July 28, 2006

(For Your Information)

Mazda Motor Corporation

FY2006 1Q RESULTS AND FULL YEAR PROJECTIONS

(Speech Outline)

Representative Director,
Senior Managing Executive Officer and CFO
David E. Friedman

Good morning, ladies and gentlemen.
Thank you for joining us at our earnings announcement today.

(1) Outline

Our Operating Profits for the 1st quarter of FY2006 was 29.6 billion yen, up 30% from the prior year. Due to the favorable product mix and weaker yen against key currencies, the revenues were 734.3 billion yen, up 9% year-over-year. In North America, we launched all new crossover SUV CX-7. In the two months since introduction, the CX-7 is well received by our customers and dealers, fully meeting expectations. Our performance during the first quarter remained on plan and our momentum is on track. We confirm that the full year projections stay the same as our previous announcement in April.

(2) FY2006 1st Quarter Results

Our consolidated operating profits for the 1st quarter were 29.6 billion yen, up 30% from the prior year. The consolidated net income was 6.6 billion yen, and we achieved year-over-year improvement in all profit levels. We are pleased to see operating ROS continue to improve, up 0.6 points to 4.0%. Wholesales volume and exchange rate compared with the prior year.

The consolidated wholesales were 2% down year-over-year, as planned. This is explained by one-time impact of model changeover and by consolidating the European national sales company. From the 2nd quarter of this year, we expect the volume to increase, driven by CX-7 and CX-9 in North America.

In the 1st quarter of FY2006, the yen to dollar exchange rate averaged 115 and the yen to euro exchange rate averaged 144. Global Revenues were up 9% from last year. Overseas revenues were up 11% and domestic revenues were up 5%. Favorable volume and mix improved revenues by 5% and more favorable exchange rates by 4%.

Let me explain our sales performance in each of our key markets.

In Japan, consistent with the drop in registration demand during the 1st quarter, sales were down 6% from the last year. MPV and micro cars showed strong performance, but the registration vehicles were affected by the lower demand. In the United States, the retail volume in the 1st quarter improved 3% from the prior year, reflecting high sales of Mazda5 and MX-5. In May, we started sales of CX-7. The full contribution of this model will be seen in the later half of the year, but together with the CX-9 and new Tribute, we believe our new lineup of SUVs will drive higher sales this fiscal year. In North America, we will continue to reduce incentive spending and to improve the residual value of our products. In Europe, we maintain the sales momentum for FY2006. Reflecting the high demands of Mazda5 and MX-5, the retail volume was up 10% from the prior year. Our progress of distribution network strategy is on track. In July we established a directly-controlled distributor in Ireland. In October, we plan to start the operation in Czech and Slovakia. In China, the volume reduced reflecting price repositionings in the market. However, with Mazda6 5HB introduced in May and Mazda6 Wagon to be launched in future, we project improved results.

I will explain the key factors behind the 6.8 billion yen improvement in Operating Profit.

Volume and Mix effects were 7.9 billion yen favorable. Although wholesales volume declined from the prior year, our product mix substantially improved with the introduction of the CX-7 in North America and volume increase of the Mazda5 and MX-5 globally. This positive volume and mix demonstrates that our continued focus on building the Mazda Brand globally is starting to show dividends.

Exchange rates had a favorable effect on Operating Profits of 8.7 billion yen. The yen remained weaker against most of the currencies compared to the prior year. Other currencies mainly include the impact of the weaker yen to the Canadian dollar.

Product Enhancement costs increased 4.4 billion yen in total, including costs for product enhancement actions for freshened Mazda3, MPV and MX-5.

Net cost reduction declined 1.0 billion yen. This reflects cost reduction effects offset by higher raw material cost including aluminum and precious metals.

Fixed marketing cost increased from the prior year for introduction of the CX-7 in North America.

Other cost increased 3.2 billion yen from the prior year, primary due to higher R&D costs and depreciation.

(3)FY2006 Full Year Projections

Next I would like to explain to you the FY2006 full year projections.

The full year projections are unchanged from our announcement in April. In close, there were changes in external factors in the first quarter, but our overall performance has progressed as planned. Increases in raw material prices are a big challenge for us, but we remain committed to achieve our full-year targets.

Director, Senior Managing Executive Officer

In Charge of Marketing, Sales and Customer Service

Daniel T. Morris

(4)U.S. Market Update

I am pleased to have this opportunity to share with you our progress in improving our US business.

I would like to begin by recalling what we said to you in May of 2004. At that time, we highlighted the key elements of our US recovery plan, which included:

- A US-focused product strategy, including all new products, new entries in growth segments, and vehicles that incorporate US consumer preferences
- Making our marketing investment more efficient by developing cross car line advertising
- Improvement in residual values through brand building, improvements in fleet mix and reduced variable marketing
- Expanding our exclusive dealer network, and
- Lower incentive spending

Today I will provide you with a progress report on the implementation of our plans.

Let's begin with product strategy. We said that we would have a US-focused product strategy, with new entries, and vehicles that incorporate US consumer

design preferences.
Since our update in 2004, we have launched five new products:

- An all-new entry, Mazda5
- A redesigned Mazda6
- An all-new performance vehicle, the MAZDASPEED6
- A major change to the MX-5
- And the CX-7

Today we are in the launch phase of the Mazda CX-7, which is an all-new entry in the fast-growing crossover SUV segment. The CX-7 has been specifically designed with the US customer in mind. Later this fiscal year we also will launch the all-new seven-passenger Mazda CX-9, a larger entry in the crossover SUV segment and also specifically designed to meet American requirements. The CX-7 and CX-9 are two of the seven product launches planned for FY2006, fully demonstrating our product focus for the US market.

We have made steady gains in Mazda's overall brand health in the US, with awareness, familiarity, and opinion all improving. Our Zoom-Zoom advertising slogan has the highest level of awareness and correct brand association compared to our competitive set.

Along with greater consumer awareness, the media have responded well to our new products, further strengthening our brand. We are also successfully attracting a younger customer, as the median age of Mazda buyer is 42 years old. Mazda is now the youngest brand in the industry. Also, of 6 nameplates whose owners' median ages are under 40, 3 are Mazda's. Given the size in the US of Generation Y - those born after 1977, 72 million strong - the fact that Mazda is the youngest brand bodes well for the future of Mazda. Since 2004, Mazda's residual value in the US has improved faster than the Industry and is now 2 points higher than Industry average. This improvement in residual value creates a better brand image for Mazda and lower lease rates for customers. Two years ago we publicly stated that increasing dealer exclusivity is one of the keys to increasing sales in the US. We are currently at 43% Exclusives, which represent 60% of our sales, and are on target to achieve our objective of 50% exclusivity by the end of this fiscal year.

To further encourage the growth of our Brand we have a dealership program called

“Retail Revolution”. Our intent is to revolutionize the retail experience for the customer by:

Focusing on the test drive to showcase Mazda ’ s great driving vehicles,

- Providing a new environment designed to build customer trust, and
- Streamlining the service process.

J.D. Power and Associates 2005 Customer Service Index study found that customer satisfaction in the Retail Revolution dealerships is higher than other Mazda dealerships.

The Phoenix market, the sixth largest in the U.S., is a good example of how our Exclusive/Retail Revolution strategy is working.

Today five of our dealers in Phoenix are exclusive, compared with only one in the past. We have increased our market share by 0.8 percentage points from 1.2% to 2.0% through execution of our exclusive / retail revolution strategy.

Since, 2004, we also reduced our per unit variable marketing spend at a rate faster than the Industry. During this period we reduced our per unit spend by 13%.

Overall, the plans that we put in place in terms of US-focused product strategy, leveraging our marketing investment, and the improvements in our dealer network are now resulting in improvements in US market share. Our volume is forecasted to grow to 290,000 units this year, up 10% from FY2004. Our growth will continue into the future as we introduce additional new products like the CX-9 and the new Tribute. We firmly believe we have the right strategy in place for the US market and are pleased with the momentum we are experiencing.

In summary, our strategy going forward will continue to:

- Have a US focused product strategy, with the US market as the priority.
- Optimize our marketing investment to build on the improvements we have seen in our brand health
- Improve our residual values
- Execute our exclusive and retail revolution focused dealer network strategy

Combined, these plans will also help us continue to lower incentive spending, improve our retail/fleet sales mix, and improve our overall profitability.