

**FY End March 2012 Financial Results
Main Q&A**

Q: You posted net losses for 4 consecutive years. What are the background and initiatives you have taken to date?

A: First of all, FY End March 2010 was a year we kept the company alive by steadily steering our business and focusing on cash management when global auto demand declined as much as 30% after the Lehman Shock.

In April 2010, we announced the Framework for Medium- and Long-term Initiatives and Medium and Long-term Outlook based on stronger yen vs. exchange rates at that time. Then, in February 2012, we announced “Structural Reform Plan” to reinforce the Framework for Medium- and Long-term Initiatives due to further deteriorations in external environments such as historical yen’s appreciation and changes in auto industry demand.

Mazda has been taking actions against yen’s appreciation from 2010. At present, we consider that we have been doing everything we can under this environment as we proceed with establishment of business structure including restructuring and drastic initiatives such as expansion of overseas production and reinforcement of business in Mexico and other emerging markets. However, the yen has been appreciating faster than we expect and our business performance has not been able to catch up the pace. This is our current business situation.

But, we achieved turnaround to profitability in the 4th quarter of FY End March 2012, bottoming out in the 3rd quarter. We consider our sales are also turning around to a strong momentum.

Q: We heard CX-5 is selling well. What is the current sales situation in global market?

A: The new CX-5 which fully adopts SKYACTIV TECHNOLOGY has been off to a good start, exceeding our expectation, in major markets where it was launch since the sales start.

We have been receiving orders which exceed our expectation vs. global sales target of 160,000 units.

Particularly in Japan, customers are very interested in our clean diesel engine SKYACTIV-D, and models powered by the diesel engine account for approximately 80% of the orders received, compared with original target of 50% (As of April 23).

As the demand for CX-5 is higher, we plan to increase body shop capacity to 200,000 units from 160,000 units during summer holiday.

Q: What are actions to turn around to profitability in this fiscal year?

A: The keys for the turnaround in FY End March 2013 are volume and mix improvements with brand enhancement by SKYACTIV TECHNOLOGY and sales innovation, as well as cost improvements.

First, volume and mix will improve operating profit by ¥42.7 billion. In addition to wholesales increase of 74,000 units, profit per unit is expected to increase with CX-5 and next-generation Mazda6 which will be launched this year. On top of main cost improvements, we project significant volume and mix improvements including prices. In particular, demand for the CX-5 is higher than supplying capacity now and we aim at further improvements through a shift to higher grade models.

Cost improvement is expected at ¥32.1 billion with VE* on new models, VA* on existing models, and improvements in productivity at suppliers. In addition, we can expect higher productivity and volume effects with volume increase.

Although challenging environment continues, we proceed with structural reform as a whole group. In this fiscal year and onward, by implementing structural reforms, we will work intensively to bring back our business on track toward turnaround.

*Value Engineering, Value Analysis