades its information infrastructure to ensure better comprehension of the status of operations of each group company and to enable the Company to promptly prepare its consolidated financial statements.
- * The Company has a “Group Management Charter” which defines the group management policies. In accordance with the Charter and the “Regulations for Controlling Group Company,” the divisions in charge of controlling subsidiaries are responsible for providing the subsidiaries under their control with appropriate managerial guidance and advice, and the subsidiaries confer and consult with the relevant divisions concerning certain material matters at an early stage, with assistance from the staff divisions.
- * The Company adopts a risk management system covering the whole group and extends compliance education to its group companies.
- * In principle, each of the group companies has established a Board of Directors and Corporate Auditors (or a Board of Auditors).
- * Internal audits and external audits are conducted whenever necessary, and the results are fed back to improvements in business.

6. Matters concerning employees to be posted as assistants to the Auditor(s) for the execution of auditor duties.

As a section dedicated to the assistance of the Corporate Auditors in performing the auditor duties, the Corporate Auditors’ Office is formed and functions under the direct control of the Board of Auditors. Further, upon request of the Corporate Auditors or the Corporate Auditors’ Office, other staff divisions also assist the Corporate Auditors in audit affairs.

7. Matters concerning independence from the Directors of employees engaged as assistants to

the Corporate Auditors

The Board of Auditors receives a prior notice from the Director(s) concerning changes in the organization and staff members of the Auditors' Office and, if necessary, expresses its opinions on those changes or requests modifications. Some staff employees who are not subject to the commands or orders of the Directors are posted in the Corporate Auditors' Office. In addition, any personnel evaluation of those staff employees or any disciplinary action against them requires the approval of the Board of Auditors.

8. Systems for the Directors or employees to report to the Board of Auditors and other systems concerning reports to the Corporate Auditors

- * The Corporate Auditors attend the Management Meeting, the Executive Officers' Meeting, and other important meetings, and express their opinions when necessary.
- * The Corporate Auditors inspect material documents for final decisions and request explanations or reports from the Directors or employees when necessary.
- * In addition to the matters prescribed by law, the Board of Auditors receives periodic reports on the following matters as determined by the Board of Auditors;
 - * Activity reports by the relevant staff division on internal control practices
 - * Reports by relevant staff divisions on compliance and the operations of the internal whistle-blowing system and current conditions of whistle-blowing.
 - * Reports by the Internal Auditing Division on the results of internal audits

9. Other systems to ensure the effectiveness of auditing by the Corporate Auditors

The President & Representative Director has periodic opportunities, either personally or through the Internal Auditing Division, to exchange views with the Corporate Auditors on the upgrading and operating status of the Internal Controls System. Through such exchanges, the President & Representative Director promotes the constant improvement of the system. The Company endeavors to ensure that the Corporate Auditors receive the assistance of outside experts, whenever the Corporate Auditors deem it necessary for their auditing.

Basic concept and framework for excluding anti-social forces

We are committed, through our corporate philosophy, to “uphold high morality and comply with laws to contribute to the development of the society, cultures, and economies of local and global communities as a good corporate citizen.” In keeping with this commitment, we

have been striving to provide complete education programs on compliance. The “Codes of Conduct for Compliance” prescribed by the Company declare that the exclusion of anti-social forces is one of the key factors required for compliance management. In accordance with the Codes, we stand firm in our refusal to comply with unjustifiable requests from anti-social forces and in our commitment to never cover up scandals or other circumstances that may draw unjustifiable requests.

If we receive any unjustifiable requests from anti-social forces, we will endeavor to settle the matter by treating it as an issue for the entire corporate organization rather than leaving it solely to the discretion of the person or department in charge.

More specifically,

- * The General Administration Division assists in the handling and settlement of any issue involving an unjustifiable request, under the instructions of the Group Manager of the Finance and Administration Group.
- * We maintain close contact with the police and the liaison council of corporate defense, etc. in each district, to collect and exchange information concerning anti-social forces. Further, we ask for the opinions and assistance of lawyers, whenever necessary, in order to secure reasonable negotiation proceedings, methods for settlement, etc.
- * We take a tough stance against unjustifiable requests and never hesitate to resort to legal procedure, either civil or criminal.

[“Pattern Diagram” for reference: See attached paper at the end.]

V Other Matters

1. Matters concerning the anti-takeover measures

The Company introduced a set of “Measures for Large-Scale Purchases of Company Shares (Anti-Takeover Measures)” (the “Plan”) with the approval of shareholders at the 183rd Ordinary General Shareholders’ Meeting held on June 26, 2007, in order to secure and enhance corporate value and the common interests of shareholders.

I Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of the Company

The Yamaha Group has developed core businesses anchored in music and sound under the Yamaha brand. The inherent connections between our manufacturing operations, which are focused on musical instruments and related hardware, and our service operations, which include Yamaha music schools and music distribution services, are part of what makes our corporation different from the rest. Our ongoing initiatives to meet the needs of professionals and to popularize music through the operation of music schools and activities such as the hosting of various musical events are key to our flagship musical instrument business. In light of this, Yamaha has moved forward with these activities based on relationships with business partners built on trust in the musical instrument and music business. The integration of these activities and human resources is the very source of the corporate value of the Yamaha Group.

There is a growing tendency in Japan’s capital markets for purchasers to force through the purchases of large numbers of shares without obtaining the approval of the managements of the targeted companies. A review of the purposes, etc. of these large purchases reveals that many of the purchases make no contribution to the corporate value of the companies targeted for purchase or to the common interests of the shareholders of those companies. Some of large purchases among them clearly impair the corporate value of the targeted company and common interests of the company’s shareholders. The Company believes that persons who make inappropriate large purchase offers or perform similar actions that might harm the corporate value of the Company and oppose the common interests of the Company’s shareholders do not meet the standards of integrity required of those who are to be entrusted with control over

decision-making on the financial and business policies of the Company.

II Outline of the Anti-Takeover Measures

1. The Anti-Takeover Measures set forth a procedure to secure and enhance the corporate value of the Company and common interests of the shareholders. In this procedure, the Purchaser or the person offering to purchase the shares is required to provide information with respect to the relevant purchase upon request by the Company, while the Company secures a period to gather information and examine the proposed purchase. During the period, the management of the Company presents a single or alternative plan to the shareholders or conducts negotiations, etc. with the Purchaser or person offering to purchase the shares.

Purchases subject to the Anti-Takeover Measures are as follows.

- (i) Concerning shares, etc. issued by the Company, any purchase that increases the holding ratio of shares, etc. of the holder to 20% or greater,
- (ii) Concerning shares, etc. issued by the Company, a tender offer that increases the total sum of the ratio of ownership of shares, etc. relating to the tender offer and the ratio of ownership of the shares, etc. of a Special Stakeholder to 20% or greater.

2. When the Company recognizes the risk of a purchase that may impair the corporate value and the common interests of its shareholders, such as a purchase not in accordance with the procedures prescribed in the Plan, the Company will grant all of its shareholders (other than the Company) Stock Acquisition Rights at the relevant point of time in accordance with the method for the issuance of the Stock Acquisition Rights without compensation, with the exercise condition that the relevant Purchaser will not be allowed to exercise the Stock Acquisition Rights, and with the acquisition provision that the Company will acquire the Stock Acquisition Rights in exchange for the Company shares from persons other than the relevant Purchaser.

3. In order to rule out arbitrary judgments by the Board of Directors on the execution, non-execution, acquisition, etc. of the Stock Acquisition Rights, the Company has resolved to ensure transparency by entrusting the judgment solely to an “Independent Panel” made up of members independent of the Company in accordance with the Independent Panel Rules, and in the meantime by the timely disclosure of information to shareholders.

The Independent Panel makes the above judgment within the prescribed examination period (60

days in principle) based on the Necessary Information submitted in advance by the relevant Purchaser, information provided by the Board of Directors, and an opinion provided by the Board of Directors, and recommends the judgment to the Board of Directors. The Board of Directors will honor the aforesaid recommendation from the Independent Panel to the fullest degree and promptly adopt a resolution with respect to implementation or non-implementation of the issuance of the Stock Acquisition Rights without compensation.

4. If the Stock Acquisition Rights are issued without compensation in accordance with the Plan and the Company shares are granted to shareholders other than the relevant Purchaser through the exercise of the Stock Acquisition Rights or in exchange for the acquisition of the Stock Acquisition Rights by the Company, the relevant Purchaser's share of voting rights of the Company shares may be diluted by up to 50%.

5. The Anti-Takeover Measures approved at the 183rd Ordinary General Shareholders' Meeting held on June 26, 2007 shall remain in effect until the first meeting of the Board of Directors subsequent to the Ordinary General Shareholders' Meeting to be held in 2010. Even before the expiration of the effective period, if a resolution for the repeal of the Plan is adopted at the General Shareholders' Meeting or a resolution for the repeal of the Anti-Takeover Measures is approved at a meeting of the Board of Directors consisting of Directors elected by the General Shareholders' Meeting, the Anti-Takeover Measures shall be repealed at the relevant point of time.

2. Other matters concerning corporate governance system, etc.

Not applicable.

[Reference Material: “Pattern Diagram”]

