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Securities Code 7261
June 4, 2019

To Those Shareholders with Voting Rights

Akira Marumoto
Representative Director,
President and CEO
Mazda Motor Corporation
3-1 Shinchi, Fuchu-cho, Aki-gun,
Hiroshima, Japan

NOTICE OF THE 153RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 153rd Ordinary General Meeting of Shareholders of Mazda Motor Corporation, which will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the Reference Documents for the General Meeting of Shareholders in the following pages and exercise your voting rights. Your votes must reach us by 5:45 p.m., Tuesday, June 25, 2019.

Voting by postal mail

Please vote “yes” or “no” on the enclosed ballot form and send it to reach the addressee described on the same form by the exercise time limit as described above.

Voting via the Internet

Please access the website for the exercise of voting rights designated by the Company (<https://www.web54.net>) and exercise your voting rights by the exercise time limit as described above [Japanese only].

If you exercise your voting rights by two methods, that is, via the Internet and by mailing the ballot form, only the votes via the Internet shall be deemed valid.

(If you make a diverse exercise of your voting rights, you are requested to notify your intention and reasons in writing to us at least three days in advance of the Ordinary General Meeting of Shareholders.)

- 1. Date and Time:** Wednesday, June 26, 2019 at 10:00 a.m.
(Reception starts at 8:30 a.m.)
- 2. Place:** Auditorium of our Head Office
3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
- 3. Agenda of the Meeting:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Audit & Supervisory Board Members of the Consolidated Financial Statements for the 153rd Fiscal Term (from April 1, 2018 to March 31, 2019)
 2. Unconsolidated Financial Statements for the 153rd Fiscal Term (from April 1, 2018 to March 31, 2019)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus Funds

Proposal No. 2: Amendments to Part of the Articles of Incorporation

Proposal No. 3: Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Proposal No. 4: Election of Six (6) Directors who are Audit & Supervisory Committee Members

Proposal No. 5: Setting Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Proposal No. 6: Setting Amount of Remuneration for Directors who are Audit & Supervisory Committee Members

Proposal No. 7: Determining Details of Director Compensation in the Form of Stock Options (Excluding Directors who are Audit & Supervisory Committee Members)

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1. For those attending, please present the enclosed ballot form at the reception desk on arrival at the meeting.
 2. If any revisions are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Unconsolidated Financial Statements, the revised contents will be posted on the Company's web site (<https://www.mazda.com/en/investors/>).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus Funds

The Company's policy regarding the stock dividend is to determine the amount of dividend payments, taking into account the current fiscal year's financial results, business environment, and financial condition, etc. The Company is also working to ensure stable shareholder returns and their steady increase.

In order to address changes in the automobile industry, and in view of the Company's acceleration of its research and development and facilities investment for further growth; the business environment, including sales and exchange rate fluctuations; and the Company's financial situation, a year-end dividend of ¥20 per share will be paid.

An interim dividend of ¥15 per share has been paid, making the annual dividend for this fiscal year ¥35 per share.

1. Type of asset to be distributed: Cash
2. Allocation of asset to be distributed to shareholders and total amount:
¥20 for each share of the Company's common stock
Total amount: ¥12,595,338,120
3. Date on which distribution of surplus funds will take effect: June 27, 2019

【Reference】 Trends of Dividends

	150th Term (April 2015 to March 2016)	151st Term (April 2016 to March 2017)	152nd Term (April 2017 to March 2018)	153rd Term (April 2018 to March 2019)
Annual dividend per share (JPY)	30	35	35	35
Dividend payout ratio (consolidated)	13.3%	22.3%	19.1%	34.7%

Note: The annual dividend per share for the 153rd fiscal year is predicated on the approval and adoption of the proposal as proposed.

References for Proposals No. 2 through 7

The Company has continuously striven to enhance its corporate governance, with the goals of sustainable growth and raising corporate value in the medium and long term.

The Company's surrounding business environment is undergoing rapid changes. In order to enable faster business decision-making, further enhance discussion of management strategies and strengthen supervisory functions of Board of Directors meetings, the Company plans to transition to a company with an audit & supervisory committee.

Proposals No. 2 through 7 for this General Meeting of Shareholders all relate to the planned transition. Therefore, the characteristics of a company with an audit & supervisory committee are explained as follows.

- The form “a company with an audit & supervisory committee” is a type of corporate organ design newly established for stock companies by the Act Partially Amending the Companies Act (Heisei 26 (2014), Law No. 90), which came into force on May 1, 2015.
- A company with an audit & supervisory committee does not have corporate auditors and a board of corporate auditors, and instead has an audit & supervisory committee consisting of at least three directors, the majority of whom are outside directors.
- Directors who are audit & supervisory committee members have voting rights as directors on the board of directors. Additionally, audit & supervisory committee members elected by the audit & supervisory committee have the authority to state their opinion at general meetings of shareholders on the election, dismissal and remuneration of directors who are not audit & supervisory committee members.
- In a company with an audit & supervisory committee, the board of directors may adopt a resolution delegating all or part of decision-making for the execution of important business to directors if the majority of directors are outside directors or there are provisions to such effect set forth in the articles of incorporation.

Proposal No. 2 Amendments to Part of the Articles of Incorporation

1. Reasons for the amendments

It is necessary to change the Company's current Articles of Incorporation for the following reasons.

- (1) Along with setting forth new provisions related to the Audit & Supervisory Committee and its members and deleting provisions related to Audit & Supervisory Board members and the Audit & Supervisory Board (proposed change to Articles 4, 21-24, 32, Chapter 6 Articles 36-40, as well as supplementary clauses), it is necessary for the transition to a company with an audit & supervisory committee to amend provisions regarding the number of directors (proposed change to Article 20) and to add provisions regarding delegation of decision-making for the execution of important business (proposed change to Article 29).
- (2) Provisions will be added stipulating the rights of holders of shares of less than one share unit who do not have voting rights (proposed change to Article 9).
- (3) Necessary amendments will be made in order to clarify division of responsibilities between the General Meeting of Shareholders summoner and the Board of Directors chairman (proposed amendments to Articles 15, 25).

(4) Necessary amendments will be made so that Board of Directors and Audit & Supervisory Committee meetings can be held flexibly (proposed amendments to Articles 26, 37).

(5) Other necessary revisions and rewording will be made in accordance with the above amendments.

2. Amendments

Amendments will be made as follows.

These amendments to the Articles of Incorporation shall come into effect as of the conclusion of this General Meeting of Shareholders.

(The revised portions are underlined.)

Present Provisions	Proposed Revisions
<p>ARTICLES OF INCORPORATION OF Mazda Motor Corporation</p> <p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Articles 1-3 (Text omitted)</p> <p>(<u>Establishment of bodies</u>)</p> <p>Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following bodies:</p> <p>(1)Board of Directors</p> <p>(2)<u>Audit & Supervisory Board Members</u></p> <p>(3) <u>Audit & Supervisory Board</u></p> <p>(4)Accounting Auditor</p> <p>Article 5 (Text omitted)</p> <p>CHAPTER 2. SHARES</p> <p>Article 6 (Text omitted)</p> <p>(Purchase of own shares)</p> <p>Article 7 The Company may purchase its own shares by resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act.</p> <p>Article 8 (Text omitted)</p>	<p>ARTICLES OF INCORPORATION OF Mazda Motor Corporation</p> <p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Articles 1-3 (Unchanged)</p> <p>(Bodies)</p> <p>Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following bodies:</p> <p>(1)Board of Directors</p> <p>(2)<u>Audit & Supervisory Committee</u></p> <p>(deleted)</p> <p>(3)Accounting Auditor</p> <p>Article 5 (Unchanged)</p> <p>CHAPTER 2. SHARES</p> <p>Article 6 (Unchanged)</p> <p>(Purchase of own shares)</p> <p>Article 7 The Company may acquire its own shares <u>through market transaction etc.</u> by resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act.</p> <p>Article 8 (Unchanged)</p>

Present Provisions	Proposed Revisions
<p>(Newly established)</p> <p>(Purchase of shares of less than one share unit) Article 9 Based on the provisions of the Shares Transaction Regulation, shareholders <u>holding shares of less than one share unit</u> may ask the Company to sell to the shareholder an amount of shares that will, when added to the shares of less than one share unit held by the shareholder, constitute the number of shares in one full unit of shares.</p> <p>(Shares Transaction Regulation) Article 10 The handling of the Company’s shares shall be carried out in accordance with the Shares Transaction Regulation adopted by the Board of Directors.</p> <p>(Transfer Agent) Article 11 The Company shall appoint a transfer agent to handle the change of registration of shareholders.</p> <p>2. The transfer agent and its office shall be designated by a resolution made by the Board of Directors, and a public notice shall be given with regard to this designation.</p> <p>3. The Register of Shareholders of the Company and the original register of stock acquisition rights shall be kept at the office of the transfer agent <u>and the transfer agent shall handle the change of registration of shareholders and other related business.</u></p>	<p><u>(Rights of shares of less than one share unit)</u> Article 9 The Company’s shareholders of shares of less than one share unit shall not be able to exercise rights except for those specified below.</p> <p><u>(1) Rights stipulated in Article 189 Paragraph 2 of the Companies Act</u></p> <p><u>(2) Right to make claims as provided by Article 166 Paragraph 1 of the Companies Act</u></p> <p><u>(3) The rights to receive allocation of shares available for subscription and stock acquisition rights to be allotted depending on the number of shares held by shareholders</u></p> <p><u>(4) Right to make claims as stipulated in Article 10</u></p> <p>(Purchase of shares of less than one share unit) Article 10 Based on the provisions of the Shares Transaction Regulation, shareholders may ask the Company to sell to the shareholder an amount of shares that will, when added to the shares of less than one share unit held by the shareholder, constitute the number of shares in one full unit of shares.</p> <p>(Shares Transaction Regulation) Article 11 The handling of the Company’s shares shall be carried out in accordance with the Shares Transaction Regulation adopted by the Board of Directors.</p> <p>(Transfer Agent) Article 12 The Company shall appoint a transfer agent to handle the change of registration of shareholders.</p> <p>2. The transfer agent and its office shall be designated by a resolution made by the Board of Directors, and a public notice shall be given with regard to this designation.</p> <p>3. <u>Work related to the Register of Shareholders of the Company and the original register of stock acquisition rights shall be compiled or kept at the office of the transfer agent, and work related to other registry of shareholders and original register of stock acquisition rights will be contracted to the transfer agent and will not be handled by the Company.</u></p>

Present Provisions	Proposed Revisions
<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles <u>12-13</u> (Text omitted)</p> <p>(Chairman)</p> <p>Article <u>14</u> The Chairman of the Board or the President shall preside over General Meetings of Shareholders.</p> <p>2. In case the Chairman of the Board and the President are unable to do so, one of the other Directors shall convene and preside over General Meetings of Shareholders in the order determined in advance by the Board of Directors.</p> <p>Article 15 (Text omitted)</p> <p>(Resolutions)</p> <p>Article <u>16</u> Resolutions of a General Meeting of Shareholders shall be passed by a majority of the voting rights of the shareholders who shall be present at the meeting unless otherwise provided for in the laws, regulations, or these Articles of Incorporation.</p> <p>(Proxy Voting)</p> <p>Article <u>17</u> Shareholders may exercise their voting rights at Ordinary General Meetings of Shareholders by authorizing another shareholder with the voting right as their proxy. In this case, the shareholder or the proxy must submit written authentication of the proxy to the Company.</p>	<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles <u>13-14</u> (Unchanged)</p> <p>(Summoner and Chairman)</p> <p>Article <u>15</u> The Chairman of the Board or the President shall <u>convene and</u> preside over General Meetings of Shareholders.</p> <p>2. In case the Chairman of the Board and the President are unable to do so, one of the other Directors shall convene and preside over General Meetings of Shareholders in the order determined in advance by the Board of Directors.</p> <p>Article 16 (Unchanged)</p> <p>(Resolutions)</p> <p>Article <u>17</u> Resolutions of a General Meeting of Shareholders shall be passed by a majority of the voting rights of the shareholders <u>able to exercise voting rights</u> who shall be present at the meeting unless otherwise provided for in the laws, regulations, or these Articles of Incorporation.</p> <p>(Proxy Voting)</p> <p>Article <u>18</u> Shareholders may exercise their voting rights at Ordinary General Meetings of Shareholders by authorizing another shareholder <u>of the Company</u> with the voting right as their proxy. In this case, the shareholder or the proxy must submit written authentication of the proxy to the Company.</p>

Present Provisions	Proposed Revisions
<p>(Minutes)</p> <p>Article <u>18</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the Ordinary General Meeting of Shareholders shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items.</p> <p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article <u>19</u> The number of Directors of the Company shall be not more than <u>sixteen (16)</u>.</p> <p>(Election)</p> <p>Article <u>20</u> Directors shall be elected by a majority of the voting rights at an Ordinary General Meeting of Shareholders at which shareholders holding not less than one-third of the total shareholders' voting rights are present and exercise their right to vote.</p> <p>(Newly established)</p> <p><u>2.</u> Cumulative voting shall not be adopted for the purpose of electing the Directors.</p>	<p>(Minutes)</p> <p>Article <u>19</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the Ordinary General Meeting of Shareholders shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items, <u>and that record shall be kept for ten (10) years in the Company's head office and a certified copy shall be kept for five (5) years in its branch offices.</u></p> <p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article <u>20</u> The number of Directors of the Company <u>(excluding Directors who are Audit & Supervisory Committee members)</u> shall be not more than <u>twelve (12)</u>.</p> <p><u>2. Directors who are members of the Company's Audit & Supervisory Committee shall not be more than eight (8).</u></p> <p>(Election)</p> <p>Article <u>21</u> (Unchanged)</p> <p><u>2. In the election of Directors as stipulated in the preceding paragraph, distinction shall be made between Directors who are Audit & Supervisory Committee members and those who are not.</u></p> <p><u>3.</u> (Unchanged)</p>

Present Provisions	Proposed Revisions
<p>(Term of Office)</p> <p>Article <u>21</u> The term of office of Directors shall expire at the time of the close of the Ordinary General Meeting of Shareholders held for the business year within <u>two years</u> after their election.</p> <p>(Newly established)</p> <p>2. The term of office of Directors, who shall be elected as substitutes to fill vacancies, shall be the remainder of the term of office of their predecessors.</p> <p>(Representative Director)</p> <p>Article <u>22</u> The Board of Directors shall elect by resolution Representative Directors from among the members of the Board.</p> <p>(Titled Directors)</p> <p>Article <u>23</u> One (1) Chairman of the Board and other titled Directors that the Board of Directors deems necessary may be appointed by a resolution of the Board of Directors.</p> <p>(Summoner of a meeting of the Board of Directors)</p> <p>Article <u>24</u> A meeting of the Board of Directors shall be convened by the Chairman unless otherwise provided in the laws and regulations.</p> <p>2. In the event of the Chairman is unable to do so, one of the other Directors shall <u>act for him</u> in the order determined in advance by the Board of Directors.</p>	<p>(Term of Office)</p> <p>Article <u>22</u> The term of office of Directors <u>(excluding Directors who are members of the Audit & Supervisory Committee)</u> shall expire at the time of the close of the Ordinary General Meeting of Shareholders held for the business year <u>that ends</u> within <u>one (1) year</u> after their election.</p> <p>2. <u>The term of office of Directors who are Audit & Supervisory Committee members shall expire at the time of the close of the Ordinary General Meeting of Shareholders held for the business year within two (2) years after their election.</u></p> <p>3. <u>The term of office of Directors who are members of the Audit & Supervisory Committee, who shall be elected as substitutes to fill vacancies, shall be the remainder of the term of office of their predecessors.</u></p> <p>(Representative Director)</p> <p>Article <u>23</u> The Board of Directors shall elect by resolution Representative Directors from among the members <u>(excluding Directors who are members of the Audit & Supervisory Committee)</u> of the Board.</p> <p>(Titled Directors)</p> <p>Article <u>24</u> One (1) Chairman of the Board and other titled Directors that the Board of Directors deems necessary may be appointed <u>from among the directors (excluding Directors who are members of the Audit & Supervisory Committee)</u> by a resolution of the Board of Directors.</p> <p>(Summoner <u>and Chairman</u> of a meeting of the Board of Directors)</p> <p>Article <u>25</u> A meeting of the Board of Directors shall be convened <u>and presided over</u> by the Chairman unless otherwise provided in the laws and regulations.</p> <p>2. In the event of the Chairman is unable to do so, one of the other Directors shall <u>convene and preside over a Board of Directors meeting</u> in the order determined in advance by the Board of Directors.</p>

Present Provisions	Proposed Revisions
<p>(Notice of a meeting of the Board of Directors)</p> <p>Article <u>25</u> Notices of meetings of the Board of Directors shall be sent to the Directors and <u>Audit & Supervisory Board Members</u> at least five (5) days prior to the day fixed for the meeting. However, the meeting may be held without going through <u>this</u> procedure, provided that the consent of all the Directors <u>and Audit & Supervisory Board Members</u> is obtained.</p>	<p>(Notice of a meeting of the Board of Directors)</p> <p>Article <u>26</u> Notices of meetings of the Board of Directors shall be sent to the Directors at least five (5) days prior to the day fixed for the meeting. However, <u>in urgent cases, this time frame may be shortened.</u></p> <p><u>2.</u> The <u>said</u> meeting may be held without going through <u>the said</u> procedure, provided that the consent of all directors is obtained.</p>
<p>(Decision Matters of the Board of Directors)</p> <p>Article <u>26</u> The Board of Directors shall give decisions on all important matters concerning the business of the Company, in addition to the matters provided for in the laws, regulations, or these Articles of Incorporation.</p> <p>Article 27-28 (Text omitted)</p>	<p>(deleted)</p> <p>Article 27-28 (Unchanged)</p>
<p>(Newly established)</p>	<p><u>(Delegation of decision-making for the execution of important business matters)</u></p> <p><u>Article 29 Depending on the resolution, the Board of Directors may delegate all or part of decision-making for the execution of important business matters to a Director, as stipulated in Article 399-13 Paragraph 6 of the Companies Act (except as specified in Paragraph 5 of that Article).</u></p>
<p>(Newly established)</p>	<p><u>(Board of Directors Regulations)</u></p> <p><u>Article 30 Matters related to the Board of Directors shall be subject to Board of Directors regulations adopted at a Board of Directors meeting, as well as laws and regulations and the Articles of Incorporation.</u></p>
<p>(Minutes of a meeting of the Board of Directors)</p> <p>Article <u>29</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the Board of Directors shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items. Minutes shall bear the names and seals or the electronic signatures of the Directors <u>and Audit & Supervisory Board Members</u> present at the meeting.</p>	<p>(Minutes of a meeting of the Board of Directors)</p> <p>Article <u>31</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the Board of Directors shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items. Minutes shall bear the names and seals or the electronic signatures of the Directors present at the meeting, <u>and the minutes shall be kept at the Company's head office for ten (10) years.</u></p>

Present Provisions	Proposed Revisions
<p>(Newly established)</p> <p>Article <u>30</u> (Text omitted)</p> <p>CHAPTER 5. EXECUTIVE OFFICERS</p> <p>Article <u>31</u> (Text omitted)</p> <p>(Duties of Executive Officers)</p> <p>Article <u>32</u> The President shall preside over the operations of the Company.</p> <p>2. The Vice Presidents, Senior Managing Executive Officers and Managing Executive Officers shall assist the President and in case of the President being unable to attend to his duty, one of them shall act for the President in the order determined in advance by the Board of Directors.</p> <p>CHAPTER 6. <u>AUDITORS & BOARD OF AUDITORS</u></p> <p>(Number of Auditors)</p> <p>Article <u>33</u> The number of Auditors of the Company shall be not more than five (5).</p> <p>(Election)</p> <p>Article <u>34</u> <u>Audit & Supervisory Board Members shall be elected by a majority of the voting rights at an Ordinary General Meeting of Shareholders at which shareholders holding not less than one-third of the total shareholders' voting rights are present and exercise their right to vote.</u></p>	<p>(Remuneration, etc.)</p> <p>Article <u>32</u> <u>Distinction shall be made between Directors who are members of the Audit & Supervisory Committee and those who are not regarding Directors' financial benefits received from the Company as remuneration, bonuses and other compensation for the execution of duties. Financial benefits shall be determined through a resolution at a General Meeting of Shareholders.</u></p> <p>Article <u>33</u> (Unchanged)</p> <p>CHAPTER 5. EXECUTIVE OFFICERS</p> <p>Article <u>34</u> (Unchanged)</p> <p>(Duties of Executive Officers)</p> <p>Article <u>35</u> The President shall preside over the operations of the Company.</p> <p>2. The Vice Presidents, Senior Managing Executive Officers and Managing Executive Officers shall assist the President, and in case of the President being unable to attend to his duty, one of them shall act for the President in the order determined in advance by the Board of Directors.</p> <p>CHAPTER 6. <u>AUDIT & SUPERVISORY COMMITTEE</u></p> <p>(deleted)</p> <p>(deleted)</p>

Present Provisions	Proposed Revisions
<p><u>(Term of office)</u> <u>Article 35 The term of office of Audit & Supervisory Board Members shall expire at the time of the close of the Ordinary General Meeting of Shareholders held for the business year within four years after their election.</u></p>	<p>(deleted)</p>
<p><u>2. The term of office of Auditors, who shall be elected as substitutes to fill vacancies, shall be the remainder of the term of office of their predecessors.</u></p>	
<p><u>(Full-time Auditors and standing Auditors)</u> <u>Article 36 The Audit & Supervisory Board shall elect the full-time Audit & Supervisory Board Members from among the Audit & Supervisory Board Members.</u></p>	<p><u>(Full-time Audit & Supervisory Committee members)</u> <u>Article 36 The Audit & Supervisory Committee can elect full-time Audit & Supervisory Committee members from among the Audit & Supervisory Committee members by resolution.</u></p>
<p><u>2. The Audit & Supervisory Board may elect standing Audit & Supervisory Board Members from among the Audit & Supervisory Board Members.</u></p>	<p>(deleted)</p>
<p><u>(Notice of a meeting of the Board of Auditors)</u> <u>Article 37 A notice of a meeting of the Board of Auditors shall be sent off to the Auditors five (5) days prior to the day fixed for the meeting. The said meeting, however, may be held without going through the said procedure, provided that the consent of all the Auditors is obtained.</u></p>	<p><u>(Notice of a meeting of the Audit & Supervisory Committee)</u> <u>Article 37 A notice of a meeting of the Audit & Supervisory Committee shall be sent off to the Audit & Supervisory Committee members at least five (5) days prior to the day fixed for the meeting. However, in urgent cases, this time frame may be shortened.</u></p> <p><u>2. The said meeting may be held without going through the said procedure, provided that the consent of all the Audit & Supervisory Committee members is obtained.</u></p>
<p><u>(Decision Matters of the Board of Auditors)</u> <u>Article 38 The Board of Auditors may, in addition to assuming the authority provided for in the laws or regulations, discuss or decide on matters concerning the execution of the duties of the Auditors to the extent that the exercise of their authority shall not be obstructed.</u></p>	<p>(deleted)</p>

Present Provisions	Proposed Revisions
<p>(Resolution of the <u>Board of Auditors</u>)</p> <p>Article <u>39</u> Any Resolution at a meeting of the <u>Board of Auditors</u> shall require of a majority of the affirmative vote of <u>all the Auditors unless otherwise provided for in the laws and regulations.</u></p> <p>(Minutes of a meeting of the <u>Board of Auditors</u>)</p> <p>Article <u>40</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the meetings of the <u>Audit & Supervisory Board</u> shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items. Minutes shall bear the names and seals or the electronic signatures of the <u>Audit & Supervisory Board Members</u> present at the meeting.</p> <p>(Newly established)</p>	<p>(Resolution of the <u>Audit & Supervisory Committee</u>)</p> <p>Article <u>38</u> Any resolution at a meeting of the <u>Audit & Supervisory Committee</u> shall require <u>the attendance of a majority of all Audit & Supervisory Committee members and a majority of affirmative votes of the members present at the meeting.</u></p> <p>(Minutes of a meeting of the <u>Audit & Supervisory Committee</u>)</p> <p>Article <u>39</u> In accordance with the provisions of ordinances of the Ministry of Justice, the minutes of the meetings of the <u>Audit & Supervisory Committee</u> shall record, in written or electronic form, the date, time, location and substance of the proceedings and the results thereof as well as other related items. Minutes shall bear the names and seals or the electronic signatures of the <u>Audit & Supervisory Committee members</u> present at the meeting <u>and shall be kept at the Company's head office for ten (10) years.</u></p> <p>(<u>Audit & Supervisory Committee Regulations</u>)</p> <p>Article <u>40</u> <u>Matters related to the Audit & Supervisory Committee will be subject to the Audit & Supervisory Committee regulations adopted at a Audit & Supervisory Committee meeting, as well as laws and regulations and the Articles of Incorporation.</u></p>

Present Provisions	Proposed Revisions
<p><u>(Exemption of Audit & Supervisory Board Members from Liability)</u></p> <p><u>Article 41 In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, within the limit of laws and regulations, exempt Audit & Supervisory Board Members who have neglected their duties (including former Audit & Supervisory Board Members) from liability for damages by a resolution of the Board of Directors.</u></p> <p><u>2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with Outside Audit & Supervisory Board Members to limit their liability for damages resulting from the neglect of their duties. However, the amount of the liability in said contract shall be limited to an amount of ¥5 million or more agreed upon in advance or an amount set forth by laws or regulations, whichever is greater.</u></p> <p>CHAPTER 7 ACCOUNTING</p> <p>Article 41-44 (Text omitted)</p> <p>(Newly established)</p>	<p>(deleted)</p> <p>CHAPTER 7 ACCOUNTING</p> <p>Article 41-43 (Unchanged)</p> <p><u>Supplementary Clauses</u></p> <p><u>(Transitional measures regarding exemption of Audit & Supervisory Board Members from liability stipulated prior to the transition to a company with an audit & supervisory committee)</u></p> <p><u>Article 1 Exemption from liability for Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) and Liability Limitation Agreements concluded with Outside Auditors relating to conduct stipulated in Companies Act Article 423 Paragraph 1 before the conclusion of the General Meeting of Shareholders in June 2019 are subject to Article 41 of the prior Articles of Incorporation amended at the close of the General Meeting of Shareholders.</u></p>


Proposal No. 3 Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The Company will transition to a company with an audit & supervisory committee, provided that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is adopted as originally proposed. The term of office of all ten (10) directors will expire when the amendments to the Articles of Incorporation come into effect. Accordingly, we propose to elect nine (9) directors (excluding directors who are Audit & Supervisory Committee members).


In order to further enhance transparency, fairness and objectivity, the nominations of candidates for director are made after discussion by the Officer Lineup Advisory Committee consisting of all members of the Board of Directors and chaired by an outside director.

The adoption of this proposal will come into effect provided that the Articles of Incorporation amended as per Proposal No. 2 come into effect.

The candidates for director are as follows:

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
1	 Masamichi Kogai (August 24, 1954) <u>Reelection</u> Number of Company shares held 10,100 Attendance Record Attended 15 out of 15 meetings of the Board of Directors	April 1977 Joined the Company June 2004 Executive Officer and General Manager, Hofu Plant April 2006 Executive Officer; President, Auto Alliance (Thailand) Co., Ltd. April 2008 Managing Executive Officer; Assistant to Officer in charge of Production and Business Logistics; Assistant to Officer in charge of Cost Innovation; General Manager, Production Engineering Div. April 2010 Senior Managing Executive Officer; In charge of Production, Business Logistics and IT Solution; Assistant to Officer in charge of Cost Innovation; Assistant to Officer in charge of R&D June 2010 Director and Senior Managing Executive Officer; In charge of Production, Business Logistics and IT Solution; Assistant to Officer in charge of Cost Innovation; Assistant to Officer in charge of R&D June 2013 Representative Director, President and CEO June 2018 Representative Director and Chairman of the Board (to the present) Important office concurrently held: Chairman, The Mazda Foundation
Reasons for nomination as a candidate for director Mr. Kogai has extensive experience, primarily in production and logistics. Having served as representative director and president, he also has considerable knowledge of management as well as superior character and insight. In his capacity as chairman, he has led the Company’s corporate governance in his role as chair of the Board of Directors. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board’s decision-making and its supervisory function. Thus we propose his election as director.		


Note: There are no special conflicts of interest between the Company and Mr. Kogai.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
2	 <p data-bbox="236 566 448 633">Akira Marumoto (August 18, 1957)</p> <p data-bbox="276 645 400 678">Reelection</p> <p data-bbox="220 701 464 790">Number of Company shares held 10,200</p> <p data-bbox="220 835 464 969">Attendance Record Attended 15 out of 15 meetings of the Board of Directors</p>	<p data-bbox="491 253 922 286">April 1980 Joined the Company</p> <p data-bbox="491 297 1177 331">June 1997 Program Manager, Program Managers Div.</p> <p data-bbox="491 342 1385 409">June 1999 Director; Assistant to Officer in charge of Quality Assurance; General Manager, Product Quality Div.</p> <p data-bbox="491 421 1409 499">June 2002 Executive Officer; In charge of European R&D and Production Operations</p> <p data-bbox="491 510 1417 589">April 2006 Managing Executive Officer; In charge of Product Planning and Program Management</p> <p data-bbox="491 600 1425 712">April 2010 Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control; Assistant to Officer in charge of Cost Innovation</p> <p data-bbox="491 723 1433 835">June 2010 Director and Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control; Assistant to Officer in charge of Cost Innovation</p> <p data-bbox="491 846 1409 969">June 2013 Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in the Americas and Corporate Planning Domain</p> <p data-bbox="491 981 1409 1093">April 2017 Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in the Americas and Administrative Domain</p> <p data-bbox="491 1104 1193 1137">June 2018 Representative Director, President and CEO</p> <p data-bbox="1257 1149 1433 1182">(to the present)</p>
<p data-bbox="220 1193 794 1227">Reasons for nomination as a candidate for director</p> <p data-bbox="220 1238 1433 1485">Mr. Marumoto has extensive experience, primarily in product strategy and corporate planning. Currently serving as representative director and president, he also has considerable knowledge of management as well as superior character and insight. In his capacity as president, he has exercised strong leadership, as well as led structural reform of the Company and initiatives to raise corporate value. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.</p>		

Note: There are no special conflicts of interest between the Company and Mr. Marumoto.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
3	 <p data-bbox="228 562 456 629">Kiyoshi Fujiwara (March 15, 1960)</p> <p data-bbox="272 640 400 674"><u>Reelection</u></p> <p data-bbox="217 707 464 808">Number of Company shares held 6,600</p> <p data-bbox="217 842 464 976">Attendance Record Attended 15 out of 15 meetings of the Board of Directors</p>	<p data-bbox="488 248 1430 1167"> March 1982 Joined the Company March 2003 Vice President, Mazda Motor Europe GmbH June 2005 General Manager, Product Planning & Business Strategy Div. Nov. 2008 Executive Officer and General Manager, Powertrain Development Div. June 2013 Managing Executive Officer; In charge of Business Strategy, Product, Design and Cost Innovation April 2015 Managing Executive Officer; In charge of R&D and Cost Innovation; General Manager, R&D Liaison Office; President, Mazda Engineering & Technology Co., Ltd. April 2016 Senior Managing Executive Officer; Oversight of R&D and MDI; In charge of Cost Innovation June 2016 Director and Senior Managing Executive Officer; Oversight of R&D and MDI; In charge of Cost Innovation April 2017 Director and Senior Managing Executive Officer; Oversight of R&D, MDI and Cost Innovation June 2018 Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in North America, R&D and MDI June 2019 Representative Director, Executive Vice President; Assistant to President; Oversight of Global Marketing, Sales and Customer Service <div style="text-align: right;">(to the present)</div> </p>
<p data-bbox="217 1290 791 1323">Reasons for nomination as a candidate for director</p> <p data-bbox="217 1335 1430 1617"> Mr. Fujiwara has extensive experience primarily in product planning and research & development, both in Japan and abroad. Currently serving as representative director and executive vice president, he also has considerable knowledge of management as well as superior character and insight. In his capacity as executive vice president, he has exercised strong leadership, as well as led structural reform of the Company and initiatives to raise corporate value. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board’s decision-making and its supervisory function. Thus we propose his election as director. </p>		

Note: There are no special conflicts of interest between the Company and Mr. Fujiwara.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held	
4	 <p data-bbox="226 571 456 638">Kiyotaka Shobuda (April 11, 1959)</p> <p data-bbox="274 645 402 678"><u>Reelection</u></p> <p data-bbox="220 728 462 828">Number of Company shares held 7,300</p> <p data-bbox="210 869 462 996">Attendance Record Attended 15 out of 15 meetings of the Board of Directors</p>	<p data-bbox="486 264 630 291">March 1982</p> <p data-bbox="486 309 614 336">April 2006</p> <p data-bbox="486 353 614 380">Nov. 2008</p> <p data-bbox="486 398 614 425">April 2010</p> <p data-bbox="486 481 614 508">June 2013</p> <p data-bbox="486 609 614 636">April 2016</p> <p data-bbox="486 692 614 719">June 2016</p> <p data-bbox="486 775 614 801">April 2017</p>	<p data-bbox="686 264 917 291">Joined the Company</p> <p data-bbox="686 309 1109 336">Deputy General Manager, Hofu Plant</p> <p data-bbox="686 353 1412 380">Executive Officer; President, Auto Alliance (Thailand) Co., Ltd.</p> <p data-bbox="686 398 1420 465">Executive Officer and General Manager, Production Engineering Div.</p> <p data-bbox="686 481 1420 593">Managing Executive Officer; In charge of Global Production and Global Business Logistics; General Manager, Production Engineering Div.</p> <p data-bbox="686 609 1420 676">Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Production and Business Logistics</p> <p data-bbox="686 692 1420 759">Director and Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Production and Business Logistics</p> <p data-bbox="686 775 1420 887">Director and Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics</p> <p data-bbox="1252 902 1428 929">(to the present)</p>
<p data-bbox="220 1012 790 1039">Reasons for nomination as a candidate for director</p> <p data-bbox="220 1055 1428 1294">Mr. Shobuda has extensive experience primarily in production, logistics and quality, both in Japan and abroad, as well as superior ability and exceptional character and insight. Since his appointment as director, he has overseen quality, brand enhancement, purchasing, production and business logistics, and contributed to the growth of the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.</p>			

Note: There are no special conflicts of interest between the Company and Mr. Shobuda.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
5	 <p data-bbox="220 539 467 600">Mitsuru Ono (December 25, 1958)</p> <p data-bbox="272 611 399 645"><u>Reelection</u></p> <p data-bbox="215 680 459 779">Number of Company shares held 700</p> <p data-bbox="212 819 462 947">Attendance Record Attended 15 out of 15 meetings of the Board of Directors</p>	<p data-bbox="488 230 1417 264">April 1981 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.)</p> <p data-bbox="488 275 1315 342">April 2011 Executive Officer, General Manager of International Credit Management Dept.</p> <p data-bbox="488 353 1358 432">April 2012 Executive Officer, Deputy Head of International Banking Unit; General Manager of International Credit Management Dept.</p> <p data-bbox="488 443 839 477">June 2015 Standing Auditor</p> <p data-bbox="488 499 979 533">April 2017 Resigned as Standing Auditor</p> <p data-bbox="488 555 922 589">May 2017 Adviser at the Company</p> <p data-bbox="488 600 1426 723">June 2017 Director and Senior Managing Executive Officer; Oversight of Financial Services; Assistant to the Officer overseeing Fleet Sales; In charge of Global Corporate Communications</p> <p data-bbox="488 734 1358 857">June 2018 Director and Senior Managing Executive Officer; Oversight of Financial Services and Administrative Domain; Assistant to the Officer overseeing Fleet Sales</p> <p data-bbox="1257 869 1430 902">(to the present)</p>
<p data-bbox="220 981 791 1014">Reasons for nomination as a candidate for director</p> <p data-bbox="220 1025 1430 1305">As an executive officer at a financial institution, Mr. Ono held key posts in the international realm. He has extensive experience in and knowledge of the operations of international companies, including auditing the execution of operations as a standing auditor. He also has exceptional character and insight. Since his appointment as director, he has overseen the areas of finance and administrative domain, and contributed to the growth of the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.</p>		

Note: There are no special conflicts of interest between the Company and Mr. Ono.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
6	 <p data-bbox="252 562 432 629">Akira Koga (July 12, 1961)</p> <p data-bbox="272 636 400 669"><u>Reelection</u></p> <p data-bbox="213 703 459 801">Number of Company shares held 2,400</p> <p data-bbox="213 842 464 976">Attendance Record Attended 12 out of 12 meetings of the Board of Directors</p>	<p data-bbox="491 241 1428 275">March 1984 Joined the Company</p> <p data-bbox="491 286 1428 320">Feb. 2002 General Manager, Corporate Planning Dept.</p> <p data-bbox="491 331 1428 365">March 2004 General Manager, Corporate Planning Div.</p> <p data-bbox="491 376 1428 409">Nov. 2008 Executive Officer; General Manager, Corporate Planning Div.</p> <p data-bbox="491 421 1428 499">April 2011 Executive Officer; Executive Vice President , Mazda Motor of America, Inc. (Mazda North American Operations)</p> <p data-bbox="491 510 1428 589">June 2013 Managing Executive Officer; Executive Vice President , Mazda Motor of America, Inc. (Mazda North American Operations)</p> <p data-bbox="491 600 1428 678">April 2016 Senior Managing Executive Officer; In charge of Corporate Planning, Profit Control, Global IT Solution and MDI</p> <p data-bbox="491 689 1428 768">April 2017 Senior Managing Executive Officer; Oversight of Corporate Planning Domain; In Charge of Global IT Solution and MDI</p> <p data-bbox="491 779 1428 880">June 2018 Director and Senior Managing Executive Officer; Oversight of Corporate Planning Domain; In charge of Global IT Solution and MDI</p> <p data-bbox="491 891 1428 992">June 2019 Director and Senior Managing Executive Officer; Oversight of Corporate Planning Domain, Corporate Liaison and MDI & IT (to the present)</p>
<p data-bbox="220 1055 791 1088">Reasons for nomination as a candidate for director</p> <p data-bbox="220 1099 1433 1294">Mr. Koga has extensive experience, primarily in corporate planning and finance, both in Japan and abroad. He also has exceptional character and insight. Since his appointment as director, he has overseen corporate planning, corporate liaison and MDI & IT, and contributed to the growth of the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.</p>		


Note: There are no special conflicts of interest between the Company and Mr. Koga.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
7	 <p data-bbox="228 562 456 622">Masahiro Moro (November 8, 1960)</p> <p data-bbox="248 636 435 667"><u>New Candidate</u></p> <p data-bbox="217 705 461 801">Number of Company shares held 1,300</p>	<p data-bbox="488 241 1433 273">March 1983 Joined the Company</p> <p data-bbox="488 286 1433 318">August 2002 General Manager, Global Marketing Div.</p> <p data-bbox="488 331 1433 362">March 2004 Vice President, Mazda Motor Europe GmbH.</p> <p data-bbox="488 376 1433 450">Nov. 2008 Executive Officer; Assistant to the Officer oversight of Global Sales; In charge of Global Marketing</p> <p data-bbox="488 463 1433 537">June 2013 Managing Executive Officer; Global Sales Coordination; In charge of Global Marketing, Customer Service and Sales Innovation</p> <p data-bbox="488 551 1433 656">Jan. 2016 Managing Executive Officer; Oversight of Marketing Strategy; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)</p> <p data-bbox="488 669 1433 831">April 2016 Senior Managing Executive Officer; Oversight of Marketing Strategy; Assistant to the Officer oversight of Brand Enhancement; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)</p> <p data-bbox="488 844 1433 949">April 2019 Senior Managing Executive Officer; Oversight of Operations in North America; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)</p> <p data-bbox="1257 963 1433 994">(to the present)</p>
<p data-bbox="220 1055 791 1086">Reasons for nomination as a candidate for director</p> <p data-bbox="220 1099 1433 1256">Mr. Moro has extensive experience, primarily in marketing and sales, both in Japan and abroad. With his experience and outstanding ability in these areas as well as his superior character and insight, he can be expected to contribute to further strengthening the Board’s decision-making and its supervisory function. Thus we propose his election as director.</p>		

Note: There are no special conflicts of interest between the Company and Mr. Moro.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
8	 <p data-bbox="252 562 432 629">Kiyoshi Sato (April 2, 1956)</p> <p data-bbox="252 636 427 667">New Candidate</p> <p data-bbox="220 701 459 732">Outside Independent</p> <p data-bbox="212 770 467 869">Number of Company shares held 0</p>	<p data-bbox="486 241 1437 273">April 1979 Joined Tokyo Electron Ltd.</p> <p data-bbox="486 284 1437 360">Dec. 2001 General Manager of Clean Track Business Unit Tokyo Electron Ltd.</p> <p data-bbox="486 371 1437 448">June 2003 Representative Director, President and CEO Tokyo Electron Ltd.</p> <p data-bbox="486 459 1437 535">April 2009 Director and Vice Chairman of the Board Tokyo Electron Ltd.</p> <p data-bbox="486 546 1437 622">June 2011 Director Tokyo Electron Ltd.</p> <p data-bbox="486 633 1437 710">July 2014 Advisor Tokyo Electron Ltd. (to Jun. 2016)</p> <p data-bbox="486 721 1437 797">June 2016 Audit & Supervisory Board Member Tokyo Electron Yamanashi Ltd.</p> <p data-bbox="486 808 1437 907">June 2017 Outside Director TOSHIBA MACHINE CO., LTD. (to the present)</p> <p data-bbox="486 918 1437 1039">July 2017 Advisor Tokyo Electron Ltd. (to the present)</p> <p data-bbox="486 1050 1437 1149">Important office concurrently held: Outside Director TOSHIBA MACHINE CO., LTD Advisor Tokyo Electron Ltd.</p> <p data-bbox="220 1171 1437 1438">Reasons for nomination as a candidate for outside director Mr. Sato has rich expertise in the areas of sales and marketing gained through many years working in sales, including overseas business, at an electronics manufacturer. He has served in senior roles, such as representative director, president and CEO, and director and vice chairman of the board, and has rich experience and insight in corporate management. He can be expected to offer supervision and advice regarding management of the Company from an outside perspective. Thus we propose his election as outside director.</p>

- Notes: (1) There are no special conflicts of interest between the Company and Mr. Sato.
- (2) Mr. Sato is a candidate for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- (3) Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Sato has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Sato to the Tokyo Stock Exchange.
- The Company's criteria for the independence of an outside officer have been posted in its report on corporate governance on its website: <https://www.mazda.com/en/investors/library/governance/>
- (4) No business is transacted between the Company and Tokyo Electron Ltd, and between the Company and TOSHIBA MACHINE CO., LTD.
- (5) On approval of Mr. Sato's appointment as outside director, the Company will enter into a Liability Limitation Agreement with him as stipulated in Article 423, Paragraph 1 of the Companies Act with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
9	 <p data-bbox="228 562 456 622">Michiko Ogawa (December 4, 1962)</p> <p data-bbox="245 636 427 667"><u>New Candidate</u></p> <p data-bbox="220 701 461 732"><u>Outside</u> <u>Independent</u></p> <p data-bbox="213 770 461 864">Number of Company shares held 0</p>	<p data-bbox="488 241 1342 315">April 1986 Joined Matsushita Electric Industrial Co., Ltd (now Panasonic Corporation)</p> <p data-bbox="488 327 1390 443">May 2014 Senior Councilor, In charge of Growth Strategy of Audio Business Home Entertainment Business Division Panasonic Corporation</p> <p data-bbox="488 454 1190 656">April 2015 Executive Officer, In charge of Technics Brand Managing Officer, Appliances Company General Manager, Technics Business Promotion Home Entertainment Business Division Panasonic Corporation</p> <p data-bbox="488 667 1201 909">Nov. 2015 Executive Officer, In charge of Technics Brand Managing Officer, Appliances Company In charge of Home Entertainment Business Director, Home Entertainment Business Division General Manager, Technics Business Promotion Panasonic Corporation</p> <p data-bbox="488 920 1366 1207">Jun. 2017 Executive Officer, In charge of Technics Brand Vice President, Appliances Company In charge of Home Entertainment Business and Communication Business Director, Home Entertainment Business Division General Manager, Technics Business Promotion Panasonic Corporation</p> <p data-bbox="488 1218 1398 1420">Jan. 2018 Executive Officer, In charge of Technics Brand Vice President, Appliances Company In charge of Technology Director, Corporate Engineering Division General Manager, Technics Business Promotion Panasonic Corporation</p> <p data-bbox="488 1433 1437 1464">(to the present)</p> <p data-bbox="488 1476 1273 1507">Feb. 2018 Director, PERSOL AVC TECHNOLOGY CO., LTD</p> <p data-bbox="1273 1518 1437 1550">(to the present)</p> <p data-bbox="488 1561 1114 1592">June 2018 Chairman, JAPAN AUDIO SOCIETY</p> <p data-bbox="1257 1603 1430 1635">(to the present)</p> <p data-bbox="488 1646 1106 1794">Important office concurrently held: Executive Officer, Panasonic Corporation Director, PERSOL AVC TECHNOLOGY CO., LTD Chairman, JAPAN AUDIO SOCIETY</p>

Reasons for nomination as a candidate for outside director

Ms. Ogawa has many years of experience working in audio technology development at an electronics manufacturer and has detailed knowledge as an audio technology researcher. As an officer in charge of premium audio equipment, she engaged in brand re-establishment efforts, and she has rich experience and insight into corporate management. She can be expected to offer supervision and advice regarding management of the Company from an outside perspective.

Thus we propose her election as outside director.

Notes: (1) There are no special conflicts of interest between the Company and Ms. Ogawa.

(2) Ms. Ogawa is a candidate for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

(3) Based on its criteria for the independence of an outside officer, the Company has determined that Ms. Ogawa has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Ms. Ogawa to the Tokyo Stock Exchange.

The Company's criteria for the independence of an outside officer have been posted in its report on corporate governance on its website: <https://www.mazda.com/en/investors/library/governance/>

(4) Ms. Ogawa currently serves as executive officer at Panasonic Corporation. The amount of transaction between Panasonic Corporation and the Company in the fiscal year ending March 2019 was very small, less than one percent of the Company's consolidated sales. No business is transacted between the Company and PERSOL AVC TECHNOLOGY CO., LTD, and between the Company and JAPAN AUDIO SOCIETY.

(5) On approval of Ms. Ogawa's appointment as outside director, the Company will enter into a Liability Limitation Agreement with her as stipulated in Article 423, Paragraph 1 of the Companies Act with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.


Proposal No. 4 Election of Six (6) Directors who are Audit & Supervisory Committee Members

The Company will transition to a company with an audit & supervisory committee, provided that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is adopted as originally proposed. Accordingly, we propose the election of six (6) Directors who are Audit & Supervisory Committee Members.


In order to further enhance transparency, fairness and objectivity, the nominations of candidates for Audit & Supervisory Committee member are made after discussion by the Officer Lineup Advisory Committee consisting of all members of the Board of Directors and chaired by an outside director. The submission of this proposal has also been approved by the Audit & Supervisory Board.

The adoption of this proposal will come into effect provided that the Articles of Incorporation amended as per Proposal No. 2 come into effect.


The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
1	 Masatoshi Maruyama (September 19, 1956) <u>New Candidate</u> Number of Company shares held 4,100	April 1980 Joined the Company May 2010 General Manager, Quality Div. April 2011 Executive Officer; General Manager, Quality Div. April 2015 Managing Executive Officer; Assistant to the Officer in charge of Global Production; General Manager, Hiroshima Plant April 2016 Managing Executive Officer; In charge of Global Production and Global Business Logistics April 2019 Managing Executive Officer; Assistant to the Officer overseeing Production and Business Logistics <div style="text-align: right;">(to the present)</div>
Reasons for nomination as a candidate for director, Audit & Supervisory Committee member Mr. Maruyama has extensive experience primarily in production, logistics and quality, both in Japan and abroad, as well as exceptional character and insight. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company’s management, and therefore requests his election as director, Audit & Supervisory Committee member.		

Note: There are no special conflicts of interest between the Company and Mr. Maruyama.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
3	 <p data-bbox="255 593 422 660">Ichiro Sakai (May 3, 1942)</p> <p data-bbox="247 672 430 705">New Candidate</p> <p data-bbox="215 728 462 772">Outside Independent</p> <p data-bbox="215 795 462 907">Number of Company shares held 10,200</p> <p data-bbox="215 940 462 1064">Attendance Record Attended 15 out of 15 meetings of the Board of Directors</p>	<p data-bbox="486 280 1428 369">April 1968 Appointed Prosecutor Dec. 1999 Chief Public Prosecutor of Yokohama District Public Prosecutors Office</p> <p data-bbox="486 369 1428 436">May 2001 Chief of Research and Training Institute of the Ministry of Justice</p> <p data-bbox="486 436 1428 504">Oct. 2002 Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office</p> <p data-bbox="486 504 1428 571">June 2004 Superintendent Public Prosecutor of the Fukuoka High Public Prosecutors Office</p> <p data-bbox="486 571 1428 638">April 2005 Registered as Lawyer (Daiichi Tokyo Bar Association) (to the present)</p> <p data-bbox="486 638 1428 705">June 2005 Outside Audit & Supervisory Board Member, Toray Industries, Inc.</p> <p data-bbox="486 705 1428 772">Feb. 2006 Outside Audit & Supervisory Board Member, Kewpie Corporation</p> <p data-bbox="486 772 1428 840">June 2007 Outside Audit & Supervisory Board Member, Mazda Motor Corporation</p> <p data-bbox="486 840 1428 907">June 2011 Outside Director, Mazda Motor Corporation (to the present)</p> <p data-bbox="486 907 1428 974">Feb. 2014 Outside Director, Kewpie Corporation</p> <p data-bbox="486 974 1428 1064">Important offices concurrently held: Lawyer</p>
<p data-bbox="215 1097 1428 1377">Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member Having served as a prosecutor and attorney for many years, Mr. Sakai has extensive experience in and knowledge of the legal profession. He has contributed to further strengthening the Board's supervisory function by offering valuable advice and suggestions based on this experience and knowledge. The Company requests his election as an outside director, Audit & Supervisory Committee member so that he can contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective.</p> <p data-bbox="215 1377 1428 1478">Mr. Sakai has not been involved in corporate management in any way other than as an outside director/auditor, but for the aforementioned reasons the Company has deemed that he is able to appropriately execute the duties of outside director, Audit & Supervisory Committee member.</p>		

- Notes: (1) There are no special conflicts of interest between the Company and Mr. Sakai.
- (2) Mr. Sakai is a candidate for director, Audit & Supervisory Committee member pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- (3) Mr. Sakai currently serves as an outside director of the Company, and his term of office will have been eight years as of the conclusion of this General Meeting of Shareholders.
- (4) Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Sakai has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Sakai to the Tokyo Stock Exchange.
- The Company's criteria for the independence of an outside officer have been posted in its report on corporate governance on its website: <https://www.mazda.com/en/investors/library/governance/>
- (5) Based on the provisions of Article 427, Paragraph 1 of the Companies Act, Mr. Sakai and the Company have concluded the Liability Limitation Agreement stipulated in Article 423, Paragraph 1 of the same with maximum liability stipulated in Article 425, Paragraph 1 of the same. On approval of his assumption of office as an outside director, the Company intends to continue the contract with him.


No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
4	 <p data-bbox="226 571 454 683">Kunihiko Tamano (May 23, 1951) <u>New Candidate</u></p> <p data-bbox="215 705 462 750"><u>Outside</u> <u>Independent</u></p> <p data-bbox="215 772 462 884">Number of Company shares held 700</p> <p data-bbox="215 907 470 1064">Attendance Record Attended 14 out of 15 meetings of the Board of Directors</p> <p data-bbox="215 1086 470 1232">Attendance Record Attended 16 out of 16 meetings of the Audit & Supervisory Board</p>	<p data-bbox="486 268 1436 302">April 1974 Joined Itochu Corp.</p> <p data-bbox="486 313 1436 392">Jan. 1999 General Manager of Tax Affairs Office, General Accounting Control Division</p> <p data-bbox="486 403 1436 436">June 2006 Executive Officer</p> <p data-bbox="486 448 1436 481">April 2009 Managing Executive Officer</p> <p data-bbox="486 492 1436 571">June 2010 Director and Senior Managing Executive Officer of Nippon Access, Inc.</p> <p data-bbox="486 582 1436 683">April 2011 Managing Executive Officer, Assistant to the Chief Financial Officer of Itochu Corp.; General Manager, Global Risk Management Division of Itochu Corp.</p> <p data-bbox="486 694 1436 728">April 2014 Advisory Member</p> <p data-bbox="486 739 1436 772">June 2014 Representative Director and Vice President of Nippon Access, Inc.</p> <p data-bbox="486 784 1436 817">June 2016 Senior Adviser</p> <p data-bbox="486 828 1436 907">June 2017 Outside Audit & Supervisory Board Member, Mazda Motor Corporation</p> <p data-bbox="1252 907 1436 940">(to the present)</p>
<p data-bbox="215 1243 1436 1288">Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member</p> <p data-bbox="215 1288 1436 1556">Mr. Tamano worked in finance with a trading company for many years and served as managing executive officer and assistant to the chief financial officer. He has great knowledge of finance and accounting as well as extensive experience and insight into corporate management. As an outside member of the Audit & Supervisory Board, he played an important role in the Company's audits. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective and therefore requests his election as an Outside Director, Audit & Supervisory Committee Member.</p>		

- Notes: (1) There are no special conflicts of interest between the Company and Mr. Tamano.
- (2) Mr. Tamano is a candidate for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- (3) Mr. Tamano currently serves as an outside Audit & Supervisory Board member of the Company, and his term of office will have been two years as of the conclusion of this General Meeting of Shareholders.
- (4) Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Tamano has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Tamano to the Tokyo Stock Exchange.
- The Company's criteria for the independence of an outside officer, have been posted in its report on corporate governance on its website: <https://www.mazda.com/en/investors/library/governance/>


(5) Mr. Tamano served as a managing executive officer at Itochu Corp., but he has since stepped down from all posts at Itochu. As of the convening of this General Meeting of Shareholders, five years will have passed since he resigned as managing executive officer in March 2014.

In the fiscal year ending March 2019 Mazda paid Itochu for services in its capacity as a trading company, but the amount was very small, less than one percent of the Company's consolidated sales. No business is transacted between the Company and Nippon Access, Inc.

(6) Based on the provisions of Article 427, Paragraph 1 of the Companies Act, Mr. Tamano and the Company have concluded the Liability Limitation Agreement stipulated in Article 423, Paragraph 1 of the same with maximum liability stipulated in Article 425, Paragraph 1 of the same. On approval of Mr. Tamano's appointment as outside director, the Company intends to enter into a similar Liability Limitation Agreement with him.

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
5	 <p data-bbox="240 577 443 645">Akira Kitamura (March 16, 1951)</p> <p data-bbox="248 656 435 689">New Candidate</p> <p data-bbox="225 723 459 757">Outside Independent</p> <p data-bbox="220 790 464 880">Number of Company shares held 100</p> <p data-bbox="217 925 467 1059">Attendance Record Attended 12 out of 12 meetings of the Board of Directors</p> <p data-bbox="217 1104 467 1238">Attendance Record Attended 12 out of 12 meetings of the Audit & Supervisory Board</p>	<p data-bbox="488 309 1390 376">April 1974 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.)</p> <p data-bbox="488 387 890 421">June 2003 Executive Officer</p> <p data-bbox="488 432 1010 465">April 2006 Managing Executive Officer</p> <p data-bbox="488 477 1222 510">April 2007 Director & Senior Managing Executive Officer</p> <p data-bbox="488 521 1398 555">April 2008 Representative Director & Senior Managing Executive Officer</p> <p data-bbox="488 566 1329 633">March 2009 Resigned as Representative Director & Senior Managing Executive Officer</p> <p data-bbox="488 645 1193 678">April 2009 Advisor, Kansai Urban Banking Corporation</p> <p data-bbox="488 689 1150 723">June 2009 Vice Chairman (Representative Director)</p> <p data-bbox="488 734 1334 768">March 2010 Chairman of the Board & CEO (Representative Director)</p> <p data-bbox="488 779 778 813">June 2016 Advisor</p> <p data-bbox="488 824 1422 891">April 2018 Outside Director, ARK Real Estate Co., Ltd. (to the present)</p> <p data-bbox="488 902 1422 969">June 2018 Outside Audit & Supervisory Board Member, Mazda Motor Corporation (to the present)</p> <p data-bbox="488 1025 994 1104">Important office concurrently held: Outside Director, ARK Real Estate Co., Ltd.</p>
<p data-bbox="220 1294 1433 1612">Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer as well as chairman of the board and chief executive officer (representative director), and has great knowledge of finance and accounting. He has rich experience and knowledge of corporate management, and as an outside member of the Audit & Supervisory Board he played an important role in the Company's audits. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective and has nominated him as a candidate for outside director, Audit & Supervisory Committee member.</p>		

- Notes:
- (1) There are no special conflicts of interest between the Company and Mr. Kitamura.
 - (2) Mr. Kitamura is a candidate for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 - (3) Mr. Kitamura currently serves as an outside Audit & Supervisory Board member of the Company, and his term of office will have been one year as of the conclusion of this General Meeting of Shareholders.
 - (4) Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Kitamura has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Kitamura to the Tokyo Stock Exchange.
The Company's criteria for the independence of an outside officer, have been posted in its report on corporate governance on its website: <https://www.mazda.com/en/investors/library/governance/>
 - (5) Mr. Kitamura served as representative director & senior managing executive officer at Sumitomo Mitsui Banking Corp., but he has since stepped down from all posts at the bank. As of the convening of this General Meeting of Shareholders, ten years will have passed since he resigned as an executive in March 2009. As of March 31, 2019, the bank owned 2.0 percent of the Company's stock, and the balance of the Mazda group borrowings from the bank was 92,987 million yen (approximately 3.2 percent of the Company's consolidated assets). The Mazda Group has dealings with several financial institutions, and the ratio of its borrowings from the bank is not particularly high when compared to that of other institutions. Mr. Kitamura serves as advisor at Kansai Urban Banking Corporation, but he resigned as chairman of the board & CEO at the bank in June 2016. And he resigned as advisor in March 2019. As of March 31, 2019, the balance of the Mazda Group borrowings from the bank was 3,050 million yen, but the amount was very small, less than 0.1 percent of the Company's consolidated assets. No business is transacted between the Company and ARK Real Estate Co., Ltd.
 - (6) Based on the provisions of Article 427, Paragraph 1 of the Companies Act, Mr. Kitamura and the Company have concluded the Liability Limitation Agreement stipulated in Article 423, Paragraph 1 of the same with maximum liability stipulated in Article 425, Paragraph 1 of the same. On approval of Mr. Kitamura's appointment as outside director, the Company intends to enter into a similar

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
6	 Hiroko Shibasaki (July 6, 1953) <input type="checkbox"/> New Candidate <input type="checkbox"/> Outside <input type="checkbox"/> Independent Number of Company shares held 0	April 1974 Joined Tokio Marine and Fire Insurance Company, Limited (now Tokio Marine & Nichido Fire Insurance Co., Ltd.)
		July 2008 Senior General Manager General Manager, Voice of Customers Dept. Tokio Marine & Nichido Fire Insurance Co., Ltd.
		July 2010 Senior General Manager General Manager, Fukuoka Chuo Branch Tokio Marine & Nichido Fire Insurance Co., Ltd.
		April 2012 Director General Manager, Fukuoka Chuo Branch Tokio Marine & Nichido Fire Insurance Co., Ltd.
		April 2015 Managing Executive Officer Tokio Marine & Nichido Fire Insurance Co., Ltd.
		April 2018 Advisor Tokio Marine & Nichido Fire Insurance Co., Ltd.
<p>Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member</p> <p>Ms. Shibasaki has many years of experience in the field of sales at a damage insurance company and gained extensive knowledge of sales through serving as branch president and branch manager. In roles such as managing executive officer, she oversaw sales in Kyushu and Okinawa and gained rich experience and insight into corporate management. Therefore, the Company believes she will contribute to audit and supervisory functions for the Company's management from an independent perspective and has nominated her as a candidate for outside director, Audit & Supervisory Committee member.</p>		

- Notes: (1) There are no special conflicts of interest between the Company and Ms. Shibasaki.
- (2) Ms. Shibasaki is a candidate for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- (3) Based on its criteria for the independence of an outside officer, the Company has determined that Ms. Shibasaki has sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Shibasaki to the Tokyo Stock Exchange.
- The Company's criteria for the independence of an outside officer, have been posted in its report on corporate governance on its website: <http://www.mazda.com/en/investors/library/governance/>
- (4) Ms. Shibasaki served as managing executive officer at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she has since stepped down from all posts at Tokio Marine & Nichido Fire Insurance. As of the convening of this General Meeting of Shareholders, one year will have passed since she resigned as managing executive officer in March 2018.
- The amount of transaction between Tokio Marine & Nichido Fire Insurance in the fiscal year ending March 2019 was very small, less than one percent of the Company's consolidated sales.
- (5) On approval of Ms. Shibasaki's appointment as outside director, the Company will enter into a Liability Limitation Agreement with her as stipulated in Article 423, Paragraph 1 of the Companies Act with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

【Reference】

If Proposals No. 3 and No. 4 are approved, the new line-up of directors (excluding directors who are Audit & Supervisory Committee members) and directors who are Audit & Supervisory Committee members will be as follows:

Name	Position	Attribute		
Masamichi Kogai	Representative Director and Chairman of the Board	Reelection		
Akira Marumoto	Representative Director, President and CEO	Reelection		
Kiyoshi Fujiwara	Representative Director, Executive Vice President	Reelection		
Kiyotaka Shobuda	Director and Senior Managing Executive Officer	Reelection		
Mitsuru Ono	Director and Senior Managing Executive Officer	Reelection		
Akira Koga	Director and Senior Managing Executive Officer	Reelection		
Masahiro Moro	Director and Senior Managing Executive Officer	Newly elected		
Kiyoshi Sato	Director	Newly elected	Outside	Independent
Michiko Ogawa	Director	Newly elected	Outside	Independent
Masatoshi Maruyama	Director, Audit & Supervisory Committee Member (Full-time)	Newly elected		
Masahiro Yasuda	Director, Audit & Supervisory Committee Member (Full-time)	Newly elected		
Ichiro Sakai	Director, Audit & Supervisory Committee Member	Newly elected	Outside	Independent
Kunihiko Tamano	Director, Audit & Supervisory Committee Member	Newly elected	Outside	Independent
Akira Kitamura	Director, Audit & Supervisory Committee Member	Newly elected	Outside	Independent
Hiroko Shibasaki	Director, Audit & Supervisory Committee Member	Newly elected	Outside	Independent

Note: Those who will serve as representative directors and the titles of directors will be determined at the Board of Directors meeting following this General Meeting of Shareholders. Those who will serve as full-time directors who are Audit & Supervisory Committee members will be determined at the subsequent Audit & Supervisory Committee meeting.

Proposal No. 5 Setting Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The Company will transition to a company with an audit & supervisory committee, provided that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is adopted as originally proposed.

It is recognized that the amount of remuneration for directors of the Company will not exceed 1.2 billion yen per year (not including the employee salary portion of director-employees’ remuneration) as established at the Company’s 141st Ordinary General Meeting of Shareholders held on June 26, 2007. In accordance with the transition to a company with an audit & supervisory committee, this limit will be repealed, and, taking into account various factors such as the number of members and economic conditions, the Company proposes setting the new maximum remuneration for directors (excluding directors who are Audit & Supervisory Committee members) at 1.0 billion yen per year. As before, remuneration shall not include the employee salary portion of director-employees’ remuneration.

There are currently ten (10) directors (including two (2) outside directors). In accordance with this proposal and if Proposal No. 2 and Proposal No. 3 “Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” are adopted as originally proposed, the number of directors (excluding directors who are Audit & Supervisory Committee members), shall be nine (9) (including two (2) outside directors).

The compensation of internal directors (excluding directors who are Audit & Supervisory Committee members) consists of a fixed amount of basic remuneration, performance-based remuneration and remuneration in the form of stock options. The compensation of outside directors (excluding directors who are Audit & Supervisory Committee members) will be only a fixed amount of basic remuneration, given their execution of business from an independent perspective.

The adoption of this proposal will come into effect provided that the Articles of Incorporation amended as per Proposal No. 2 come into effect.

Proposal No. 6 Setting Amount of Remuneration for Directors who are Audit & Supervisory Committee Members

The Company will transition to a company with an audit & supervisory committee, provided that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is adopted as originally proposed.

Therefore, taking into consideration their duties, the number of members and various factors such as economic conditions, the Company proposes setting the maximum amount of remuneration for directors who are Audit & Supervisory Committee members at 300 million yen per year.

In accordance with this proposal, if Proposal No. 2 and Proposal No. 4 “Election of Six (6) Directors who are Audit & Supervisory Committee Members” are adopted as originally proposed, the number of directors who are Audit & Supervisory Committee members shall be six (6).

The adoption of this proposal will come into effect provided that the Articles of Incorporation amended as per Proposal No. 2 come into effect.

Proposal No. 7 Determining Details of Director Compensation in the Form of Stock Options (Excluding Directors who are Audit & Supervisory Committee Members)

The Company will transition to a company with an Audit & Supervisory committee, provided that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is adopted as originally proposed.

The introduction of stock options for the Company’s directors (excluding outside directors) was approved at the Company’s 150th Ordinary General Meeting of Shareholders held on June 28, 2016. In accordance with the transition to a company with an audit & supervisory committee, the Company proposes to, as before, allocate stock acquisition rights issued in the form of stock options to directors (excluding outside directors and directors who are Audit & Supervisory Committee members) as follows, within the scope of the planned remuneration amount (maximum of 1.0 billion yen per year; not including the employee salary portion of director-employees’ remuneration) as per Proposal No. 5 “Setting Remuneration Amount for Directors (Excluding Directors who are Audit & Supervisory Committee Members).”

The purpose of these stock options is to further enhance the desire to contribute to enhancing corporate value over the medium and long term and share the benefits with shareholders. As the amount of remuneration related to stock options will be calculated and decided on taking into consideration factors including directors’ level of contribution to the Company, the Company believes the system is appropriate.

These stock options represent compensation in the form of stock options. The amount to be paid per share that can be issued upon exercising the stock acquisition rights will be 1 yen. When allocating the stock acquisition rights, instead of direct payment of the amount to be paid for the stock acquisition rights, which is to be determined based on the fair value at the time the rights are allocated, payment will be made by offsetting the amount against the right to remuneration of the directors (excluding outside directors and directors who are Audit & Supervisory Committee members) in an amount equivalent to the stock acquisition rights as stock options under this proposal.

The timing of issuance of the stock options and their allocation will be left entirely up to the Board of Directors. There are currently ten (10) directors (including two outside directors). If Proposal No. 2 and Proposal No. 3 “Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” is approved, there will be seven (7) directors (excluding outside directors and directors who are Audit & Supervisory Committee members).

The adoption of this proposal will come into effect provided that the Articles of Incorporation amended as per Proposal No. 2 come into effect.

Details of the stock acquisition rights as stock options for the Company’s directors (excluding outside directors and directors who are Audit & Supervisory Committee members) and the maximum number of stock acquisition rights are as follows:

(1) Class and number of shares underlying the stock acquisition rights

The class of shares underlying the stock acquisition rights shall be shares of the Company’s common stock, and the number of shares underlying the stock acquisition rights (hereinafter “number of shares granted”) shall be 100 shares. If, however, on or after the date of the shareholders’ resolution adopting the proposal (hereinafter “resolution date”) the Company conducts a share split (including an allotment without consideration of shares of the Company’s common stock, the same shall apply to all references to the share split herein) or share consolidation, the number of shares granted shall be adjusted using the following formula, rounding down any fraction of less than one share resulting from such adjustment.

$$\begin{array}{l} \text{No. of shares granted} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{No. of shares granted} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or consolidation} \end{array}$$

In addition to the above, in the case of any event that makes it necessary to adjust the number of shares acquired, including a merger or company split on or after the resolution date, the Company may make an appropriate adjustment to the number of shares granted within a reasonable limit.

(2) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted to all directors (excluding outside directors and directors who are Audit & Supervisory Committee members) within one year of the date of the ordinary general meeting of shareholders each fiscal year is 2,000.

(3) Amount to be paid for stock acquisition rights

The amount to be paid for each stock acquisition right shall be determined by the Board of Directors based on the fair value of the stock acquisition right at the time of its allotment as calculated using a fair calculation method such as the Black-Scholes Model.

(4) Value of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon exercise of stock acquisition rights shall be obtained by multiplying the amount to be paid upon the exercise of the stock acquisition rights (which will be 1 yen per share) by the number of shares granted.

(5) Period of time during which stock acquisition rights can be exercised

The period of time during which stock acquisition rights can be exercised shall be determined by the Board of Directors but shall not exceed 30 years from the years following the allotment of the stock acquisition rights.

(6) Restriction on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer must be approved by a resolution of the Board of Directors.

(7) Conditions for the exercise of stock acquisition rights

Those to whom stock acquisition rights are allotted may exercise those rights on or after the day following the day they cease to hold any of the following positions at the Company: director, executive officer or any position of an equivalent status. Other conditions for the exercise of stock acquisition rights shall be set by the Board of Directors.

BUSINESS REPORT
(From April 1, 2018 to March 31, 2019)

1. Business activities of the Mazda Group

(1) Progress and results of business activities

Business Environment

With regard to the business environment surrounding the Mazda Group for the fiscal year ended March 31, 2019, although issues related to trade between major countries and the Britain's exit from the European Union made future prospects unclear, in general the year saw slow recovery. The U.S. economy made favorable developments with a background of strong employment and income. The European economy continued to make gradual improvement despite some confusion caused by the Britain's exit from the European Union. Meanwhile, the China's economy slowed due to trade and other issues. In Japan, thanks to improvements in employment and income, the economy made a modest recovery led by domestic demand.

General Business Situation

Amid these circumstances, through the final year of Structural Reform Stage 2, the Mazda Group has worked to offer appealing products that provide both driving pleasure and outstanding environmental and safety performance to achieve qualitative growth in all areas of the business and to further enhance brand value.

The Company unveiled the all-new Mazda3, the first in its new generation lineup, with sales starting from North America. The second model of the Company's new generation lineup, the all-new compact crossover SUV Mazda CX-30, premiered at the Geneva International Motor Show in March 2019. The Company will continue to offer products that provide customers with both driving pleasure and outstanding environmental and safety performance in their daily lives.

Products

In 2018, updated models were released: the Mazda CX-3 in May, Mazda Atenza (Mazda6) in June and Mazda Demio (Mazda2) in August. In November 2018, updated models of the Mazda CX-5 and Mazda CX-8, equipped with G-Vectoring Control Plus to offer a reassuring feeling of control when changing lanes on the highway and when driving on snow or other slippery road surfaces, went on sale in the Japanese market. In May 2018, the CX-8 was awarded the JNCAP "Collision Safety Performance Evaluation Five Star Award" with the highest score among the cars tested. In November 2018, it won the "Japan Automotive Hall of Fame 2018-2019 Car of the Year" award.

The all-new Mazda3, the first in the Company's new generation lineup, adopts a matured Kodo design and is equipped with the Company's new Skyactiv-Vehicle Architecture, designed to enable people to make the most of their natural sense of balance, as well as with the Skyactiv engines, including Skyactiv-X. Sales began from North America in January 2019. As a new core model, the CX-30 will be rolled out to global markets, with sales starting from Europe this summer.

Research and Development

In October 2018, the Company announced electrification and connectivity strategies that build on the Company's human-centered development philosophy, aiming to further advance the joy of driving, provide both drivers and passengers with peace of mind through an enhanced sense of connection with the car in everyday driving situations, and offer an emotionally enriching joy of life through car ownership.

With regard to electrification technologies, with a view to achieving a 90-percent reduction versus 2010 levels in its corporate average "well-to-wheel" carbon dioxide emissions by 2050, the Company will deploy some form of electrification in all production vehicles by 2030. Additionally, the Company will develop two

battery electric vehicles, one powered solely by battery and another that pairs a battery with a newly developed range extender powered by the Company's rotary engine. The range extender will recharge the battery when necessary to effectively increase the vehicle's driving range. The Company plans to contribute to the resolution of social issues, such as the weakening of interpersonal connections that has accompanied changes in society, by connecting people and society through connectivity technologies.

Production

Cumulative production in Japan reached 50 million units in May 2018. The milestone was achieved 86 years and seven months after the Company produced its first three-wheeled truck in October 1931.

Due to the heavy rains in July 2018, operations at the Head Office and Hiroshima Plant and Hofu plants were temporarily suspended. Even after operations resumed, the plants temporarily operated at reduced production volume so as not to burden the transportation network in order to prioritize local recovery and reconstruction. Production levels returned to normal in September 2018, and since then effects of the disaster have been minimized by raising production volume through increasing efficiency and other initiatives.

In August 2018, Hofu Plant 2 resumed two-shift (day and night) operations for the first time in nine years and eight months, since December 2008, bringing all domestic production onto a two-shift operations schedule. By aligning operations at the Hofu and Head Office and Hiroshima Plant plants, the Company is continuing to develop an increasingly efficient production system that can flexibly respond to demand and quickly deliver high-quality Mazda vehicles to customers.

In terms of overseas production, in March 2018 the Company established the joint venture company with Toyota Motor Corporation for production of complete vehicles in the U.S. In November 2018, construction of the joint venture plant began, with production expected to start in 2021.

Sales Situation

In the consolidated accounting period, although sales increased in Japan and in ASEAN markets, sales fell in China, the U.S. and Australia, resulting in global sales volume decreasing 4.2% year on year at 1,561,000 units. By model, crossover SUVs such as the CX-5 and CX-8 continued to sell well.

In Japan, sales were up 2.0% year on year at 215,000 units thanks to sales of CX-5 and CX-8 updated models released in November 2018. The CX-8 was the highest-selling model in the domestic three-row SUV market and has continued to sell well since its launch.

In the U.S., decreasing sedan sales due to a continued reduction in demand and an increasingly competitive crossover SUV market resulted in sales of 287,000 units, down 5.7% year on year. In the North American market overall, although sales increased in Mexico, sales were down 3.2% year on year at 421,000 units.

Although sales decreased in Germany, in addition to sales surpassing industry demand growth in Russia, sales also increased in countries such as Spain, leading to European sales of 270,000 units, the same level as the prior fiscal year. Sales of the Mazda2 and CX-5 have been strong.

Due to lower demand and increased competition caused by decelerated economic growth, sales volume of key models in China decreased, resulting in sales of 247,000 units, down 23.3% year on year.

In Australia, another major market, stiff competition led to a worsening sales environment, with sales volume down 5.0% year on year at 110,000 units. However, ASEAN markets such as Thailand and Vietnam saw substantial improvements upon the previous year, resulting in other markets seeing an overall 3.7% year on year gain at 409,000 units.

Financial Performance

Financial performance on a consolidated basis for the fiscal year ended March 31, 2019 was as follows.

Net Sales	3,564.7 billion yen	(vs. Prior Year	90.7 billion yen	2.6 %)
Operating Income	83.0 billion yen	(vs. Prior Year	(63.4) billion yen	(43.3 %))
Ordinary Income	116.8 billion yen	(vs. Prior Year	(55.3) billion yen	(32.2 %))
Net Income				
Attributable to Owners of the parent	63.5 billion yen	(vs. Prior Year	(48.6) billion yen	(43.4 %))

And, Operating profit changes were as follows.

Volume & mix	(14.7) billion yen
Exchange rate	(38.1) billion yen
Cost improvement	19.8 billion yen
R&D costs	1.3 billion yen
Other	(31.7) billion yen

Net cash provided by operating activities in this consolidated fiscal year was up ¥146.7 billion as the result of receiving dividends and an increase in net income before income taxes of ¥108.3 billion. (In the previous fiscal year there was an increase of ¥207.8 billion.) Cash flow from investing activities was down ¥131.6 billion as the result of the expenditure of ¥110.2 billion for the acquisition of property, plant and equipment. (In the previous fiscal year there was a decrease of ¥160 billion.) As a result, consolidated free cash flow (net of cash flow from operating and investing activities) was up ¥15.1 billion. (In the previous fiscal year there was an increase of ¥47.8 billion.)

Net cash provided by financing activities increased ¥83.4 billion as the result of funding through long-term borrowings for facility investment despite repayment of long-term borrowings and payment of dividends. (In the previous fiscal year there was an increase of ¥30.5 billion.)

In view of this fiscal year's business results, the business environment and the Company's financial situation, the Company plans to propose the payment of a year-end dividend of ¥20 per share at the ordinary general meeting of shareholders. The total dividend for this fiscal year will be ¥35 per share.

Net sales breakdown of the Mazda Group

Category	Domestic	Overseas	Total
	¥ million	¥ million	¥ million
Vehicles	454,790	2,489,610	2,944,400
Knockdown Parts (Overseas)	—	87,950	87,950
Parts	44,028	228,858	272,886
Other	194,763	64,697	259,460
Total	693,581	2,871,115	3,564,696

(2) Capital investment

For further growth in the future, we invested heavily in next-generation products, environmental and safety technologies and the restructuring of our global production system. As a result, capital investment amounted to ¥119.7 billion on a consolidated basis. (This figure was ¥104.1 billion in the previous fiscal year.)

(3) Financing

We borrowed ¥157.8 billion in long-term loans during the fiscal year ended March 31, 2019.

(4) Issues to be addressed

From the new generation of products, the all-new Mazda3 and all-new CX-30 will be released in markets around the world in the fiscal year ending in March 2020. Utilizing the new product lineup, we will aim for sustainable growth of volume, sales revenue and profit even in tough sales environments through raising brand value and maintaining sales that highlight our products' value. While responding to changes to the automobile industry, such as regulations and increased competition, we will implement forward-looking initiatives as we continue to develop and introduce our new generation of products and new technologies.

Medium-Term Management Policy

The Company will celebrate its centennial anniversary in 2020, a grand milestone since our founding. We feel profound gratitude for the longstanding support of the countless people who have supported the Company for the last 100 years. Additionally, we see it as our responsibility to sustain and further develop the Company for the next 100. As a small player in the industry, we must cherish our uniqueness to ensure the Company's continued survival and development. That uniqueness is something that we create together with everyone connected to the Company, and we hope to preserve this aspect of our corporate culture. With this in mind and as a milestone to mark the beginning of our next 100 years, we envisioned our ideal for the Mazda brand in the decade from 2030 to 2040. In order to realize this ideal, we developed a Medium-Term Management Policy, as well as the direction of our initiatives, for the six-year medium term that begins in the fiscal year ending in March 2020.

Medium-Term Management Policy (FY ending in March 2020 through FY ending in March 2025)

The following three areas will see strengthened initiatives and prioritization in the distribution of management resources.

- Enhance investment in Mazda-unique products and customer experience in order to further increase the Company's brand value.
- Proactively implement measures to curb expenses that depreciate the Company's brand value.
- Enhance investment in areas in which the Company is lagging and has not adequately addressed up to now.

Direction of Medium-Term Management Initiatives

The direction of main initiatives is as follows.

Effect of brand value improvement	Improve per-unit revenue by responding to customer and market diversification
Investment for brand value improvement	Investment in new-generation products, sales network and customer experience
Curb expenses that depreciate brand value	Trade cycle management (*1), reduce incentives Quality improvement to enhance customer satisfaction
Investment in infrastructure	Build an optimum production structure that supports local production for local consumption Invest in infrastructure for connectivity, sharing business, etc.
Investment in partnerships	Enhance alliances with partners to work together based on mutual trust
Investment in employees and work environment	Improve work environment to enhance employee motivation
Shareholder returns	Continue stable shareholder returns
SDGs (*2) and CSR-related investment	Coexist with society and focus on our raison d'être Increase investment in environment and safety technologies

Based on the above management policy and through further clarification of our initiatives, the Mazda Group will aim to achieve the following management metrics, which represent our ideal vision.

FY ending in March 2025 Metrics

Revenue	About 4.5 trillion yen
Profit	Stable earnings Operating return on sales (ROS) 5% or higher, return on equity (ROE) 10% or higher
Investment for future	Capex and R&D: 7-8% of revenue (on average) Sales network, customer experience, infrastructure, employees and work environment, etc.
Financial structure	Maintain net cash position (*3)
Shareholder return	Sustainable payout ratio at 30% or higher
Sales volume	About 1.8 million units

We would like to ask for the continued support and guidance of all shareholders going forward.

(*1) Trade cycle management: A business model that achieves high residual value and offers the latest Mazda thanks to our Bundled Product Planning with a focus on accessible finance service such as credit service that guarantee residual value so that our customers can replace their Mazda with a new Mazda equipped with the latest technologies.

(*2) The Sustainable Development Goals (SDGs): International goals for creating sustainable societies adopted by the UN.

(*3) Maintain net cash position: Maintain positive total cash amount after the deduction of interest-bearing debt from cash and cash equivalents.

(Earnings estimates and other items concerning the future included in this report are based on certain assumptions made by the Mazda Group at the end of this fiscal year and reflect risks and other uncertainties. Accordingly, they may differ from actual results.)

(5) Assets and business results**(i) The Mazda Group**

Business Terms		150th Term (April 2015 to March 2016)	151st Term (April 2016 to March 2017)	152nd Term (April 2017 to March 2018)	153rd Term (April 2018 to March 2019)
Item					
Net sales	(Millions of yen)	3,406,603	3,214,363	3,474,024	3,564,696
Operating income	(Millions of yen)	226,775	125,687	146,421	83,013
Ordinary income	(Millions of yen)	223,563	139,512	172,133	116,788
Net income attributable to owners of the parent	(Millions of yen)	134,419	93,780	112,057	63,476
Net income per share	(yen)	224.85	156.87	182.93	100.79
Total assets	(Millions of yen)	2,548,401	2,524,552	2,724,092	2,871,018
Net assets	(Millions of yen)	976,723	1,064,038	1,219,470	1,248,915
Net assets per share	(yen)	1,595.83	1,738.70	1,894.29	1,935.24
Equity ratio		37.4%	41.2%	43.8%	42.4%

Note: The Company has adopted the " Partial Amendments to Ordinance for Enforcement of the Companies Act and Rules of Corporate Accounting " (Ordinance of the Ministry of Justice No. 5, March 26, 2018) in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the term 153rd. The figure of Total Assets and the ratio of Net Assets per share for the term 152nd were adjusted retrospectively in accordance with this change.

(ii) The Company

Business Terms		150th Term (April 2015 to March 2016)	151st Term (April 2016 to March 2017)	152nd Term (April 2017 to March 2018)	153rd Term (April 2018 to March 2019)
Item					
Net sales	(Millions of yen)	2,606,527	2,481,384	2,635,884	2,666,208
Operating income	(Millions of yen)	136,344	45,684	59,904	533
Ordinary income	(Millions of yen)	148,085	63,518	101,029	52,324
Net income attributable to owners of the parent	(Millions of yen)	100,626	56,618	79,359	39,334
Net income per share	(yen)	168.32	94.71	129.55	62.46
Total assets	(Millions of yen)	1,951,457	1,882,008	2,064,568	2,163,208
Net assets	(Millions of yen)	882,341	922,491	1,035,407	1,049,549
Net assets per share	(yen)	1,475.92	1,542.93	1,643.86	1,666.16
Equity ratio		45.2%	49.0%	50.1%	48.5%

(6) Principal business (as of March 31, 2019)

The principal business of the Mazda Group is production and sales of the following products.

Segment	Main Products
Vehicles	Passenger vehicles: Mazda6, MX-5, Mazda3, CX-9, CX-8, CX-5, CX-4, CX-3, Mazda2, Carol, Flair, Flair Wagon, Flair Crossover, Scrum Wagon Trucks: Titan, BT-50, Bongo Van, Bongo Truck, Familia Van, Scrum Van, Scrum Truck
Knockdown Parts (Overseas)	Parts for overseas assembly operations
Parts	Various after-sales service parts for domestic and overseas markets
Other	Vehicle maintenance, used car sales, etc.

(7) Principal offices and plants (as of March 31, 2019)

(i) The Company

Facility name	Location and address
Head Office and Hiroshima Plant	Fuchu-cho, Aki-gun, Hiroshima
Tokyo Office	Chiyoda Ward, Tokyo
Hofu Plant	Hofu, Yamaguchi Prefecture
Miyoshi Office	Miyoshi, Hiroshima Prefecture
Mazda R&D Center Yokohama	Kanagawa Ward, Yokohama

(ii) Subsidiaries and Affiliates

Please refer to “(9) (ii) Principal subsidiaries” and “(9) (iii) Principal affiliates.”

(8) Employees (as of March 31, 2019)

(i) The Mazda Group

Number of employees	Change from previous year
49,998	+243

Note: The number of employees excludes employees on loan from other companies.

(ii) The Company

Number of employees	Change from previous year	Average age	Average years of employment
22,354	+ 427	41.1 years old	16.4 years

Notes: 1. The number of employees is calculated excluding loan employees.
2. The number of employees does not include 1,967 temporary employees, etc.

(9) Principal parent companies and subsidiaries (as of March 31, 2019)

(i) Principal parent companies

Not applicable

(ii) Principal subsidiaries

Name	Location and address	Capital Stock	Company's Equity Participation (%)	Principal Business
Mazda Motor of America Inc.	U.S.A.	US\$240 million	100.0	Sales of vehicles and parts
Mazda Canada Inc.	Canada	C\$111 million	100.0	Sales of vehicles and parts
Mazda Motor Manufacturing de Mexico S.A.de C.V.	Mexico	MXN6,542 million	75.0	Manufacturing and sales of vehicles
Mazda Motor Europe GmbH	Germany	Euro26 thousand	*100.0	Supervision of the overall European market
Mazda Motor Logistics Europe N.V.	Belgium	Euro72 million	100.0	Sales of vehicles and parts
Mazda Motors (Deutschland) GmbH	Germany	Euro18 million	*100.0	Sales of vehicles and parts
Mazda Motors UK Ltd.	U.K.	£4 million	*100.0	Sales of vehicles and parts
Mazda Motor Rus, OOO	Russia	RUB314 million	100.0	Sales of vehicles and parts
Mazda Australia Pty Ltd.	Australia	A\$31 million	100.0	Sales of vehicles and parts
Mazda Motor (China) Co., Ltd.	China	RMB78 million	100.0	Supervision of the overall China market
Mazda Sales (Thailand) Co., Ltd.	Thailand	THB575 million	96.1	Sales of vehicles and parts
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Thailand	THB8,167 million	100.0	Manufacturing and sales of automobile parts
Kanto Mazda Co., Ltd.	Kita Ward, Tokyo	¥3,022 million	100.0	Sales of vehicles and parts
Tokai Mazda Co., Ltd.	Mizuho Ward, Nagoya	¥2,110 million	100.0	Sales of vehicles and parts
Kansai Mazda Co., Ltd.	Naniwa Ward, Osaka	¥950 million	100.0	Sales of vehicles and parts
Kyushu Mazda Co., Ltd.	Hakata Ward, Fukuoka	¥826 million	100.0	Sales of vehicles and parts
Mazda Parts Co., Ltd.	Higashi Ward, Hiroshima	¥1,018 million	100.0	Sales of automobile parts
Kurashiki Kako Co., Ltd.	Kurashiki, Okayama Prefecture	¥310 million	75.0	Manufacturing and sales of automobile parts
Mazda Logistics Co., Ltd.	Minami Ward, Hiroshima	¥490 million	100.0	Transportation of vehicles and parts
Mazda Chuhan Co., Ltd.	Minami Ward, Hiroshima	¥1,500 million	100.0	Sales of used vehicles
Mazda Motor International Co., Ltd.	Fuchu-cho, Aki-gun, Hiroshima	¥115 million	100.0	Sales of vehicles

*includes indirect ownership

Note: The Company has 69 consolidated subsidiaries.

(iii) Principal affiliates

Name	Location and address	Capital Stock	Company's Equity Participation (%)	Principal Business
AutoAlliance (Thailand) Co., Ltd.	Thailand	THB8,435 million	50.0	Manufacturing and sales of vehicles
Changan Mazda Automobile Co., Ltd.	China	RMB698 million	50.0	Manufacturing and sales of vehicles
Changan Mazda Engine Co., Ltd.	China	RMB1,573 million	50.0	Manufacturing and sales of automobile parts
FAW Mazda Motor Sales Co., Ltd.	China	RMB125 million	40.0	Sales of vehicles and parts
Mazda Sollers Manufacturing Rus LLC	Russia	RUB1,500 million	50.0	Manufacturing and sales of vehicles
Mazda Toyota Manufacturing, U.S.A., Inc.	U.S.A.	30US\$	50.0	Manufacturing and sales of vehicles
Toyo Advanced Technologies Co., Ltd.	Minami Ward, Hiroshima	¥3,000 million	50.0	Manufacturing and sales of machine tools
SMM Auto Finance, Inc.	Kita Ward, Osaka	¥7,700 million	49.0	Automobile sales finance

Note: 1. The Company has 18 equity-method companies.

2. In January 2019, the Company purchased in full Ford Motor Company's stake in Changan Ford Mazda Engine Co., Ltd., bringing the Company's investment ratio to 50.0%. Additionally, Changan Ford Mazda Engine Co., Ltd.'s name was changed to Changan Mazda Engine Co., Ltd.

(10) Major Creditors (as of March 31, 2019)

Creditor	Balance of Borrowings (¥ million)
Sumitomo Mitsui Banking Corporation	92,897
Sumitomo Mitsui Trust & Banking Co., Ltd	40,105
Development Bank of Japan Inc.	39,232
Japan Bank for International Cooperation, Ltd.	35,680
Hiroshima Bank, Ltd.	28,139
Yamaguchi Bank, Ltd.	24,454
Mizuho Bank, Ltd.	22,117
MUFG Bank, Ltd.	19,370
Momiji Bank, Ltd	13,307
The Norinchukin Bank	11,885

2. Status of Shares (as of March 31, 2019)**(1) Total number of shares authorized to be issued:** 1.2 billion**(2) Total number of shares outstanding:** 631,803,979 shares**(3) Number of shareholders:** 149,121 (decreased by 13,587 from previous year)**(4) Major shareholders:**

Name	No. of shares held (thousands)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	36,627	5.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,598	5.8
Toyota Motor Corporation	31,928	5.1
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,231	2.4
Sumitomo Mitsui Banking Corporation	12,857	2.0
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,313	2.0
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	10,623	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 7)	9,682	1.5
HSBC BANK PLC A/C CLIENTS 1	9,641	1.5
State Street Bank West Client – Treaty 505234	9,328	1.5

Note: The calculation for the shareholding ratio excludes treasury stock (2,037,073 shares).

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities in the Company and important offices concurrently held
Representative Director and Chairman of the Board	Masamichi Kogai	Chairman, The Mazda Foundation
Representative Director	Akira Marumoto	President and CEO
Representative Director	Kiyoshi Fujiwara	Executive Vice President Assistant to President; Oversight of Operations in North America, R&D and MDI
Director	Yuji Nakamine	Senior Managing Executive Officer Oversight of Operations in Europe, Asia & Oceania, Middle East & Africa and New Developing Countries
Director	Nobuhide Inamoto	Senior Managing Executive Officer Oversight of Operations in China, Domestic Sales and Fleet Sales
Director	Kiyotaka Shobuda	Senior Managing Executive Officer Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics
Director	Mitsuru Ono	Senior Managing Executive Officer Oversight of Financial Services and Administrative Domain; Assistant to the Officer overseeing Fleet Sales
*Director	Akira Koga	Senior Managing Executive Officer Oversight of Corporate Planning Domain; In charge of Global IT Solution and MDI
Director	Ichiro Sakai	Attorney-at-law
Director	Kazuaki Jono	
Audit & Supervisory Board Member (full-time)	Hirofumi Kawamura	
*Audit & Supervisory Board Member (full-time)	Masahiro Yasuda	
Audit & Supervisory Board Member	Takao Hotta	
Audit & Supervisory Board Member	Kunihiko Tamano	
*Audit & Supervisory Board Member	Akira Kitamura	Adviser, Kansai Urban Banking Corporation Outside Audit & Supervisory Board Member, ARK REAL ESTATE CO., LTD

(Positions and responsibilities are as of March 31, 2019)

Notes: 1. Directors: Mr. Ichiro Sakai and Mr. Kazuaki Jono are Outside Directors. The Company has submitted an Independent Directors/Auditors Notification regarding Mr. Sakai and Mr. Jono to the Tokyo Stock Exchange.

2. Audit & Supervisory Board Members: Mr. Takao Hotta, Mr. Kunihiko Tamano and Mr. Akira Kitamura are Outside Audit & Supervisory Board Members. The Company has submitted an Independent Directors/Auditors Notification regarding Mr. Hotta, Mr. Tamano and Mr. Kitamura to the Tokyo Stock Exchange.

3. Audit & Supervisory Board Members Mr. Hotta, Mr. Tamano and Mr. Kitamura have considerable knowledge of finance and accounting as described below.
- (1) Mr. Takao Hotta served in key posts with the Ministry of Finance, as Representative Director and Vice President of Japan Tobacco, Inc., and as Representative Director and Vice Chairman of the Board of Japan Securities Finance Co., Ltd.
 - (2) Mr. Kunihiko Tamano served as Managing Executive Officer, Assistant to the Chief Financial Officer of Itochu Corporation and Representative Director and Vice President of Nippon Access, Inc.
 - (3) Akira Kitamura was formerly Director and Senior Managing Executive Officer and Representative Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation, as well as Vice Chairman (Representative Director) and Chairman of the Board and CEO (Representative Director) of Kansai Urban Banking Corporation.
4. Asterisks indicate officers who were newly elected to assume positions as Director or Audit & Supervisory Board Members at the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018.
5. Changes in important offices held concurrently by Directors and Audit & Supervisory Board Member during the fiscal year and after its close are as follows:
- (1) Masamichi Kogai, Representative Director and Chairman of the Board, assumed the post of Chairman of The Mazda Foundation on June 21, 2018.
 - (2) Kunihiko Tamano, Audit & Supervisory Board Member, resigned from his post as an Advisory Member at Nippon Access, Inc. on June 16, 2018.
 - (3) Akira Kitamura, Audit & Supervisory Board Member, resigned from his position of Advisor at Kansai Urban Banking Corporation on March 31, 2019.
6. Although there are business transactions such as borrowing funds between the Company and Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd.), the bank is only one of the Mazda Group's multiple lenders. As of March 31, 2019, Mazda Group borrowings from the bank were 3,050 million yen, a very small amount at roughly 0.1% of the Company's consolidated assets. The Company has no major business transactions or relationships with ARK Real Estate Co., Ltd. The Company has no major business transactions or relationships with ARK REAL ESTATE CO., LTD.
7. Directors and Audit & Supervisory Board Members who retired during the fiscal term are as follows:

Name	Retirement Date	Reason	Positions and Responsibilities in the Company and important offices concurrently held at the time of Retirement
Seita Kanai	June 26, 2018	Expiry of term of office	Representative Director and Chairman of the Board
Masahide Hirasawa	June 14, 2018	Death	Audit & Supervisory Board Member

7. Responsible areas were changed on April 1, 2018 as follows:

Position	Name	Responsibilities in the Company and important offices concurrently held
Representative Director	Kiyoshi Fujiwara	Assistant to President; Oversight of Global Marketing, Sales and Customer Service
Director	Akira Koga	Oversight of Corporate Planning Domain, Corporate Liaison and MDI & IT

(2) Compensation payable to Directors and Audit & Supervisory Board Members

(i) Policies and procedures for determining compensation

In order to further enhance the transparency, fairness and objectivity of the process for determining the remuneration of directors and executive officers, the Company has established an Officer Remuneration Advisory Committee made up of representative and outside directors and with an outside director to serve as chair of the committee. Remuneration policy and a structure and process based on the policy will be decided, taking into account the advice of the committee in order to enable the Company's continued growth and enhancement of its corporate value over the medium and long terms.

The compensation of internal directors consists of 1) a fixed amount of basic remuneration commensurate with their responsibilities, 2) performance-based remuneration determined at the end of the fiscal year in accordance with a designated standard and process after evaluating how much has been achieved toward personal goals set based on an annual business plan formulated based on the medium-term business plan, and 3) compensation in the form of stock options under a system introduced after approval of a resolution at the 150th Ordinary General Meeting of Shareholders on June 28, 2016 to enhance the desire to contribute to enhancing corporate value over the medium and long term and to share the benefits with shareholders. Considering their status independent from the execution of operations, outside directors shall receive a fixed amount of basic remuneration only.

The remuneration of Audit & Supervisory Board members is determined through discussions among the members.

(ii) Total amount of compensation payable to Directors and Audit & Supervisory Board Members

Category	Number of persons	Compensation (¥million)
Directors	11	702
Audit & Supervisory Board Members	6	109
Total (incl. Outside Directors and Outside Audit & Supervisory Board Members)	17 (6)	811 (65)

- Notes:
1. The above number of persons includes one (1) Outside Audit & Supervisory Board Member who retired on June 14, 2018 and one (1) Director who retired at the conclusion of the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018.
 2. By resolution of the 141st Ordinary General Meeting of Shareholders held on June 26, 2007, the annual compensation for Directors is to be payable within the limit of ¥1.2 billion (excluding the employee salaries of employee-directors). None of the above eleven (11) Directors are employee-directors.
 3. By resolution of the 141st Ordinary General Meeting of Shareholders held on June 26, 2007, the annual compensation for Audit & Supervisory Board Members is to be payable within the limit of ¥240 million.
 4. The amounts paid to directors include expenses of 39 million yen recorded in the current business year for stock acquisition rights issued as stock options as compensation. (Stock acquisition rights were not issued to Outside Directors.)

(3) Matters concerning Outside Corporate Officers

Category	Name	Attendance Record	Main activities
Director	Ichiro Sakai	Attended 15 out of 15 meetings of the Board of Directors	He has contributed to further strengthening the Board of Directors' oversight of operations and achieving greater management transparency by expressing his opinion and giving advice making use of his extensive experience as a lawyer and through his participation in the board's decision-making by expressing his opinion from an independent perspective during deliberations on important management issues.
Director	Kazuaki Jono	Attended 15 out of 15 meetings of the Board of Directors	He has contributed to further strengthening the Board of Directors' oversight of operations and achieving greater management transparency by expressing his opinion and giving advice making use of his extensive experience as a vice governor of Hiroshima Prefecture and through his participation in the board's decision-making by expressing his opinion from an independent perspective during deliberations on important management issues.
Audit & Supervisory Board Member	Takao Hotta	Attended 15 out of 15 meetings of the Board of Directors and 16 out of 16 meetings of the Audit & Supervisory Board	He has made necessary inquiries regarding the agenda and matters reported, and expressed his opinions and audit views based on his experience in key posts at the Finance Ministry as well as his extensive management experience at companies in industries that differ from that of the Company. He has participated in the Audit & Supervisory Board meetings by receiving reports from the full-time Audit & Supervisory Board Members on the status and results of their auditing, expressing his viewpoints as Outside Audit & Supervisory Board Member, and exchanging opinions actively. He has also heard from Directors and Executive Officers about the performance of their duties.
Audit & Supervisory Board Member	Kunihiko Tamano	Attended 14 out of 15 meetings of the Board of Directors and 16 out of 16 meetings of the Audit & Supervisory Board	He has made necessary inquiries regarding the agenda and matters reported and expressed his opinions and audit views based on his experience in finance at a trading company as well as his extensive management experience at international companies. He has participated in the Audit & Supervisory Board meetings by receiving reports from the full-time Audit & Supervisory Board Members on the status and results of their auditing, expressing his viewpoints as Outside Audit & Supervisory Board Member, and exchanging opinions actively. He has also heard from Directors and Executive Officers about the performance of their duties.

Category	Name	Attendance Record	Main activities
Audit & Supervisory Board Member	Akira Kitamura	Attended 12 out of 12 meetings of the Board of Directors and 12 out of 12 meetings of the Audit & Supervisory Board	He has made necessary inquiries regarding the agenda and matters reported, and expressed his opinions and audit views based on his experience in key posts at financial institutions as well as his extensive management experience at companies in industries that differ from that of the Company. He has participated in the Audit & Supervisory Board meetings by receiving reports from the full-time Audit & Supervisory Board Members on the status and results of their auditing, expressing his viewpoints as Outside Audit & Supervisory Board Member, and exchanging opinions actively. He has also heard from Directors and Executive Officers about the performance of their duties.

- Notes: 1. Mr. Akira Kitamura's attendance record covers the period after he assumed his post as Audit & Supervisory Board Member on June 26, 2018.
2. In addition to the above, the Outside Directors and Audit & Supervisory Board Members gain a better understanding of the Company's financial condition through advance explanations of matters to be brought before the board of directors, meetings with representative directors and tours of facilities inside and outside the Company. Their opinions on medium- and long-term business strategies are sought in the process of the formulation of those strategies, and in-depth discussions are carried out. The Outside Directors also participate in discussions by the Officer Lineup Advisory Committee and the Officer Remuneration Advisory Committee as chair or as members. Through these activities, they contribute to strengthening the Company's corporate governance.
3. Based on the provisions of Article 427, Paragraph 1 of the Companies Act, a Liability Limitation Agreement that limits the liability in Article 423, Paragraph 1 at the maximum liability stipulated in Article 425, Paragraph 1 has been concluded between the Company and the Outside Directors and Outside Audit & Supervisory Board Members.

Stock acquisition rights

(1) Stock acquisition rights held by Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Title (Resolution date)	Number of stock acquisition rights	Number of shares underlying the stock acquisition rights	Amount to be paid for stock acquisition rights	Value of assets to be contributed upon exercise of stock acquisition rights	Period of time	Number of persons
Stock acquisition rights fiscal year 2016 (July 29, 2016)	254	25,400 shares	1,327 yen per share	1 yen per share	From August 23, 2016 to August 22, 2046	Directors 7
Stock acquisition rights fiscal year 2017 (July 27, 2017)	276	27,600 shares	1,336 yen per share	1 yen per share	From August 22, 2017 to August 21, 2047	Directors 8
Stock acquisition rights fiscal year 2018 (July 26, 2018)	379	37,900 shares	1,027 yen per share	1 yen per share	From August 21, 2018 to August 20, 2048	Directors 8

- Notes: 1. Stock acquisition rights are not allotted to outside directors or Outside Audit & Supervisory Board Members.
2. Those to whom stock acquisition rights are allotted may exercise those rights from the day following the day they cease to hold any of the following positions at the Company: director, executive officer or Audit & Supervisory Board Member.

(2) Stock acquisition rights held by Executive officers (during the fiscal year)

Title (Resolution date)	Number of stock acquisition rights	Number of shares underlying the stock acquisition rights	Amount to be paid for stock acquisition rights	Value of assets to be contributed upon exercise of stock acquisition rights	Period of time	Number of persons
Stock acquisition rights fiscal year 2018 (July 26, 2018)	518	51,800 shares	1,027 yen per share	1 yen per share	From August 21, 2018 to August 20, 2048	Executive officers 20

- Notes: 1. The Company's executive officers are excluding employee-directors.
2. Those to whom stock acquisition rights are allotted may exercise those rights from the day following the day they cease to hold any of the following positions at the Company: director, executive officer or Audit & Supervisory Board Member.

Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA, LLC

(2) Amount of compensation to the Accounting Auditor for the fiscal year ended March 31, 2019

	Compensation (¥million)
(i) Amount of compensation to the Accounting Auditor	219
(ii) Total compensation to be paid or payable to the Accounting Auditor by the Company and its Consolidated Subsidiaries	295

- Notes: 1. After having performed the necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's plan, the status of performance of duties by the Accounting Auditor, and the basis for the calculation of the estimated remuneration for the Accounting Auditor, the Audit & Supervisory Board has decided to consent to the amount of remuneration, etc. to be paid to the Accounting Auditor.
2. The audit contract between the Company and the Accounting Auditor does not separate the compensation for the audit prescribed by the Companies Act from the compensation for the audit prescribed by the Financial Instruments and Exchange Act; hence these two forms of compensation cannot be separated. Therefore, the above amount represents the total of these compensations.
3. The Company contracted with the Accounting Auditor for advice on International Financial Reporting Standards (IFRS), which is not a service specified in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan (non-audit service).

(3) Subsidiaries audited by Accounting Auditors other than the above

Among the principal subsidiaries of the Company, Mazda Motor of America Inc., Mazda Canada Inc., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Motor Europe GmbH, Mazda Motor Logistics Europe N.V., Mazda Motors (Deutschland) GmbH, Mazda Motors UK Ltd., Mazda Motor Rus, OOO, Mazda Australia Pty Ltd., Mazda Motor (China) Co., Ltd., Mazda Sales (Thailand) Co., Ltd. and Mazda Powertrain Manufacturing (Thailand) Co., Ltd. are audited by other Accounting Auditors.

(4) Policy for determining the dismissal or non-reappointment of an Accounting Auditor

If an Accounting Auditor is in any of the situations set forth in Article 340, Paragraph 1 of the Companies Act that constitute a reason for dismissal and there is no prospect for improvement, the Accounting Auditor may be dismissed with the consent of all members of the Audit & Supervisory Board.

Apart from any cases arising for any reason of the Company, in the event of a situation that poses a major obstacle to the audit activities of the Company, such as a suspension of audit operations by order of competent authorities, based on the facts, the Audit & Supervisory Board shall consider the dismissal or non-reappointment of the Accounting Auditor. If dismissal or non-reappointment is deemed appropriate, the dismissal or non-reappointment of the Accounting Auditor shall be submitted as an agenda item at the General Meeting of Shareholders by a resolution of the Audit & Supervisory Board.

Outline of board resolutions related to the creation of a system to ensure that directors execute their duties in conformance with laws and regulations and the articles of incorporation and of other systems necessary to ensure the appropriateness of operations of public companies and of the corporate group consisting of the Company and its subsidiaries and the status of the system's operation.

1. Outline of board resolutions related to the creation of the system

(1) System for the preservation and management of information related to directors' execution of duties

Minutes for the meetings of shareholders, the board of directors and the executive committee; ringi forms; documents related to decisions; and other information related to the execution of directors' duties shall be properly stored and managed in accordance with laws and regulations, the articles of incorporation and all other related internal regulations, and the Audit & Supervisory Board Members shall be allowed to review this information upon request.

(2) Regulations and other systems related to the risk of loss

- (i) Individual business risks shall be managed by the relevant divisions, and company-level risks shall be managed by the divisions in charge in accordance with basic risk management policy and other related internal regulations.
- (ii) In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an emergency headquarters shall be taken in accordance with internal regulations as necessary.
- (iii) The officer and department in charge of the promotion of risk management throughout the Company shall be stipulated, and risk management shall be further strengthened and enhanced by activities such as setting an agenda of priority issues for the Risk & Compliance Committee and checking and evaluating the risk management in each department.

(3) System to ensure that directors execute their duties efficiently

- (i) In order to meet business plan targets, activities shall be carried out in each area of operations in accordance with the medium- and long-term management plan and the annual fiscal year business plan.
- (ii) All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations shall be submitted at a board of directors meeting.
- (iii) Daily operations shall be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and any other related internal regulations or by delegating authority to the executive officers.

(4) System to ensure that directors and employees execute their duties in conformance with laws and regulations and the articles of incorporation

- (i) In order to further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors shall be appointed.
- (ii) The execution of duties by directors and other corporate officers and employees shall be carried out so as to ensure compliance with laws and regulations and the articles of incorporation in accordance with the compliance system in which an officer in charge of compliance shall be appointed and a division in charge of compliance shall be set up, and each divisional manager shall be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
- (iii) The promotion of compliance shall be based on company-wide promotion policies deliberated on by the Risk & Compliance Committee and administered by the division that administers compliance throughout the Company.
- (iv) The Mazda Global Hotline (hereinafter "hotline") shall be set up to receive reports when there has been improper behavior in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such behavior is suspected. The hotline shall accept anonymous reports, and a channel for receiving reports shall be set up at an independent organization (a lawyer).

(5) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

- (i) Subsidiaries shall be requested to make advance reports to the Company on specific matters and on the resolution of important operational issues in accordance with relevant internal regulations or to seek the Company's approval of them.
- (ii) Subsidiaries shall be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.
- (iii) Subsidiaries shall be given guidance and support so as to introduce the corporate group's medium-, long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries shall also be given guidance and support as needed to resolve important business issues that arise.
- (iv) The Mazda Corporate Ethics Code of Conduct shall be introduced to subsidiaries, and they shall be given guidance and support in order to carry out their business in accordance with the code. The Audit & Supervisory Board and the internal auditing department shall, as proper, conduct audits of group companies' compliance with laws, regulations and the articles of incorporation and the status of their risk management.

(6) Items related to the assignment of employees to assist Audit & Supervisory Board Members in their work in the case that such a request is made

An organization to assist Audit & Supervisory Board Members with their work shall be set up, and employees who are not subject to the guidance or directives of directors shall be assigned to the organization.

(7) Items related to the independence of the aforementioned employees from directors and to ensuring the effectiveness of instructions to these employees

- (i) The transfer and evaluation of employees who assist Audit & Supervisory Board Members shall be carried out by the Human Resources Office after prior discussion with the full-time Audit & Supervisory Board Members.
- (ii) The employees who assist Audit & Supervisory Board Members shall not be concurrently employed by any other department and must report solely to the Audit & Supervisory Board Members.

(8) System for reports to Audit & Supervisory Board Members by directors and employees of the Company and its subsidiaries, for other reports to Audit & Supervisory Board Members and to ensure that those who make reports shall not be subject to unfavorable treatment on account of making the report

- (i) When directors or executive officers discover facts that may result in significant harm to the Company, they shall report such facts to the Audit & Supervisory Board Members immediately.
- (ii) Directors and executive officers shall report to the Audit & Supervisory Board Members on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Board with the directors or executive officers even if they are not facts that may result in significant harm to the Company.
- (iii) Directors and executive officers shall seek reports from the directors, executive officers, Audit & Supervisory Board Members or employees engaged in internal audits of subsidiaries on facts that may lead to a significant loss to the Company or its subsidiaries and on other matters that the Audit & Supervisory Board will decide on after discussions with the directors or executive officers.
- (iv) The internal auditing department shall make regular reports to Audit & Supervisory Board Members on the results of its internal audits of the corporate group.
- (v) Reports from employees of the Company or its major subsidiaries via the hotline shall be received and the status of such reports shall be regularly reported to the Audit & Supervisory Board Member.
- (vi) It shall be made clear to the officers and employees of the corporate group that those who make reports to the hotline or who cooperate in an investigation or who make reports to an Audit & Supervisory Board Member under the provisions of the preceding paragraph shall not be subject to retaliation or unfavorable treatment.

(9) Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of their duties by Audit & Supervisory Board Members and policies concerning the handling of other costs or claims incurred in the execution of their duties

The Audit & Supervisory Board shall prepare a budget in advance for costs deemed to be necessary to the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.

(10) Other systems to ensure that Audit & Supervisory Board Members can conduct their audits effectively

- (i) Each Audit & Supervisory Board Member shall audit directors' execution of duties in accordance with the annual plan prepared by the Audit & Supervisory Board.
- (ii) The full-time Audit & Supervisory Board Members shall attend important meetings such as meetings of the Executive Committee.
- (iii) Close cooperation shall be maintained between the Audit & Supervisory Board Members or the Audit & Supervisory Board and the internal auditing department and the accounting auditor such as by holding regular meetings, etc.
- (iv) The Audit & Supervisory Board Members shall communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.
- (v) Cooperation shall be maintained by holding regular meetings of the Group Audit Liaison Committee with the full-time Audit & Supervisory Board Members of the major companies in the Mazda Group and by sharing information with them.

(11) Basic philosophy on the elimination of anti-social forces

The Mazda Group shall have no connection with anti-social forces or groups nor carry out any acts to facilitate the activities of such forces or groups. In the event of unreasonable demands from anti-social forces or groups, these shall be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

2. Outline of status of operation

Based on the aforementioned board resolutions, the Company created a system and works to ensure that it operates properly. Major initiatives undertaken this fiscal year are described below. The Audit & Supervisory Board members and internal auditing department audit the effectiveness of internal control on an ongoing basis, and the board receives reports on the status of the system's operation.

(1) Risk management and compliance initiatives

- The functioning of risk management and compliance this year was ascertained and evaluated at meetings of the Risk & Compliance Committee. Based on the medium-term action plan that was formulated last fiscal year, the Company will work to further clarify risks in the Company and its subsidiaries and to strengthen risk management. Progress in these areas will be reviewed every six months at meetings of the Risk & Compliance Committee.
- The status of initiatives addressing the Group's common priority issues among risks previously uncovered in each department is checked regularly. The Company is ensuring that initiatives are thoroughly implemented by monitoring through auditing.
- Corporate officers and employees receive education on compliance on an ongoing basis. (This includes classes on business affairs and duties, providing opportunities for self-study using e-learning and the regular dissemination of information.)
- Employees of the Company and its major subsidiaries are made aware of the hotline (in house and third-party organization) through methods such as posters and seminars. Reports are received and handled appropriately.
- Employees are regularly informed of the reporting process so that information on fraud or losses material to corporate management will be reliably conveyed through the organization and handled promptly and smoothly.
- Regular meetings are held by departments that manage risks at the Company-wide level, efforts are made to identify new risks as they arise, and necessary countermeasures are discussed. Effective compliance education

programs are formulated and implemented. New education regarding risk management for new department managers was implemented in the last fiscal year.

- Drills in initial response to a major earthquake or fire are conducted regularly, and the response of the disaster management and self-defense team is checked.
- Following the heavy rains in July 2018, emergency headquarters were quickly established at the head office. The extent of the damage was confirmed, including at suppliers, and recovery and local support activities were carried out.

(2) Initiatives related to ensuring the efficiency of the execution of duties

- The budget is set based on the business plan, and progress is verified.
- All matters that must to be discussed by the board under the provisions of the Regulations of the Board of Directors are brought before the board.
- Duties are allocated among executive officers based on the Guidelines of Managerial Authority, Descriptions of Office Duties and other related internal regulations, and authority is delegated to executive officers.
- Progress on Structural Reform Stage 2 (FY ending in March 2017 through FY ending in March 2019) was confirmed at management and Board of Directors meetings, and the next medium-term plan is being formulated.
- Important matters to be brought before the board of directors are thoroughly explained to outside officers in advance, their opinions are sought on business strategies for the medium and long term, and in-depth discussions are carried out. A yearly schedule for board meetings is prepared, and efforts are made to ensure thorough, efficient debate.
- In order to enhance the functionality of board meetings, those who attend conduct self-evaluations using a survey form. Deliberations and the running of the meetings are also analyzed, and ways to improve the meetings are discussed.

(3) Initiatives to ensure the appropriateness of operations in the corporate group

- The status of risk management and compliance initiatives at subsidiaries and of the operation of the hotline are assessed, and guidance and support are offered.
- Education on the roles and responsibilities of the management team, compliance, and risk management is provided to the directors of subsidiaries.
- The Company and its subsidiaries cooperate on the implementation of internal audits to ascertain the effectiveness of internal control. During audits, education on internal controls based on examples of issues within the Group was implemented for directors at subsidiaries.
- At domestic subsidiaries, the Company's employees assume the post of auditor and conduct audits. Each company continues to autonomously implement internal control initiatives, such as establishing an internal controls committee, and makes regular reports to the Company's management, along with reports on their financial condition. At most overseas subsidiaries, audit committee meetings are held that are attended by the local corporate officers and internal auditing department as well as the Company's corporate officers, full-time Audit & Supervisory Board members, supervising departments and internal auditing department; at these meetings internal control initiatives are deliberated and views are exchanged. At the remaining overseas subsidiaries, work begun in the previous fiscal year to establish audit committees or their equivalent continued. In the fiscal year, in addition to clarifying the role of audit committees and reviewing their methods of operation, the internal control and risk management systems of subsidiaries were further strengthened, and guidance and support were provided for the expansion of internal control.
- At the Company and its subsidiaries self-assessment of the status of the operation of internal control is conducted using a checklist, flaws in control are ascertained independently and corrective measures are also taken. The internal auditing department also recommends necessary improvements and newly identified risks are reflected in the checklist as appropriate.

(4) Initiatives related to ensuring that the Audit & Supervisory Board Members conduct their audits effectively

- The Audit & Supervisory Board prepares an annual plan and reports on it at board meetings. Audits are

conducted in line with the annual plan.

- Full-time Audit & Supervisory Board members attend meetings of the Executive Committee and other important bodies and gather information. They also provide information to the outside Audit & Supervisory Board members as appropriate.
- The directors, executive officers and general managers of key departments are systematically interviewed about the status of the execution of their duties.
- The status of reports to the hotline is regularly reported to the Audit & Supervisory Board members.
- Regular meetings are held with the accounting auditor and internal auditing department, and efforts are made to ensure close cooperation.
- Liaison meetings of the corporate auditors of group companies are held regularly, and information is exchanged with the full-time corporate auditors of group subsidiaries.

In August 2018, a portion of the data on the measurement of fuel economy and emissions in final inspections was found to have been handled inappropriately. The Company apologizes to its shareholders for concern caused by this incident. The Company is treating this as a serious issue and is making all efforts to prevent reoccurrences. The contents of the Company's report on this issue to the Ministry of Land, Infrastructure, Transport and Tourism, as well as the status of initiatives for reoccurrence prevention, can be viewed on the Company's website (https://www.mazda.co.jp/news_list/20180810/).

Sums of money shown in this business report have been rounded down to the nearest unit indicated when 4 or less and rounded up to the nearest unit indicated when 5 or more. Quantities of shares have been rounded down to the nearest unit indicated.

Consolidated Balance Sheet

(As of March 31, 2019)

ASSETS		LIABILITIES	
Account title	Amount	Account title	Amount
	Mil.yen		Mil.yen
Current Assets	1,465,502	Current Liabilities	1,002,125
Cash and deposits	469,952	Trade notes and accounts payable	432,669
Trade notes and accounts receivable	192,701	Short-term loans payable	124,484
Securities	232,700	Bonds due within one year	20,000
Inventories	427,918	Long-term loans payable due	28,359
Other	143,283	within one year	
Allowance for doubtful receivables	(1,052)	Lease obligations	2,744
		Income taxes payable	9,877
Non-current Assets	1,405,516	Other accounts payable	31,386
Property, plant and equipment	1,010,556	Accrued expenses	213,608
Buildings and structures (net)	195,486	Reserve for warranty expenses	98,267
Machinery, equipment and		Other	40,731
vehicles (net)	278,153	Non-current Liabilities	619,978
Tools, furniture and fixtures (net)	67,177	Bonds	30,000
Land	404,808	Long-term loans payable	397,065
Leased assets (net)	6,613	Lease obligations	4,399
Construction in progress	58,319	Deferred tax liability related	64,553
Intangible assets	36,226	to land revaluation	
Software	33,711	Reserve for loss on business of	949
Other	2,515	subsidiaries and affiliates	
Investments and other assets	358,734	Liability for retirement benefits	69,691
Investment securities	216,328	Other	53,321
Long-term loans receivable	5,351	Total Liabilities	1,622,103
Asset for retirement benefits	3,945		
Deferred tax assets	100,923	NET ASSETS	
Other	32,718		Mil.yen
Allowance for doubtful receivables	(531)	Capital and Retained Earnings	1,124,491
		Common stock	283,957
		Capital surplus	264,913
		Retained earnings	577,836
		Treasury stock	(2,215)
		Accumulated Other Comprehensive	94,245
		Income/(Loss)	
		Net unrealized gain/(loss) on	4,008
		available-for-sale securities	
		Deferred gains/(losses) on hedges	804
		Land revaluation	145,574
		Foreign currency translation	(34,220)
		adjustment	
		Accumulated adjustments for	(21,921)
		retirement benefits	
		Stock Acquisition Rights	255
		Non-controlling Interests	29,924
		Total Net Assets	1,248,915
Total Assets	2,871,018	Total Liabilities and Net Assets	2,871,018

(In Japanese yen rounded to millions)

Consolidated Statement of Operations

(For the Year Ended March 31, 2019)

Account title	Amount	
		Mil.yen
Net sales		3,564,696
Cost of sales		2,771,952
Gross profit		792,744
Selling, general and administrative expenses		709,731
Operating income		83,013
Non-operating income		
Interest and dividend income	7,127	
Equity in net income of affiliated companies	30,688	
Foreign exchange gain	2,524	
Other	5,574	45,913
Non-operating expenses		
Interest expense	5,945	
Loss on transfer of receivables	1,855	
Other	4,338	12,138
Ordinary income		116,788
Extraordinary income		
Gain on sales of property, plant and equipment	525	
Gain on sale of investment securities	1,730	
Other	37	2,292
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	5,804	
Impairment loss	1,149	
Loss on disaster	3,726	
Reserve for loss on business of subsidiaries and affiliates	128	10,807
Income before income taxes		108,273
Income taxes		
Income taxes - Current	30,325	
Income taxes - Deferred	11,174	41,499
Net income		66,774
Net income attributable to non-controlling interests		3,298
Net income attributable to owners of the parent		63,476

(In Japanese yen rounded to millions)

Consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2019)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2018	283,957	264,910	536,856	(2,230)	1,083,493	8,786	305
Cumulative effects of changes in accounting policies			(454)		(454)		
Restated Balance	283,957	264,910	536,402	(2,230)	1,083,039	8,786	305
Changes during the period:							
Dividends paid			(22,041)		(22,041)		
Net income attributable to owners of the parent			63,476		63,476		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		3		16	20		
Changes in items other than capital and retained earnings, net						(4,778)	499
Total changes during the period	-	3	41,434	15	41,452	(4,778)	499
Balance at March 31, 2019	283,957	264,913	577,836	(2,215)	1,124,491	4,008	804

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2018	145,574	(28,576)	(16,657)	109,432	183	26,362	1,219,470
Cumulative effects of changes in accounting policies						(28)	(482)
Restated Balance	145,574	(28,576)	(16,657)	109,432	183	26,334	1,218,988
Changes during the period:							
Dividends paid							(22,041)
Net income attributable to owners of the parent							63,476
Purchase of treasury stock							(2)
Sale of treasury stock							20
Changes in items other than capital and retained earnings, net	-	(5,644)	(5,264)	(15,187)	72	3,590	(11,526)
Total changes during the period	-	(5,644)	(5,264)	(15,187)	72	3,590	29,927
Balance at March 31, 2019	145,574	(34,220)	(21,921)	94,245	255	29,924	1,248,915

(In Japanese yen rounded to millions)

Notes to Consolidated Financial Statements

Note on the Assumptions as Going Concern

Not applicable

Notes on Basis of Presenting Consolidated Financial Statements

1 . Consolidation Scope

- (1) Number of consolidated subsidiaries 69
- (2) Primary consolidated subsidiaries Mazda Motor of America, Inc., Mazda Canada, Inc., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Motor Europe GmbH, Mazda Motor Logistics Europe N.V., Mazda Motors (Deutschland) GmbH, Mazda Motors UK Ltd., Mazda Motor Rus, OOO, Mazda Australia Pty. Ltd., Mazda Motor (China) Co., Ltd., Mazda Sales (Thailand) Co., Ltd., Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Kanto Mazda Co., Ltd., Tokai Mazda Hanbai Co., Ltd., Kansai Mazda Co., Ltd., Kyusyu Mazda Co., Ltd., Mazda Parts Co., Ltd., Kurashiki Kako Co., Ltd., Mazda Logistics Co., Ltd., Mazda Chuhan Co., Ltd., Mazda Motor International Co., Ltd., etc.
- (3) Changes in consolidation scope (Newly added)
(Due to acquisition of stocks)
1 AutoExe Co., Ltd.
- (4) A primary unconsolidated subsidiary and reason for exclusion from consolidation scope PT. Mazda Motor Indonesia
This subsidiary is immaterial in terms of total assets, sales, net income and retained earnings, etc. The exclusion of this immaterial subsidiary does not have material impacts on overall consolidated financial statements.

2 . Application of Equity Method

- (1) Number of equity method-applied affiliates 18
- (2) Primary equity method-applied affiliates AutoAlliance (Thailand) Co., Ltd., Changan Mazda Automobile Co., Ltd., Changan Mazda Engine Co., Ltd. (*), FAW Mazda Motor Sales Co., Ltd., MAZDA SOLLERS Manufacturing Rus LLC, Mazda Toyota Manufacturing, U.S.A., Inc., Toyo Advanced Technologies Co., Ltd., SMM Auto Finance, Inc., etc.
(*) Changan Ford Mazda Engine Co., Ltd.'s name was changed to Changan Mazda Engine Co., Ltd. in January 2019.
- (3) Primary affiliates not accounted for by the equity method and reason for not applying the equity method Hiroshima Toyo Carp Co., Ltd. and others
These affiliates not accounted for by the equity method are all immaterial in terms of net income and retained earnings and do not have material impacts on overall consolidated financial statements.

3 . Accounting Periods of Consolidated Subsidiaries

The year-end consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 23 companies such as Mazda Motor Manufacturing de Mexico S.A. de C.V. have year-end balance sheet dates (in its statutory financial statements) different from the year-end consolidated balance sheet date, most of which are December 31.

In preparing the consolidated financial statements, for 9 of the 23 companies such as Mazda Motor Manufacturing de Mexico S.A. de C.V., special purpose financial statements that are prepared for consolidation are used to supplement the companies' statutory financial statements. For the other 14 companies, in preparing the consolidated financial statements, financial statements of these companies with different balance sheet dates are used. However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet date of these subsidiaries and the consolidated year-end balance sheet date.

4 . Accounting Policies

(1) Valuation Standards and Methods of Major Assets

- a) Securities: Available-for-sale securities
With available fair value:
Stated at fair value, which represents the market prices at the balance sheet date (unrealized gains/losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income within net assets. Realized gains/losses on the sale of such securities are computed mainly using a moving-average cost.)
Without available fair value:
Stated at cost on a historical cost basis, mainly based on a moving average method.
- b) Derivative instruments: Mainly a fair value method
- c) Inventories: For inventories that are held for the purpose of sales in the normal course of business, inventories are stated mainly on a historical cost basis based on an average method. (The carrying value in the consolidated balance sheet is determined by the lower of cost or net realizable value.)

(2) Depreciation and Amortization Methods of Non-current Assets

- a) Property, plant and equipment (excluding leased assets) Mainly depreciated using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.
- b) Intangible assets (excluding leased assets) Straight-line method
Software for internal use is amortized on a straight-line basis over the available period of internal use, i.e. 5 years.
- c) Leased assets For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

(3) Standards for Significant Allowances

- a) Allowance for doubtful receivables Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized. For receivables at an ordinary risk, the amount is estimated based on the past default ratio. For receivables at a high risk, the amount is calculated based on the financial standing of the debtor.
- b) Reserve for warranty expenses Reserve for warranty expenses provides for after-sales expenses of products (vehicles). The amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.
- c) Reserve for loss on business of subsidiaries and affiliates Reserve for loss on business of subsidiaries and affiliates provides for losses on subsidiaries and affiliates' businesses. The amount of loss estimated to be incurred by the Company is recognized.

(4) Accounting Method for Retirement Benefit

- a) Method of attributing expected benefit to periods In calculating the retirement benefit obligation, the method of attributing expected benefit to the accounting period is based on mainly a benefit formula basis.
- b) Method of amortization of actuarial gains or losses and prior service cost The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (mainly 13 years). The amortization of net gains or losses starts from the fiscal year immediately following the fiscal year in which such gains or losses arise.
The recognition of prior service cost is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (mainly 12 years).

(5) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the fiscal year end; gains and losses in foreign currency translation are included in the income of the current period. Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the rates on the fiscal year ends of the subsidiaries' accounting periods except for net assets accounts, which are translated at the historical rates. Statement of operations of consolidated foreign subsidiaries are translated at average rates of the subsidiaries' fiscal years, with the translation differences prorated and included in the net assets as foreign currency translation adjustment and non-controlling interests.

(6) Accounting for Hedging Activities

Full-deferral hedge accounting is applied.

(7) Amortization of Goodwill

Goodwill is amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

(8) Other Accounting Treatments

- a) Accounting for consumption taxes
Tax-excluded method
In addition, any non-deductible consumption taxes associated with asset purchases are recorded as an expense during the current fiscal year.
- b) Adoption of consolidated taxation system
Consolidated taxation system with domestic subsidiaries has been adopted.

Changes in Accounting Policies

The accounting standard of IFRS15 has been applied from the current fiscal year by the overseas subsidiaries and affiliates of the Company that apply IFRS. The effects of this standard on the consolidated financial statements were immaterial.

Changes in Presentation

The Company has adopted the "Partial Amendments to Ordinance for Enforcement of the Companies Act and Rules of Corporate Accounting" (Ordinance of the Ministry of Justice No. 5, March 26, 2018) in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were classified as investments and other assets, and deferred tax liabilities were classified as non-current liabilities.

Notes to Consolidated Balance Sheet

1. Inventories

Merchandises and finished products	324,754 million yen
Work-in-process	87,042 million yen
Raw materials and supplies	16,122 million yen

2. Accumulated depreciation on property, plant and equipment 1,149,949 million yen

3. Assets offered as collateral and collateralized loans

(1) Assets offered as collateral (carrying amounts as of the end of fiscal year)

Buildings and structures	77,680 million yen
Machinery, equipment and vehicles	110,433 million yen
Tools, furniture and fixtures	12,167 million yen
Land	233,753 million yen
Inventories	74,689 million yen
Other	52,810 million yen
Total	<u>561,532 million yen</u>

(2) Collateralized loans

Short-term loans payable	33,541 million yen
Long-term loans payable (including those due within one year)	6,870 million yen
Total	<u>40,411 million yen</u>

4. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements

Automobile dealers (in Europe)	11,361 million yen
Kobe Mazda Co., Ltd.	729 million yen
Others	34 million yen
Total	<u>12,124 million yen</u>

5. In accordance with the Law to Partially Revise the Land Revaluation Law (Law No. 19, enacted on March 31, 2001), land owned by the Company for business uses was revalued. The unrealized gains on the revaluation are included in net assets as "Land revaluation", net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as "Deferred tax liability related to land revaluation".

Method of revaluation:

The fair value of land was determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

Date of revaluation: March 31, 2001

The amount of difference between the aggregate fair value of the revalued land as of the end of this fiscal year and the book value after revaluation as stipulated in Article 10 of the Land Revaluation Law was:

86,485 million yen

Notes to Consolidated Statement of Changes in Net Assets

1. Type and total number of issued shares as of March 31, 2019

Common stock 631,803,979 shares

2. Matters concerning dividends from surplus

(1) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2018	Common stock	12,595	20.00	March 31, 2018	June 27, 2018
Board of Directors held on October 31, 2018	Common stock	9,447	15.00	September 30, 2018	November 30, 2018

(2) Dividends for which the record date falls during the fiscal year under review, but the effective date falls during the next fiscal year:

The following will be proposed at the ordinary general meeting of shareholders to be held on June 26, 2019.

Resolution	Type of stock	Resource of dividends	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 26, 2019	Common stock	Retained earnings	12,595	20.00	March 31, 2019	June 27, 2019

3. Type and number of shares underlying the stock acquisition rights as of March 31, 2019

Common stock 211,800 shares

Notes on Financial Instruments

1. Overview of financial instruments

Mazda Group manages its cash mainly through short-term deposits. Mazda Group's sources of finance include loans from banks and other financial institutions, issuance of bonds, and finance lease transactions.

Mazda Group seeks to reduce counterparty credit risks related to trade notes, accounts receivable, and loans receivable according to internal control rules and procedures. Credit risks related to securities are minimal, as these securities consist mainly of certificate of deposits of creditworthy financial institutions. Investment securities consist mainly of stocks. Mazda Group measures the fair value of listed stocks on a quarterly basis.

The net position of accounts receivables and payables denominated in foreign currencies are, in principle, hedged mainly through foreign exchange forward contracts, in order to reduce foreign exchange risk. Cash financed through loans payable, issuance of bonds, and finance lease transactions are used as operating funds (which are mostly short-term) and for capital investment in facilities and equipment (long-term). Mazda Group conducts derivative transactions within the bounds of actual demand, in compliance with internal control rules and procedures.

2. Fair value of financial instruments and other information

As of March 31, 2019 (the consolidated balance sheet date of the current period), the carrying amounts on the consolidated balance sheet, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows.

(Amounts in millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
Assets			
(1) Cash and deposits	469,952	469,952	-
(2) Trade notes and accounts receivable (*1)	192,534	192,534	-
(3) Securities			
Available-for-sale securities	232,700	232,700	-
(4) Investment securities			
Available-for-sale securities	62,893	62,893	-
(5) Long-term loans receivable (*2)	5,517	5,517	-
Liabilities			
(1) Trade notes and accounts payable	432,669	432,669	-
(2) Other accounts payable	31,386	31,386	-
(3) Short-term loans payable	124,484	124,484	-
(4) Bonds	50,000	50,126	126
(5) Long-term loans payable	425,424	427,358	1,934
(6) Lease obligations	7,143	7,176	33
Derivative instruments (*3)	1,775	1,775	-

(*1) Accounts receivable are presented net of allowance for doubtful receivables (carrying amount on the consolidated balance sheet: 167 million yen), which are recognized on the basis of each individual accounts receivable.

(*2) Long-term loans receivable are presented net of allowance for doubtful receivables (carrying amount on the consolidated balance sheet: 143 million yen), which are recognized on the basis of each individual loans receivable. The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheet: 309 million yen), which are presented on the consolidated balance sheet as a part of "Other" in current assets.

(*3) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

(Note 1) Basis of measuring fair value of financial instruments and information on securities and derivative instruments.

Assets

(1) Cash and deposits

All deposits are short-term. Hence, their book value approximate their fair values. Accordingly, carrying amounts are used as the fair values of deposits.

(2) Trade notes and accounts receivable

These receivables are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these receivables.

(3) Securities

Securities consist mainly of certificate of deposits of creditworthy financial institutions and are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these securities.

(4) Investment securities

As for listed stocks included in investment securities, their quoted prices on the stock exchange are used as their fair values.

(5) Long-term loans receivable

Mazda Group's long-term loans receivable consist of variable interest loans. As such, the interest rate on these loans reflect the market rate of interest within short periods of time. Also, the credit standings of borrowers of these loans have not changed significantly since the execution of these loans. Accordingly, the carrying amounts are used as the fair values of these loans receivable.

For loans receivable at a high risk, the fair value is calculated mainly based on amounts estimated to be collectible through collateral and guarantees.

Liabilities

(1) Trade notes and accounts payable, (2) Other accounts payable, and (3) Short-term loans payable

These payables are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these payables.

(4) Bonds

The fair value of bonds issued by Mazda Group is based on the market price where such price is available. Otherwise, the sum of the present value of principal and interest payments is used as the fair value of bonds payable.

The discount rates used in computing the present value reflect the time to maturity as well as credit risk.

(5) Long-term loans payable, and (6) Lease obligations

The fair value of these liabilities is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be required to newly transact a similar borrowing or lease.

Derivative instruments

The fair value of foreign exchange forward contracts is calculated by using the quoted forward exchange rate as of the balance sheet date.

(Note 2) Market prices of unlisted stocks included in available-for-sale securities (carrying amount on the consolidated balance sheet: 1,484 million yen), investment in affiliates' stocks (carrying amount on the consolidated balance sheet: 151,951 million yen) and certain other instruments are not available. Also, measuring the fair value of such instruments is deemed highly difficult, since future cash flows from these instruments cannot be estimated. Accordingly, these instruments are excluded from "Assets (3) Securities" and "Assets (4) Investment securities".

Note to Per Share Information

Net Assets per share of common stock	1,935.24 yen
Net income per share of common stock (Basic)	100.79 yen
Net income per share of common stock (Diluted)	100.77 yen

Notes to Significant Subsequent Event

Not applicable

Unconsolidated Statement of Operations

(For the Year Ended March 31, 2019)

Account title	Amount	
		Mil.yen
Net sales		2,666,208
Cost of sales		2,313,661
Gross profit		352,547
Selling, general and administrative expenses		352,014
Operating income		533
Non-operating income		
Interest income	2,697	
Interest income of securities	46	
Dividends income	44,074	
Rental income	4,294	
Foreign exchange gain	4,388	
Other	1,563	57,062
Non-operating expenses		
Interest expense	2,719	
Interest paid on bonds	166	
Other	2,386	5,271
Ordinary income		52,324
Extraordinary income		
Gain on sales of property, plant and equipment	28	
Gain on sale of stock for subsidiaries and affiliates		
Gain on sales of investment securities	1,729	
Gain on reversal of reserve for loss from business of subsidiaries and affiliates	4,319	6,076
Extraordinary losses		
Loss on sales of property, plant and equipment	21	
Loss on retirement of property, plant and equipment	4,802	
Impairment loss	821	
Loss on disaster	3,658	9,302
Income before income taxes		49,098
Income taxes		
Income taxes - Current	3,950	
Income taxes - Prior year		
Income taxes - Deferred	5,814	9,764
Net income		39,334

(In Japanese yen rounded to millions)

Unconsolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2019)

	Capital and Retained Earnings					
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total Capital and Retained earnings
		Capital reserve	Other capital surplus	Other retained earnings Unappropriated retained earnings		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2018	283,957	193,847	73,804	331,911	(2,225)	881,294
Changes during the period:						
Dividends paid				(22,041)		(22,041)
Net income				39,334		39,334
Purchase of treasury stock					(2)	(2)
Sale of treasury stock			3		16	20
Changes in items other than capital and retained earnings, net						
Total changes during the period	-	-	3	17,292	15	17,310
Balance at March 31, 2019	283,957	193,847	73,807	349,203	(2,210)	898,604

	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2018	8,088	268	145,574	153,930	183	1,035,407
Changes during the period:						
Dividends paid						(22,041)
Net income						39,334
Purchase of treasury stock						(2)
Sale of treasury stock						20
Changes in items other than capital and retained earnings, net	(3,807)	567	-	(3,240)	72	(3,168)
Total changes during the period	(3,807)	567	-	(3,240)	72	14,143
Balance at March 31, 2019	4,281	835	145,574	150,690	255	1,049,549

(In Japanese yen rounded to millions)

Notes to Unconsolidated Financial Statements

Note on the Assumptions as Going Concern

Not applicable

Notes on Important Accounting Policies

1. Valuation Standards and Methods of Assets

(1) Securities:

Stocks of subsidiaries and affiliates:

Stated at cost on a historical cost basis, based on a moving-average method

Available-for-sale securities:

With available fair value:

Stated at fair value, which represents the market prices at the balance sheet date. (Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount.

Realized gains/losses on the sale of such securities are computed using a moving-average cost.)

Without available fair value:

Stated at cost on a historical cost basis based on a moving-average method

(2) Derivative instruments:

Mainly a fair value method

(3) Inventories:

Stated on a historical cost basis based on an average method. (The carrying value in the balance sheet is determined by the lower of cost or net realizable value.)

2. Depreciation and Amortization Methods of Non-current Assets

(1) Property, plant and equipment (excluding leased assets)

Mainly depreciated using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.

(2) Intangible assets (excluding leased assets)

Software is amortized on a straight-line basis over the available period of internal use, i.e. 5 years.

(3) Leased assets

For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

3. Standards for Allowances

(1) Allowance for doubtful receivables

Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized. For receivables at an ordinary risk, the amount is estimated based on the past default ratio. For receivables at a high risk, the amount is calculated based on financial standing of the debtor.

(2) Reserve for warranty expenses

Reserve for warranty expenses provides for after-sales expenses of products (vehicles). The amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.

(3) Employees' severance and retirement benefits

Employees' severance and retirement benefits provide for the costs of severance and retirement benefits to employees. For employees' severance and retirement benefits, the amount estimated to have been incurred as of the end of the current fiscal year is recognized based on the estimated amount of liabilities for severance and retirement benefits and the estimated fair value of the pension plan assets at the end of the current fiscal year.

a) Method of attributing expected benefit to periods

In calculating the retirement benefit obligation, the method of attributing expected benefit to the accounting period is based on a benefit formula basis.

b) Method of amortization of actuarial gains or losses and prior service cost

The recognition of prior service cost is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (12 years). The

recognition of actuarial differences is also deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (13 years). The amortization of net gains or losses starts from the fiscal year immediately following the year in which such gains or losses arise.

(4) Reserve for loss on business of subsidiaries and affiliates

Reserve for loss on business of subsidiaries and affiliates provides for losses from business of subsidiaries and affiliates. The amount is estimated in light of the financial positions and other conditions of the subsidiaries and affiliates.

4. Other accounting treatments

(1) Accounting for hedging activities

Full-deferral hedge accounting is applied. Also, for certain interest rate swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the interest rate swap contract was executed.

(2) Accounting method for retirement benefits

In the unconsolidated financial statements, accounting treatment for unrecognized actuarial gains or losses and unrecognized prior service cost differ from that of in the consolidated financial statements.

(3) Accounting for national and local consumption taxes

Tax-excluding method is applied.

In addition, any non-deductible consumption taxes associated with asset purchases are recorded as an expense during the current fiscal year.

(4) Adoption of consolidated taxation system

Consolidated taxation system with domestic subsidiaries has been adopted.

Changes in Presentation

The Company has adopted the "Partial Amendments to Ordinance for Enforcement of the Companies Act and Rules of Corporate Accounting" (Ordinance of the Ministry of Justice No. 5, March 26, 2018) in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were classified as investments and other assets, and deferred tax liabilities were classified as non-current liabilities.

Notes to Unconsolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment

924,034 million yen

2. Short-term receivables from subsidiaries and affiliates

253,956 million yen

3. Long-term receivables from subsidiaries and affiliates

17,173 million yen

4. Short-term payables to subsidiaries and affiliates

104,381 million yen

5. Long-term payables to subsidiaries and affiliates

3,314 million yen

6. Assets offered as collateral and collateralized loans

(1) Assets offered as collateral (carrying amounts as of the end of fiscal year)

Buildings 47,095 million yen

Structures 5,204 million yen

Machinery and equipment 106,647 million yen

Tools, furniture and fixtures 11,386 million yen

Land 163,127 million yen

Total 333,459 million yen

(2) Collateralized loans

Long-term loans payable 2,232 million yen

(including those due within one year)

7. Contingent Liabilities for guarantee and similar agreements

Guarantee of loans and similar agreement	
Mazda Motor Manufacturing de Mexico S.A. de C.V.	31,968 million yen
Kanto Mazda Co., Ltd.	3,390 million yen
Hokuriku Mazda Co., Ltd.	1,970 million yen
Tohoku Mazda Co., Ltd.	1,708 million yen
Minami Kyusyu Mazda Co., Ltd.	1,660 million yen
Others	<u>5,488 million yen</u>
Total	<u>46,184 million yen</u>

8. In accordance with the Law to Partially Revise the Land Revaluation Law (Law No. 19, enacted on March 31, 2001), land owned by the Company for business uses was revalued. The unrealized gains on the revaluation are included in net assets as "Land Revaluation", net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as "Deferred tax liability related to land revaluation".

Date of revaluation: March 31, 2001

Method of revaluation:

The fair value of land was determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

The amount of difference between the aggregate fair value of the revalued land as of the end of this period and that at the time of revaluation as stipulated in Article 10 of the Land Revaluation Law was 86,485 million yen.

Notes to Unconsolidated Statement of Operations

Amount of transactions with subsidiaries and affiliates	
Sales	2,101,999 million yen
Purchase	491,609 million yen
Selling, general and administrative expenses	91,945 million yen
Non-operating transactions	47,645 million yen

Notes to Unconsolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of fiscal year:

Common stock 2,037,073 shares

Notes on Accounting for Deferred Tax

The significant components of deferred tax assets and deferred tax liabilities:

Deferred taxes assets:

Valuation loss on investment securities	46,137 million yen
Reserve for warranty expenses	29,932 million yen
Accrued expenses, etc.	21,572 million yen
Net operating losses	8,311 million yen
Reserve for loss on business of subsidiaries and affiliates	7,995 million yen
Inventories, etc.	7,735 million yen
Reserve for retirement benefits	7,247 million yen
Accrued employees' bonuses	5,704 million yen
Loss on impairment of fixed assets	1,114 million yen
Others	<u>15,742 million yen</u>
Total gross deferred tax assets	151,489 million yen
Less valuation allowance	<u>(78,101) million yen</u>
Total deferred tax assets	73,388 million yen

Deferred tax liabilities:

Valuation difference on available-for-sales securities	(1,875) million yen
Disposal expenses associated with asset retirement obligations	(318) million yen
Others	<u>(457) million yen</u>
Total deferred tax assets	<u>(2,650) million yen</u>
Net deferred tax assets	<u>70,738 million yen</u>

Deferred tax liabilities related to land revaluation:

Deferred tax assets related to land revaluation	548 million yen
Less valuation allowance	(548) million yen
Deferred tax liabilities related to land revaluation	<u>(64,553) million yen</u>
Net deferred tax liability related to land revaluation	<u>(64,553) million yen</u>

Notes to Related Party Transactions

Subsidiaries, etc.

(In millions of yen)

Status	Name	% of voting rights held	Relationship	Description of transaction	Transaction Amount *2	Account title	Year-end balance *3
Subsidiary	Mazda Motor of America, Inc.	Direct: 100%	-Sale of Mazda - brand products -Dispatch of directors	Sales of automobiles *1	615,321	Accounts receivable -Trade	75,843
Subsidiary	Mazda Motor Manufacturing de Mexico S.A.de C.V.	Direct: 75%	-Manufacturing and sale of Mazda brand products -Dispatch of directors	Guarantee of loans and similar agreement	31,968	Guarantee of loans	31,968
Subsidiary	Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Direct: 100%	-Manufacturing and sale of Mazda brand products -Dispatch of directors	Collection of loans receivable	1,658	Long-term loans receivable (Incl. current portion)	21,673
Subsidiary	Mazda Motor International Co., Ltd.	Direct: 100%	-Sale of Mazda - brand products -Dispatch of directors	Sales of automobiles *1	432,967	Accounts receivable -Trade	19,153

Transaction terms and the policy on the determination of transaction terms, etc.

*1 Conditions of transaction are determined on arms-length basis based on market prices.

*2 Transaction amount does not include consumption tax.

*3 Year-end balance includes the consumption tax.

Notes to Per Share Information

Net Assets per share of common stock	1,666.16 yen
Net income per share of common stock	62.46yen
Net income per share of common stock (Diluted)	62.44yen

Notes to Significant Subsequent Event

Not applicable

Copy of Accounting Auditor's Report regarding Consolidated Financial Statement (English Translation)

Independent Auditor's Report

May 8, 2019

The Board of Directors
Mazda Motor Corporation

KPMG AZSA LLC

Satoshi Yokosawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Nagata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Morishima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Mazda Motor Corporation as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Mazda Motor Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Copy of Accounting Auditor's Report (English Translation)

Independent Auditor's Report

May 8, 2019

The Board of Directors
Mazda Motor Corporation

KPMG AZSA LLC

Satoshi Yokosawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Nagata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Morishima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mazda Motor Corporation as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and

the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Mazda Motor Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Copy of Audit Report of the Audit & Supervisory Board (English Translation)

Audit Report

The Audit & Supervisory Board Members have deliberated, based on reports prepared by each Audit & Supervisory Board Member, on directors' performance of their official duties during the 153rd fiscal term beginning April 1, 2018, and ending March 31, 2019, and as a result formulated this report with the unanimous agreement of all members.

1. Methods and content of audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established audit policy, activity plan, sharing of audit activities, etc. for this fiscal term, and received reports of each Audit & Supervisory Board Member on his audit activities and the results. The Board also received reports on the performance of duties of the directors, et al. and the accounting auditor, and requested explanations from them as necessary.
- (2) Based on the Standard for Audit by the Audit & Supervisory Board Members set forth by the Audit & Supervisory Board and pursuant to the audit policy, activity plan, sharing of audit activities, etc. for this fiscal term, the Audit & Supervisory Board Members endeavored to maintain good communication with the directors, executive officers, the internal auditing division, other employees, et al. of the Company, gather information and maintain a proper environment for audits. The Audit & Supervisory Board Members conducted audits using the following methods:

The Audit & Supervisory Board Members attended important meetings, including Board of Directors meetings; received reports from the directors, executive officers, employees, et al. on the performance of their duties and requested explanations as necessary; reviewed important documents, etc., including those on important decisions; and investigated operations and assets at the Company's head office and its major places of business. In addition, with regard to the Company's subsidiaries, the Audit & Supervisory Board Members endeavored to maintain good communication and share information with the directors, Audit & Supervisory Board Members, et al. of subsidiaries and received reports on their operations from them as necessary.

With regard to the resolution by the Board of Directors on the creation and operation of a system to ensure that directors execute their duties as described in the business report in conformance with laws and regulations and the articles of incorporation and of other systems necessary to ensure the appropriateness of operations of the Company and the corporate group made up of its subsidiaries pursuant to Paragraphs 1 and 3 of Article 100 of the Companies Act Implementation Regulation, as well as the status of the system created and operated based on the resolution ("Internal Control System"), the Audit & Supervisory Board Members received regular reports from directors, executive officers and employees on the system's structure and operation, requested explanations as necessary and expressed their opinions.

The Audit & Supervisory Board Members monitored and verified that the accounting auditor maintained an independent point of view and conducted appropriate accounting audits and received reports from the accounting auditor on the execution of their duties and requested explanations as necessary. The Audit & Supervisory Board Members also received notification from the accounting auditor that they had created and operated "a system to ensure that accounting auditors perform their duties appropriately" (pursuant to each item of Article 131 of the Companies Act Accounting Regulations) in accordance with the "Standards for Quality Control of Audits" (October 28, 2005, Business Accounting Council) etc., and requested explanations as necessary.

Based on the above methods, the Audit & Supervisory Board Members reviewed the business report and its detailed statements, the (unconsolidated) financial statements (balance sheet, profit & loss statement, statement of changes in net assets and explanatory notes) and their detailed statements, and the consolidated financial statements (consolidated balance sheet, consolidated profit & loss statement, consolidated statement of changes in net assets and consolidated explanatory notes).

2. Audit results

(1) Results of the audit of the business report, etc.

The business report and its attached specification are deemed to correctly show the Company's situation in accordance with laws and regulations and the Articles of Incorporation.

No material facts regarding misconduct or violations of laws and regulations or of the articles of incorporation were found as to the directors' performance of their duties.

The content of resolution by the Board of Directors concerning the Internal Control System is deemed appropriate. We did not find any matter to be mentioned with respect to the directors' performance of their duties pertinent to the System.

In August 2018, a portion of the data on the measurement of fuel economy and emissions in final inspections was found to have been handled inappropriately, and initiatives for reoccurrence prevention are being thoroughly implemented.

(2) Results of the audit of financial statements and their attached specifications

The methods and results of the audit by the accounting auditor, KPMG AZSA LLC, are deemed appropriate.

(3) Results of the audit of consolidated financial statements

The methods and results of the audit by the accounting auditor, KPMG AZSA LLC, are deemed appropriate.

May 8, 2019

Audit & Supervisory Board, Mazda Motor Corporation

Hirofumi Kawamura, Audit & Supervisory Board Member (full-time)

Masahiro Yasuda, Audit & Supervisory Board Member (full-time)

Takao Hotta, Audit & Supervisory Board Member

Kunihiko Tamano, Audit & Supervisory Board Member

Akira Kitamura, Audit & Supervisory Board Member

Note: Messrs. Takao Hotta, Kunihiko Tamano and Akira Kitamura are Outside Audit & Supervisory Board Members as stipulated under Item 16 of Article 2 and Paragraph 3 of Article 335 of the Companies Act.