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(For Your Information)

Mazda Motor Corporation

FY2007 Results (Speech Outline)

Representative Director, Chairman of the Board,
President and CEO
Hisakazu Imaki

Thank you for joining us at our earnings announcement today.

1. Highlights

In business highlights, we introduced New Demio/Mazda2 and New Atenza/Mazda6. Both models were introduced in major markets and received high acclaim. Outstanding accolades for the new Demio/Mazda2 include 2008 RJC Car of the Year Award and 2008 World Car of the Year Award, and CX-9 won North American Truck of the Year award. Those new models are delivering significantly higher sales volume. Next, in the production area, we have completed capacity expansion at our domestic plants as we announced in Mazda Advancement Plan in March last year. Both Hiroshima Plant and Hofu Plant are now operating at full-expanded capacity. In Nanjing, China we have started production at the new vehicle assembly plant following the launch of engine plant. As for performance, operating profit in FY 2007 was 162.1 billion yen. Net income was 91.8 billion yen. We have increased revenue and profit for seven consecutive years and achieved record high profits. Product-led growth has continued to accelerate. Global sales volume totaled 1,363,000 units, up 5 % Year-over-Year and up 11% excluding the effect from discontinued Mazda brand vehicle production in Hainan. In summary for FY2007, we had a good start for the first year of Mazda Advancement Plan. Operating results improved thanks to sales expansion, favorable exchange and cost reductions despite the impact from raw material price hikes and deteriorating North American industry conditions.

For FY2008, as for the business environment, the external environment is generating a powerful negative impact on us. First, we have updated the exchange rate assumptions to reflect stronger yen mainly against the weakening U.S. dollar. The exchange impact coupled with raw material price hikes due to the tight supply of iron, oil and precious metal as well as fiercer sales competition in North America reduces our Year-over-year profit outlook. However, despite the deterioration in the external environment, we accelerate cost innovation initiatives and promote improved brand value to achieve Mazda Advancement Plan. As for new products, in FY2008, we continue to introduce new global models. Sales of the new Mazda2 and the new Mazda6 will continue to contribute to the global sales increase. In Japan we plan to introduce a new exclusive model to the market. Global sales are forecasted to grow to 1.48 million units, up 9% year over year. These initiatives continue to improve our business structure. Based on these factors, we project our operating profit for FY2008 to be 115 billion yen and net income to be 70 billion yen.

General Manager of Financial Services Division
Nobuyoshi Tochio

2. FY2007 Results

Our Consolidated Operating Profit for FY2007 was 162.1 billion yen, up 3.6 billion yen or 2% from the prior year. The breakdown of the increase will be explained later on, but this was a result of the volume growth, the yen's depreciation to most currencies, and our efforts to reduce costs, partially offset by raw material price hikes, as well as capital expenditure and R&D cost increases. Ordinary profit was up 16% at 148.5 billion yen, primarily reflecting impact from forward exchange contracts. Consolidated net income was up 91.8 billion yen, up 25% from the prior year. Operating ROS was 4.7%.

Cash flow for FY2007 was positive 10.2 billion yen, consisting of Operating cash flow of 103 billion yen, less investments of 92.8 billion yen. Net debt was up 48.9 billion yen from the end of the prior fiscal year, mainly due to an accounting change to add lease obligations to balance-sheet. Net debt to equity ratio was 51%. We plan to declare a FY2007 dividend of 6 yen per share.

FY2007 was the first year of Mazda Advancement Plan and we are steadily investing for the future as planned. Capital spending was driven by expanded capacity at vehicle assembly and engine plants in Hiroshima and Hofu as well as on-going investment in new products. Higher depreciation is primarily due to accounting change such as adding lease obligations to the balance-sheet, in addition to capital spending increases over the past few years. R&D cost was also up 6.8 billion yen to 114.4 billion yen from the prior year, mainly due to higher development cost for new products to achieve Mazda Advancement Plan and also for next-generation powertrains.

Our Global Retail Volume increased 61,000 units from the prior year to 1.363 million units with sales growth in all areas except for Japan and in China which was affected by the termination of production at Hainan. Retails increased 5% globally. Comparing year-over-year sales excluding volume produced in Hainan, our global sales increased 11%. The yen to dollar exchange rate averaged 114 and the yen to Euro exchange rate averaged 162. Revenues were up 7% from prior year. Overseas revenues were up 10% and domestic revenues were down 1%. Favorable volume and mix improved revenues by 4% and more favorable exchange rates by 3%.

Let's now look at our sales performance in each of our key markets.
In Japan, industry demand was down 5% from a year ago. However, our sales decline year over year was 2%, achieving the retail volume of 256,000 units. The new Demio launched in July won the 2008 RJC Car of the Year award and the 2008 World Car of the Year Award. The model is received favorably worldwide and is increasing sales. The new Atenza which we announced on Jan 29 has gained strong support from a wide range of customers,

selling about 5,800 units through March, about 2.5 times higher than the prior year. Despite the difficult industry environment, our sales volume exceeded the plan by 4,000 units and the share increased 0.2 points to 4.8%.

In North America, retail sales increased 7% to 406,000 units. This is a result of strong sales in the United States, Canada and Mexico. In the United States, retail volume was 295,000 units, up 5% year over year. While industry demand was down 4% due to the slowing economics conditions, Mazda achieved substantial year over year growth. Sales of Mazda3 remained strong. CX-9 is highly acclaimed by winning the Motor Trend's 2008 Sport/Utility of the Year and 2008 North American Truck of the Year Award. These two models led the increased sales. In Canada, volume was up 6% from the previous year to 89,000 units, achieving the best ever sales record. Mazda Mexico continues strong growth, up 84% year over year to 18,000 units.

Sales in Europe increased 7% to 327,000 units. We launched CX-7 in July, the new Mazda2 in September, and the new Mazda6 in November. With these new models, sales momentum continues to increase. Sales of the new Mazda2 and CX-7 are exceeding our expectation. With the new model introduction, the Mazda2 sales doubled year over year in the second half of the fiscal year. Looking ahead, introductions of a Mazda2 3-door and diesel and full availability of just launched 5 door hatch back and wagon models of the Mazda6 will further support sales in FY2008. Looking by country, in Germany, industry remains weak, but sales in Russia are steadily expanding. Sales in Russia continued at a record monthly pace, and achieved 63% growth from a year ago to record 58,000 units. UK and Portugal, as well as Russia, recorded the best ever sales in FY2007.

Sales in China were 101,000 units. Excluding the impact of terminating the production of Mazda brand models in Hainan, sales were almost doubled, up 91% year over year. Sales of Mazda6 and Mazda3 remained strong. Production of the new Mazda2 started at the Nanjing plant. Together with the Mazda5 launched in December, these models are contributing to sales increase. Sales network is steadily improving, and 175 outlets were in operation as of the end of March.

In other markets, sales were up 20% to 273,000 units, due to strong sales of CX-7, new Mazda2 and BT-50 pick-up which launched in Australia and other countries along with strong sales of Mazda3 in numerous markets. In particular, monthly sales in Australia hit the record level for 15 consecutive months, and the sales for FY2007 were up 18% to 79,000 units. Other markets such as Israel and several Latin American markets also achieved best ever calendar year sales.

The key factors behind the 3.6 billion yen operating profit year-over-year improvement; Volume and mix effects are 8.0 billion yen favorable. Volume increased with the introductions of the new models and growing sales in other markets, and mix improved with the introduction of CX-7 in Europe. On the other hand, our inventory optimization initiatives in the United States and Europe, and higher incentive spending in North America had a negative impact.

The weaker US dollar had a negative impact of 7.4 billion yen, while the appreciation of Euro improved 14 billion yen. In total with the impact of other currencies of 16.8 billion yen, exchange rates had a favorable effect on Operating Profits of 23.4 billion yen.

Product Enhancement costs increased 13.3 billion yen in total primarily reflecting costs for product enhancement actions for new Demio/Mazda2 and new Atenza/Mazda6. Net cost reduction improved 15.8 billion yen. This reflects cost reduction effects, which more than fully offset the impact of substantial raw material costs increases including aluminum, steel and precious metal.

Fixed marketing cost was up 4.2 billion yen, primarily reflecting cost related to new model launches in Europe. Other costs increased 26.1 billion yen from the prior year, primary due to higher R&D costs, Depreciation and quality-related costs.

In summary, operating profit improved year over year, led by Cost Reduction initiatives and successful introduction of new products, despite substantial changes in the external environment.

3. FY2008 Projections

Because of the impact from exchange rates as well as material price hikes, a year-over-year decline of 29% in Operating Profit is forecasted. Revenues are expected to be down 14%. Exchange rates have a negative impact by 7%, and accounting standard change has an impact by 10%. Excluding these external factors, revenues improve 3% reflecting volume growth. We will explain the details later, but our business performance excluding external factors will continue to benefit from product-led growth and improvements in business efficiency. Net income is 70 billion yen, and operating ROS is projected to be 3.8%, down 0.9 percentage points

We keep our capital spending and R&D expense at higher levels consistent with Mazda Advancement Plan announcement. This will ensure the progress of our preparation for the future. Capital spending in FY2008 will be 85 billion yen. Reflecting the increased investment for new product, total increased 9.5 billion yen. Reflecting depreciation period change based on accounting standard change, depreciation is projected to be 73 billion yen. We continue to maintain our R&D investment of 115 billion yen to reinforce developments of next generation products and technologies.

Global retail volume is up by 117,000 units from last year to 1.48 million units. Exchange rate assumption is 100 yen for the dollar, and 150 yen for the Euro.

On our projected performance in each of our key markets;
In Japan, industry demand is projected to be flat year over year. However, with the sales growth from the new Demio and the New Atenza, as well as an introduction of a new Japan

exclusive model, we intend to maintain volume year over year.
Sales in North America are projected to be at 400,000 units, down 1% from last year. In the United States, we project retail sales to be down to 290,000 units reflecting lower industry demand. The sales momentum will be expanded from the second half of the fiscal year by the new Mazda6, which was announced today and will be introduced in the late summer. In Canada, sales are projected to be down 4% to 85,000 units. Amid challenging sales environment, we continue our efforts to improve brand value by reducing fleet sales ratio in the US.
We project sales in Europe to continuously grow and increase 10% to 360,000 units. The growth is supported by the introduction of Mazda2 3-door and diesel models, and introductions of Mazda6 5-door hatch-back and wagon models. Sales in Russia are projected to surpass Germany's, making Russia our top selling market in Europe in FY2008. Russian sales are projected to increase by 20,000 units to 78,000 units. Based on the projections, we expect the sales in Europe to exceed the record set in FY2007 and again reach a new record.
In China, sales are projected to be at 180,000 units almost 80% up in FY2008. In addition to higher local production, we will increase exports from Japan. We will continue initiatives to reinforce brand recognition as well as build our brand image. At the same time, we will continue the expansion of sales network.
Sales in other markets are projected to grow to 283,000 units, up 3% year over year. This reflects continued growth in Australia and South Africa, partially offset by effects of import restrictions in Venezuela.

The key factors behind the improvement in Operating Profit;
Volume and mix is projected to improve 46 billion yen reflecting higher volume in key markets and mix improvements with new model introductions.

On the other hand, reflecting recent exchange movements, exchange rates assumptions are 100 yen to the dollar and 150 yen to the Euro. Exchange is projected to have negative impact of 43.7 billion yen from US dollar and 15.5 billion yen from Euro, and in total with the impact of other currencies, we project a negative impact of 78 billion yen.

Product Enhancement cost is 19 billion yen. Net cost reduction is projected to be 9 billion yen, including substantial raw material price hikes, exceeding the prior year's levels. Cost Innovation is therefore critical for Mazda to survive in today's severe environment. We reinforced the Cost Innovation effort through management personnel change, announced in April. We will implement company-wide actions and drive results.

Increases in marketing costs are due to our on-going activities to improve brand. In summary, we continue the product-led growth, but it will be offset by difficult external environment and profit declines.

Representative Director, Chairman of the Board,
President and CEO
Hisakazu Imaki

4. In Summary

To begin my summary, I would like to review our growth trend from FY2001 when the Millennium Plan started, through to FY2007 and beyond to 2010. As shown on the slide, during the Millennium plan and Mazda Momentum Plan period, our sales steadily grew. And in FY2007, the first year of Mazda Advancement plan, we achieved growth as well. I believe that we have steadily grown as a result of introducing Mazda's zoom-zoom products which have received strong acceptance from our customers. As you know, the new products we launched during the period won a number of awards globally. In addition, our global sales network improvement initiative such as increasing of exclusive dealers in the United States is contributing to sales growth and brand development. As we project to continue growth by introducing new products and investing in brand, both in this fiscal year and throughout the Mazda Advancement Plan period.

In the first year of the Mazda Advancement Plan we were able to achieve our performance as planned. Together with business performance achievements, we have high confidence in product-led growth considering higher-than-expected response that the new Demio/Mazda2 and new Atenza/Mazda6 have received. Domestic plant capacity expansion has been completed and the operations started in Nanjing. The construction of a new plant at AAT as we announced in October 2007 is on track. By these capacity actions together with sales network enhancements, we are steadily preparing for a framework of global sales of 1.6 million units as announced in Mazda Advancement Plan. In FY2008, although our product-led growth will continue, profit growth is offset by external deteriorations. Therefore, we need to promote business efficiency improvements to counteract deteriorations in external environment. We further accelerate cost innovations, and improve brand value with introductions of new products, to overcome those challenges in external environment. Reflecting these circumstances, we plan to continue a dividend of 6 yen per share.