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(For your information)

Mazda Motor Corporation

FISCAL YEAR ENDED MARCH 2010 FINANCIAL RESULTS

(Speech Outline)

Representative Director,
President and CEO
Takashi Yamanouchi

Thank you for joining us at our earnings announcement today.
Today, I will first explain summary of results for FY March 2010 and forecast for FY March 2011, followed by the details. Then I will explain "Framework for Medium- and Long-Term Initiatives". At the end, I will update Building Block Strategy associated with environmental technology development.

1. Highlights

In FY March 2010, operating profit was ¥9.5 billion, which is better than the February forecast. We made a significant improvement of ¥37.9 billion from the prior year. Free cash flow was positive ¥67.4 billion. Because of the effect of global model New Mazda3/Axela, global sales volumes were 1 million 193 thousand units, 13,000 better than February publicity. The residual values of Mazda vehicles are steadily improving in major markets and the brand value is continuously improving. From the 2nd quarter, we achieved a turnaround of our cost structure to ensure profitability in strong yen environment and at 80% domestic plant utilization. As regard with environmental technologies, the "i-stop" has been introduced in Japan and Europe as the first step of Building Block Strategy and next generation powertrain development is on track. In addition we announced our plan to launch hybrid vehicles in 2013 and we were able to make a big step forward in this fiscal year.

For FY March 2011, revenue is projected to be ¥2 trillion and 270 billion. Operating profit is expected to be ¥30 billion and net income forecast is ¥5 billion. We project to make higher revenue and profit from the prior year and to achieve positive results in all profit categories. Free cash flow is also expected to be positive. Global retail projection is 1.27 million units. We will continue to enhance our sales in major markets and aim to improve or maintain our share. We are going to launch the New Mazda5/Premacy globally, as well as the Mazda2 in

North America and the Mazda8/MPV in China. Also we will enhance R&D and capital spending to support next generation products to be launched from 2011 and also to support environmental technologies. To turnaround from this fiscal year, we will accelerate Monotsukuri Innovation for further improvement of our cost structure. In terms of annual dividend, we plan a year-end dividend of ¥3 both for FY March 2010 and FY March 2011.

Executive Officer
Akira Koga

2. FY March 2010 Results

In FY ended March 2010, our consolidated operating profit climbed to ¥9.5 billion, up by ¥37.9 billion compared to the prior year. We will talk about the breakdown of this increase later, but this is because cost improvements in variable costs, marketing expenses and other fixed cost exceeded the effects of deteriorations in volume and mix and yen's appreciation. Consolidated ordinary profit was ¥4.6 billion. Consolidated net loss was ¥6.5 billion.

In FY ended March 2010, we achieved positive free cash flow at ¥67.4 billion, mainly thanks to profit improvement and significant improvement in the operating cash flow in the 2nd half through better plant utilization in Japan. We also strengthened our financial structure through capital increase by public offering and sale of treasury stocks. Net debt was ¥375.8 billion, down by ¥156.8 billion compared to the prior fiscal year end. Net debt-to-equity ratio considerably improved, to 74%, by 55 points compared to the prior fiscal year end.

Global sales volume for FY ended March 2010 amounted to 1.193 million units. In all the markets, sales volume outnumbered the February forecast, increasing by 13,000 units in total. This is mainly because of brisk sales of the Mazda3/Axela across the world. Sales turn to an increasing trend, exceeding prior year by 56,000 units in the second half. Average exchange rates were ¥93 to the dollar and ¥131 to the Euro.

I will explain sales results by market.
First is Japan. The full year sales total to 221,000 units, up 3,000 units from the February forecast. Our brand recognition is steadily improving. Results from the 3rd quarter were better than the prior year. In the 4th quarter, because of the strong sales of Demio, New Axela, and Premacy, we achieved 30% better results than the last year. Full year sales were also better than the prior year.

The “i-stop” take rate became higher than our forecast at 47% with Axela and 76% with Biante. The “i-stop” is highly acclaimed and won “The 6th Eco-Products Award from Japan’s Ministry of Land, Infrastructure, Transport and Tourism” and “2010 RJC Technology of The Year Award”.

In North America, the sales totaled 307,000 units, 6,000 units up from the February forecast. We are continuing to focus on brand value enhancement through incentive cut back, fleet sales reduction, etc. In the 4th quarter, the sales in North America total recovered to 79,000 units, 4% better than the prior year. US sales were up by 2,000 units from the prior year to 56,000 units. The volume excluding fleet was up 7,000 units or 17% year-over-year. The full year volume in the US excluding the fleet won the record high share in the last 10 years.
The Mazda3 won the Best Residual Value Award for the Mid Compact Car Segment from Automotive Lease Guide in the United States. Mazda brand was better positioned from the 6th last year to the 3rd.

In Europe, the sales totaled 239,000 units, up 1,000 units from the February forecast. Also in Europe, based on our strategy to steadily improve our brand value, we are continuing to cut back incentives. As a result of that, we are seeing effects such as Mazda vehicles’ residual value improvement in countries in Europe. In UK, the full-year sales volume was the second highest level of the record and the Mazda2 residual value maintained to be at a top level in B segment. Inventory of Russia, where market environment changed dramatically from the second half of the prior fiscal year, was reduced to an optimum level.

In China, the sales totaled 196,000 units, up 2,000 units from the February forecast. As the Mazda6 won a reputation as top brand vehicle among Japanese cars, our brand value is improving in China as well. In addition to the Mazda2 and the Mazda3, strong sales of the Mazda6 with added new model helped us to achieve 46% year-over-year growth to the record high of 196,000 units. Sales network enhancement is also on track. We now have 264 outlets, up 43 outlets from the end of the prior fiscal year.

In other markets, the sales totaled 230,000 units, up more than 1,000 units from the February forecast. We achieved year-over-year growth from the 3rd quarter and the sales increased 28% from the prior year in the 4th quarter. In Australia, where sales of the Mazda3 and the CX-7 are strong, the sales volume was up 3% year-over-year and we achieved the record sales. In New Zealand, we won the record high share in the last 10 years. In Israel, sales continued to be strong mainly with the New Mazda3. We won the top share in full year for 3 years in a row. As you see, our efforts in each market to enhance our brand value are paying dividends.

Next, I would like to explain the key factors of ¥37.9 billion year-over-year improvement of consolidated operating profit for the FY ended March 2010. The volume and mix impact was ¥60.6 billion due to volume declines in the first half reflecting lower industry in key markets. As the yen appreciated against key currencies, the negative impact was ¥19.4 billion for US dollars, ¥22.0 billion for Euro, and ¥35.1 billion for other currencies. The total exchange impact was ¥76.5 billion.

To cope with such tough external environment, we promoted efficiency improvement and achieved ¥175.0 billion cost improvement both in variable and fixed cost areas. In the variable cost area, we strongly promoted Cost Innovation initiatives. Together with the effect from raw material price reductions, we achieved ¥68.0 billion improvement. Also, through the efforts of advertisement efficiency improvement and other fixed cost improvements, we overachieved the initial target and accomplished ¥107.0 billion improvement.

The slide 17 shows quarterly revenue and operating profit trend as well as exchange, production and sales volumes, and domestic plant utilization. With a significant production cut in the 4th quarter of the prior year, we completed the inventory adjustment. Starting from the 2nd quarter of this fiscal year, we have maintained 80% or better plant utilization in Japan with production volumes to meet our sales scale. In the 2nd quarter, we turned around our cost structure to make profits at 80% plant utilization and in stronger yen environment, and we achieved positive results in all profit categories. In the 4th quarter, the plant utilization was recovered to 85% and we achieved ¥20.5 billion operating profit.

3. FY March 2011 Forecast

FY March 2011 full year revenue is projected to be ¥2,270 billion. We project a consolidated operating profit of ¥30 billion and net profit of ¥5 billion. We forecast to be profitable in all profit categories. We project the operating profit improvement of ¥20.5 billion from the prior year. I will explain the key factors later on.

Next I will explain the forecast for the capital spending, depreciation and R&D cost. Capital spending in FY March 2011 is planned at ¥60 billion. We project that it will increase by about ¥30 billion due to the aggressive investment in the next generation products and environmental technologies. Depreciation will decrease modestly to ¥73 billion because the capital spending in the last fiscal year was ¥29.8 billion. R&D cost is projected to be ¥100 billion, up about ¥15 billion from the prior year to accelerate the development for the next generation products and environmental technologies.

Our global sales plan for FY March 2011 is 1.27 million units, up 77,000 units or 6 % from the prior year. By introducing new models and implementing aggressive marketing actions, we plan to continue the product-led growth to improve or maintain our share in major markets. Exchange rate assumptions for the full year are ¥90 for the dollar and ¥125 for the Euro.

In summary of the marketing actions in this fiscal year, as FY ending in March 2011 is earmarked as the year to turn around, we will strengthen the sales activities to respond to the market conditions. As we maintain the policy to improve the brand value globally, we continue the measures to improve the residual value. I will explain the outlook by market. First, in Japan, leveraging the introduction of New Premacy, we will implement the aggressive marketing actions. We will enhance the customer base by promoting Tsunagari Innovation, which is the initiative to further strengthen the connection with the customers in every contact point, with the entire group’s efforts.
We will introduce the Mazda2 in North America to expand the range of customers. We will expand sales by leveraging the residual value improvement.
In Europe, by assessing the market status by countries, we will deploy resources to the focused countries where we have opportunities in order to aggressively increase the sales.
In China, we will continue to expand our sales network, targeting 300 outlets. We will also introduce the Mazda8 to enrich the car lineups. In production front, by transferring Mazda3 production from Chongqing to Nanjing, we will meet the increase in sales demand.
In Australia and ASEAN markets, we will strengthen the sales of Mazda2 that is produced by AAT.

I will now explain the key factors behind the improvement in operating profit of ¥20.5 billion from the prior year. Volume and mix effect is projected to improve by ¥29.0 billion due to the sales volume increase with the marketing actions I just mentioned. Exchange rate impact is projected to deteriorate by ¥4 billion, net of ¥7.6 billion deterioration from US dollar, ¥7 billion deterioration from Euro and ¥10.6 billion improvement from other currencies.

By accelerating the “Monotsukuri Innovation” activities, we will continue to endeavor to offset the raw material price hike impact although the outlook remains uncertain. Marketing expense is projected to deteriorate by ¥6 billion in order to strengthen the measures to improve the brand value. Other costs are forecasted to improve further by ¥1.5 billion, offsetting the increase in R&D expense of about ¥15 billion.

Representative Director,
President and CEO
Takashi Yamanouchi

4. In Summary

We achieved the ¥9.5 billion operating profit in FY ending in March 2010, improving the profit by ¥59.5 billion from the May forecast. We also achieved the positive free cash flow in the full year. Global sales volume totaled 1,193,000 units by turning around from the second half of the fiscal year. Brand value is improving such as residual value improvements. The new Mazda3/Axela received high appraisal globally and achieved the sales volume that has exceeded the target. As we have changed to the cost structure that ensures the profitability event with a strong yen and at 80% plant utilization in Japan, we achieved profitability in all profit categories in the 2nd quarter and onward. Furthermore, we have made the significant progress in the environmental technologies.

In FY ending in March 2011, we expect to achieve revenue and profit increase, and profitability in all profit categories. We also expect to continue to achieve positive free cash flow. We will continue product-led growth with introductions of new models. Global sales volume is forecasted to total 1.27 million units. We will strengthen the marketing and sales actions to further enhance the brand value in major markets and accelerate our business growth in emerging markets including China and Thailand. Furthermore, we will aggressively invest R&D and capital spending in the next generation products and environmental technologies. We will accelerate "Monotsukuri Innovation" and improve the cost structure further to turn around. Ford continues to be the largest shareholder. There is no change for the strategic alliance between Ford and Mazda.

5. Framework for Medium- and Long-term Initiatives

I will explain the framework for the medium- and long-term Initiatives.
In March 2007, we announced the medium-term plan called "Mazda Advancement Plan" based on the Long-term Strategy that envisions 10 years ahead. Then, we have been improving our profit by implementing various emergency actions against the sudden

deterioration of the business environment after the Lehman Shock. At the same time, we have been studying long-term initiatives. While we assess that our Long-term Strategy which we developed in 2007 had anticipated the times ahead, we have developed "the Framework for the Medium- and Long-term Initiatives" this time, considering the changes in the environment and the progress of our long-term initiatives.

The “Five Pillars” that are the key initiatives of the Framework for medium and long-term initiatives are;

1. Brand value
2. Monotsukuri Innovation
3. Environmental and safety technologies
4. Emerging markets
5. Ford synergies

Although the economic environment remains uncertain, we will explain later the medium and long-term outlook for FY March 2016 when all the next generation products are fully available in the markets.

Before I explain the Five Pillars, I will give you the outline of the volume forecast in FY ending in March 2016. Global sales volume target is 1.7 million units in FY ending in March 2016. We will focus the USA and China as key markets and implement the marketing actions there.

Now, I will explain the first pillar, “Brand value”.

Focusing on the improvement in brand loyalty, Mazda targets to build the brand that has the presence despite the medium scale and that is strongly supported by “the customers who love cars most of all and who enjoy fun to drive”. Targeting 1.7 million units of the global sales in FY ending in March 2016, we will promote global projects that focus the brand value improvement. As I have mentioned previously, the residual value has been improving globally. We will take the following actions to improve it further.

- Reassess and optimize the equipments and prices.
- Implement the marketing actions focusing the retail channel.
- Strengthen the certified used car program.
- Provide customers with products of high quality and high durability.

Next, we will further reinforce the sales network in major markets. For example:

- In the USA we will select the strategic areas to strengthen and concentrate our resources there.
- In China we will strengthen our dealer representation.
- In Germany we will increase Tier-1 dealer outlets.

Lastly, we will develop and implement various actions to strengthen the brand loyalty.
As part of the actions, we will strengthen the customer relation management to build up the relationship with customers in the life cycle. As this program is successful in Australia and Europe, we will apply and strengthen it to other markets. We will also make a major change in the new communication method to strengthen the communication with young generation in the USA that is represented by Generation Y.

Next pillar is “Monotsukuri Innovation”. We are making steady steps forward right now and we are starting to find prospect in achieving the target that we have originally set up.
First, in the R&D efficiency, we have the prospect to achieve the 30% efficiency improvement by the bundled planning and common architecture concept. Regarding the production facility investment, we plan to reduce the future investment by 20% to 60% from the current level. Furthermore, we are improving both the performance and the cost at the same time with the next generation products. As you can see from the slide, we start to find prospects in improving both the performance and the cost with the next generation vehicles, engines and transmissions.

Next is the environmental and safety technologies. Based on the Building Block Strategy, we will steadily make a progress in this area. We are making a steady progress in the plan to improve the global average fuel economy by 30% by 2015. I will explain the details in the last portion of my presentation including the Building Block Strategy updates.

Next, let’s move on to our approach to emerging markets. In these markets, centering around ASEAN and China where we are operating now, we will expand production and sales network.
First, in Thailand, last year we started to produce Mazda2 for the ASEAN region at our new passenger car plant in AutoAlliance (Thailand). This model has received a good reputation since the launch and is selling well. In the future, as the ASEAN region grows and the consumers give more preference to small vehicles, we will reinforce the production and sales network.
Next, in China, we have produced the Mazda3 at Chongqing plant so far, but in May we will transfer the production to Nanjing plant. This enables us to produce more and we will pursue sales increase of the successful Mazda3. Moreover, to respond to the demand increase in China in the future, we will continue to expand our sales network.
Finally, I’ll touch upon Ford synergies. We will maintain our strategic business alliance and pursue further synergies.

Next, I'll talk about the medium and long term outlook for FY ending March 2016.
By thoroughly implementing the 5 pillars that are our medium- and long-term initiatives I just mentioned, we target to achieve global sales volume of 1.7 million units, a record-high operating profit of ¥170 billion and ROS 5% or more in FY ending March 2016 when next generation products are fully available in the markets. I will explain the outline of factors of expected operating profit change from ¥9.5 billion in FY March 2010 to ¥170 billion in FY March 2016. Volume and mix are expected to contribute to ¥100 billion improvement as we forecast global sales increase by 500,000 units mainly in the US and China. Exchange assumptions are ¥90 to the dollar and ¥125 to the Euro. In cost area, by further enhancement of "Monotsukuri Innovation" and the optimum purchasing centering around Asian region, we expect to see ¥120 billion improvement. Marketing expense is expected to increase by ¥30 billion for brand enhancement. Other fixed cost increase is held down to ¥29.5 billion by improving engineering efficiency, cutting back investment cost, etc.
This concludes the explanation on "the Framework for the Medium- and Long-term Initiatives".

6. Building Block Strategy Updates

As a last piece of my presentation today, I will give you the update of Building Block Strategy.
As shown in the lower portion of the slide 35, we can now tell you the timings of Sky concept introductions. We will introduce them from 2011 globally.
We find prospect of developing the performance of next generation powertrain. For example, the fuel economy of the C and D class vehicles equipped with the next generation clean diesel engine and the next generation automatic transmission is 43 miles per gallon in the US highway mode, which is better than that of the hybrid vehicles of the same class.
We also project the CO2 emission to be 105g for C/D class vehicles to be launched in 2012 in Europe that are equipped with the next generation clean diesel engine and the next generation automatic transmission.
In addition, we have decided to sell the hybrid vehicles that combine the hybrid system and the next generation gasoline engine by 2013 starting with Japan.
Based on Sustainable Zoom-Zoom, to provide all our customers with "fun to drive" and "excellent environment and safety performance", Mazda is making steady progress to raise the average fuel efficiency of Mazda cars sold worldwide by 30% by 2015 from the levels in 2008.
We will continue to accelerate our efforts and do our best to live up to your expectations for environmental technologies.
Thank you very much for your attention.