July 31, 2007

(For Your Information)

Mazda Motor Corporation

FY2007 1st Qtr. Results

(Speech Outline)

Representative Director,

Senior Managing Executive Officer, and CFO

David E. Friedman

Thank you for joining us at our earnings announcement today.

1. Outline

Our FY2007 first quarter Operating Profit, at 32.3 billion yen, was up 9% from prior year. Revenues were up 11%.

This is the first year of the Mazda Advancement Plan, and in this plan, we committed to expand our investment for the future. We are implementing this investment as planned. In addition, dealer inventory reduction is on track in both Europe and the USA, resulting in 10,000 units reduction in the 1st quarter out of a planned total of 20,000 units. We expect to complete the inventory adjustment by the end of the first half.

In April, joint venture operation in China commenced engine mass production.

2. FY200７ 1st Qtr. Results

Shown here are our Consolidated Financial Results as compared with FY2006 first quarter. As indicated, our Consolidated Operating Profit for the first quarter was 32.3 billion yen, up 2.7 billion yen or 9% from prior year. I will take you through the details later, but this increase is primarily from weaker yen exchange rate and cost reduction efforts, more than offsetting the impact of the inventory reduction and higher R&D spending.

Consolidated ordinary profit is down 12% at 21.2 billion yen reflecting the impact of forward-exchange contracts.

And Consolidated Net Income, at 2.5 billion yen, was down 4.1 billion yen.

Although PBT and Net Income are less than prior year, they are within our expectation that we budgeted at the beginning of the fiscal year.

Operating margin is at 4%, which is flat year over year.

Shown here are year-over-year comparisons for Global Retail Volumes and Exchange Rates.

We decided to use Global Retail Volume as a business target starting from the announcement of Mazda Advancement Plan. Our Global Retail Volume declined 1% to 323,000 units.

From this year, we discontinued production of 323 and Premacy as Mazda brand vehicles in Hainan China. Comparing year-over-year volume excluding Hainan, our global volume has increased 4%.

In the first quarter of FY2007, the yen to dollar exchange rate averaged 121 and the yen to Euro exchange rate averaged 163.

Revenues were up 11% from prior year.

Overseas revenues were up 19% and domestic revenues were down 8%.

Favorable volume and mix improved revenues by 4% and more favorable exchange rates by 7%.

Let's now look at our sales performance in each of our key markets.

In Japan, sales were down 7% to 57,000 units, because registration vehicle demand remained weak. Amid such an environment, we maintained our market share.

We plan to gain sales momentum with the new Mazda Demio which was launched in July. Mr. Morris will speak more about new Demio in a few minutes.

In North America, retail sales increased 6% to 108,000 units.

This reflects strong sales in Canada and Mexico, increasing 20% from prior year. In Canada, we have achieved record sales for 13 months in a row.

In the United States, retail volume was at 74,000 units, basically flat year over year. The inventory adjustment is progressing as planned.

North American incentive spending has increased in the first quarter following the industry trend.

In Europe, retail sales were about flat year over year at 78,000 units.

The impact of lower industry in Germany was offset by higher sales in Russia.

Sales in Europe matched the strong rate of the prior year, when sales exceeded 300,000 total units for the first time in 15 years. We aim for further growth by new model introduction of New Mazda2 and CX7 in the near future.

Sales in China were 16,000 units.

Sales of Mazda3, which resumed in January this year, have remained strong.

Sales increased 26% excluding impact of the termination of local production of the Mazda Brand at Hainan as I explained earlier.
In Other Markets, sales were up 15% to 64,000 units.
This reflects strong sales of the CX-7, launched in November last year in Australia, and BT-50 pick-up truck and Mazda3 worldwide.
Sales in Australia are particularly strong, achieving record levels for six consecutive months.
This concludes my explanation on each market.

Now I will take you through the key factors behind the 2.7 billion yen improvement in Operating Profit. Volume and Mix effects were flat. Strong sales in Canada and Other Markets offset the lower volume in Japan and inventory reduction measures.
Exchange rates had a favorable effect on Operating Profits of 9.2 billion yen.
The yen remained weaker against most currencies, compared with the prior year.
Product Enhancement costs increased 3 billion yen in total, primarily reflecting actions for freshened Axela/Mazda 3. Net cost reduction improved 5.1 billion yen. This reflects cost reduction effects, which more than fully offset the impact of higher raw material costs including precious metals and aluminum. Fixed marketing cost was nearly flat, as planned.
Other costs increased 8.2 billion yen from the prior year, primary reflecting higher R&D spending and depreciation as indicated in Mazda Advancement Plan.
This concludes my explanation on Operating Profit.

Director, Senior Managing Executive Officer,
In charge of sales, marketing & customer service
Daniel T. Morris

3. Key Marketing Initiatives Update

First, I will take you through the progress of our key initiatives in the United States.
Since the beginning of this year, we have been focusing on optimizing dealer stock in the U.S. As you see on the slide, our effort is on track. Dealer stock was reduced by over 11,000 units between March and June, about 5,000 units from our reduction initiatives and 6,000 units attributed to normal seasonal factors. And further reductions are planned in the coming quarter.

In last fiscal year, we have introduced 2 new crossover vehicles in North America, CX-7 and CX-9, to strengthen our brand presence in key segments. Sales volume of these 2 models is steadily growing, and monthly volumes have improved from 4,500 units per month in the 4th quarter of last fiscal year almost 5,400 units per month in the 1st quarter.
It takes time and sustained efforts to establish a new nameplate in a large market like the U.S. We are enjoying sales progress as we steadily build consumer awareness of both new models.

In the U.S., we are implemented initiatives to support CX-9 its sales during launch period. We have adjusted our availability by increasing production of the high grade "GT" model to meet market demand. Through more than six months in the market, CX-9 launch remains on track.

I will now take you through the launch status of new Demio in Japan.
New Demio is the first model of our evolved new generation product line up, and it is the kick off product for our "Sustainable Zoom-Zoom". Its combination of spirited performance, great design and excellent environmental credentials have already been noted and will help ensure success in all its key markets.
In Japan, we began the global launch on July 5th. We have extremely favorable feedback from dealers and customers, and the order pace is exceeding our expectations. Order mix is also higher than we expected with brisk selling High grade "Sport", and new CVT demonstrating consumer interest in both performance and better fuel economy. An Area-by-Area program and display events are planned to further promote awareness.

In Europe, we will start New Mazda2 sales in September. This is a key segment in Europe and strong volume growth is projected. We have already received positive reviews by press, especially on the downsizing & weight reduction concept, low emissions, crisp handling and design.
In addition to Mazda2, we will launch CX-7 in Europe in August. Interest in CX-7 is greater than we expected, and we have already obtained more than 2,000 pre-orders in Russia, for example.

Lastly, we will take you through the status in some other key markets.
In Australia, we are achieving steady growth, achieving 19% growth year over year

in the 1st quarter. We are achieving record monthly sales for 6 consecutive months, heading for another record year. CX-7 launched last November is well accepted, and contributing to year over year growth. We also plan 2 new launches in this fiscal year, Mazda2 in September and CX-9 in December. These 2 models will contribute to further accelerate our sales in Australia.

In Israel, we achieved 9% growth YOY in 1Q. Mazda again obtained No. 1 position among all brands through June. We are on track to achieve the 12th consecutive year of No.1 position in Israel, supported by introduction of new Mazda2 in August this year.

In South America, Colombia is also achieving steady growth, up 67% year over year in 1st quarter. Mazda3 and BT-50 are the leading sales models supporting the strong Mazda brand message of "Zoom-Zoom". This is a good example of sales growth driven by brand reinforcement. Further, we launched CX-7 and CX-9 in May this year, and New Mazda2 launch in Colombia is planned by end of this fiscal year.

This completes my overview of our key marketing initiatives.

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

Our Operating profit for FY2007 first quarter was up 9% at 32.3 billion yen. Revenues were up 11%.

We will introduce the new Demio/Mazda2 in Europe and Other Markets, following Japan.

We are steadily improving our North American business.

Inventory adjustment is progressing and we will be able to complete the inventory optimization program by the end of the first half.

There is no change in the First half and Full year projections.

Our first quarter was on-track and we maintain our plans for the remainder of the year.

Looking ahead, our main challenges continue to be raw material price increases and the decline in domestic demand, but we plan to achieve our full year targets led by the contribution from new Demio/Mazda2.

This concludes my presentation. Thank you for your attention.